

Report of Board of Directors

Chairman Address

On behalf of the Board of Directors, I welcome you to the Seventeenth Annual General Meeting of your Company and am pleased to present the Director's Report and the Audited Accounts of Oman Foods International SAOG for the year 2012.

Operating Results:

- The Company's Sales during the year 2012, aggregated to RO 4,412,031 as against RO 7,229,119 in 2011. The net loss amounted to RO 225,413 as against a loss of Ro 322,873 compared to previous year. Losses were lower compared to previous year due to higher margin products sold and reduction in overheads.
- During the year contract with Public Authority for Stores and Food Reserves expired on 8th February, 2012.
- Company hired warehouse for sales and distribution of its products throughout the Sultanate of Oman. The Company introduced many brands of its own rice to cater to the requirement of all sections of the public.

Highlights

- Your Company has signed an exclusive distributor contract with M/s. Abu Dhabi Vegetable Oil LLC UAE for sales of a branded edible oil in the country.
- Your Company has signed exclusive distribution contract with M/s. EMACO UAE for sales of branded spices and pulses in the Country.

Future Outlook

The Company expects growth in the food industry would improve due to increased expenditure on foodstuffs by the general public. The Company is constantly looking to add more reputed brands for distribution to increase sales volumes.

Repayment of Soft Loan

- The Company repaid an amount of RO 200,000 in May 2012 towards 6th installment of Soft Loan.

Personnel

- The CEO had resigned with effect from 28th March, 2012 and was replaced by a General Manager Operations from. 1st April, 2012.
- The Company has employed additional manpower in Sales and Distribution to effectively carry out sales of our various products and distributed brands.
- The Company continues to encourage Omani employees to learn higher skills in the areas of accounting, warehouse and sales.
- The Company presently has 53 employees out of which 20. Are Omanis. The Omanisation percentage is 38%.

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 report of the External Auditors.

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 Securities Market, Public Authority for Stores and Food Reserves and other commercial 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**

**Saam Abdullah Saleh Al Habsi
Chairman**

OMAN FOODS INTERNATIONAL SAOG
 STATEMENT OF COMPREHENSIVE INCOME
 FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Notes</u>	<u>2012</u> <u>RO</u>	<u>2011</u> <u>RO</u>
Revenue	16	4,412,031	7,229,119
Cost of turnover	17	<u>4,009,993</u>	<u>6,891,110</u>
Gross profit		402,038	338,009
General and administrative expenses	18	348,203	341,488
Selling and distribution expenses	19	359,099	387,991
Finance cost	20	<u>39,925</u>	<u>4,723</u>
Operating loss		(345,189)	(396,193)
Other income	21	<u>119,776</u>	<u>73,320</u>
Total comprehensive loss for the year before tax		(225,413)	(322,873)
Taxation	22	-	-
Total comprehensive loss for the year after tax		<u>(225,413)</u>	<u>(322,873)</u>
Loss per share	24	<u>(0.036)</u>	<u>(0.052)</u>

OMAN FOODS INTERNATIONAL SAOG
 STATEMENT OF FINANCIAL POSITION
 AS AT DECEMBER 31, 2012

ASSETS	<u>Notes</u>	<u>2012</u> <u>RO</u>	<u>2011</u> <u>RO</u>
Non-current assets			
Property, plant and equipment	5	687,934	797,000
Investments	6	774,159	760,577
		1,462,093	1,557,577
Current assets			
Inventories	7	756,619	1,185,947
Trade receivables	8	1,419,923	832,684
Other receivables	9	62,154	82,484
Cash and cash equivalents	10	61,495	653,567
		2,300,191	2,754,682
TOTAL ASSETS		3,762,284	4,312,259
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	11	6,200,721	6,200,721
Legal reserve		172,355	172,355
Fair value reserve		88,281	74,699
Accumulated losses		(5,340,303)	(5,114,890)
		1,121,054	1,332,885
Non-current liabilities			

Term loans,excluding current maturities	12	231,481	399,520
Deferred government grant	12	18,519	50,480
End of service benefits	13	18,474	28,766
Total non-current liabilities		<u>268,474</u>	<u>478,766</u>
Current liabilities			
Trade and other payables	14	1,475,279	2,300,608
Current maturities of term loans	12	200,000	200,000
Bank borrowings	15	697,477	-
Total current liabilities		<u>2,372,756</u>	<u>2,500,608</u>
Total liabilities		<u>2,641,230</u>	<u>2,979,374</u>
TOTAL EQUITY AND LIABILITIES		<u>3,762,284</u>	<u>4,312,259</u>
Net assets per share	25	<u>0.181</u>	<u>0.215</u>

The financial statements were approved by the Board on _____ 2013 and were signed on their behalf by:

CHAIRMAN

DIRECTOR

The notes on pages 7 to 18 form an integral part of these financial statements.