



Report of Board of Directors
Chairman's Address

On behalf of the Board of Directors and myself, I welcome you to the Fourteenth Annual General Meeting of your Company to present the Directors' Report and the audited accounts of Oman Foods International SAOG for the year 2009.

It gives me great pleasure to inform you that, as a result of the priorities set by your Board of Directors last year, the year 2009 had been satisfactory for the Company in terms of business turnover, and I am happy to report a net profit of RO.484,775 for the financial year ended 31st December 2009.

Highlights

- The long term objective of your Board has been to bring back the Company and to protect shareholder value. In order to fulfill this; we placed great emphasis on the function of the Board and its Committees. The Directors closely monitored the way the Company managed its approach to business opportunities both operational and financial which gave a clear picture of the business and the ability to assess changes and developments.
- With the continued support of all suppliers, the Company could manage to maintain, like in the previous year, its operations in the year 2009 which facilitated the Company to cross yet another milestone without difficulty.
- Your Company opened its branch in Haima in 2009 and continued to focus on streamlining its operations and on developments of all 9 branches established. The company with its effective procurement policy could introduce its own brands at these interior places for the benefit of the people living at these locations.

Operational Results

- The company's sales performance during the year 2009 aggregated to RO.11,525,279/- as against RO.6,545,196 in 2008. The increase in the turnover compared to 2008 stood at 76% in value terms.

Future Outlook

In spite of a temporary set back in the demand pattern of rice & other food commodities, the company expect the growth in the food industry would improve and to generate business due to our diversified efforts by adding new product lines & new branches. Last year, considerable time was spent in understanding and planning the strategy ahead for the Company's diversified operations which in turn would form the success foundation for its further growth. The company is negotiating with reputed companies engaged in food sector so as to take over their products for distribution in the Sultanate of Oman.

Repayment of Softloan

- The company paid an amount of R.O.50K in May 2009 towards 3rd installment of Softloan

Personnel

- The company had employed additional manpower at the branches and utilized the services of staff at Head Office more effectively.

- The Company encouraged the Omani employees to occur higher skills in the areas of Warehouse and Sales by providing in-house training for career development opportunities. The % of the Omanisation was maintained at 55%

Appointment of Directors

- The company during the year replaced the representative of Finance Ministry in the Board consequent to the directive of the government to this effect. The details are as provided in the Corporate Governance Report.

Adherence to Code of Corporate Governance

- The Company has been complying with all Codes of Corporate Governance as specified by the Capital Market Authority. A detailed report on Corporate Governance is set out with the certificate of the External Auditors.

Appointment of Statutory Auditors for the year 2009

- At the last AGM, M/s. Maqbool H. Moosa Yousuf Auditors was appointed as the Statutory Auditors of the Company for the year 2009.

On behalf of the Board of Directors, I wish to convey our thanks to the Ministry of Commerce, Ministry of Finance, the Capital Market Authority, Muscat Security Market, Central Bank of Oman and the shareholding Banks for their support. I also take this opportunity to thank all the stakeholders, suppliers & customers, Directors and staff of the Company for their valuable support and dedication.

We express our gratitude to His Majesty Sultan Qaboos Bin Said and pray to the Almighty God to help Oman and its people to attain further peace and prosperity under His Majesty's wise leadership.

For & On Behalf of the Board of Directors
Oman Foods International SAOG

Mardas Bin Abdullah Al-Harthy
Chairman

OMAN FOODS INTERNATIONAL S.A.O.G**Statement of financial position as at 31 December 2009**

	Notes	2009 RO	2008 RO
Non current assets			
Property, plant and equipment	9	951,100	1,042,175
Subordinated Bonds	10	714,400	-
		<u>1,665,500</u>	<u>1,042,175</u>
Current assets			
Inventories	11	1,184,716	605,602
Trade receivables	12	784,575	884,724
Other receivables	13	126,932	36,200
Cash and bank balance	23	2,015,551	1,281,958
		<u>4,111,774</u>	<u>2,808,484</u>
Current liabilities			
Trade and other payables	15	3,070,588	1,597,453
Current maturities of lease finance	16	6,310	14,088
Current maturities of term loans	17	100,000	50,000
		<u>3,176,898</u>	<u>1,661,541</u>
Net current assets		934,876	1,146,943
Non current liabilities			
Lease finance, excluding current maturities	16	579	7,446
Term loans, excluding current maturities	17	652,881	697,112
Deferred Government grant	17	147,119	202,888
Staff terminal benefits		18,818	13,990
		<u>819,397</u>	<u>921,436</u>
Net assets		1,780,979	1,267,682
Representation of funds			
Share capital Legal	18	6,200,721	6,200,721
reserve	19	172,355	123,877
Accumulated losses		(4,620,619)	(5,056,916)
Fair value reserve		28,522	-
		<u>1,780,979</u>	<u>1,267,682</u>
Net assets per share	21	0.287	0.204

These financial statements were approved and authorised for issue by the Board of Directors on 01 March 2010 and signed on their behalf by:

Mardas Abdullah Al-Harthy
Chairman

Hamed Nasser Al- Bortmani Malallah Ali Yousuf Al Zadjali
Director

Director

The notes on pages 8 to 24 form an integral part of these financial statements

OMAN FOODS INTERNATIONAL S.A.O.G**Income statement for the year ended 31 December 2009**

	Notes	2009 RO	2008 RO
Turnover		11,525,279	6,545,196
Cost of turnover	4	(10,605,627)	(5,259,304)
Gross profit		919,652	1,285,892
Other income	5	190,671	152,514
		1,110,323	1,438,406
Expenses			
Administrative and general expenses	6	247,696	228,854
Selling and distribution expenses	7	331,294	262,712
Finance costs	8	5,664	5,543
Provision for inventories		40,894	-
Impairment of fixed assets		-	33,598
		625,548	530,707
Net profit for the year		484,775	907,699
Earnings per share (RO)	22	0.078	0.146