

## Report of Board of Directors

### Chairman Address

On behalf of the Board of Directors, I welcome you to the Eighteenth 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 2013.

#### Operating Results:

- The Company's Sales during the year 2013, aggregated to RO 5,500,032 as against RO 4,412,031 in 2012. The net loss from operations amounted to RO 149,536. Losses were lower compared to previous year due to higher sales revenues and margins of products sold.
- The Company introduced Sohar and Nakhla brand of 1121 steam rice which achieved high sales. During the year two KITCO potato Stix and DALA Juices under trading were introduced.
- The company revalued its property, plant & equipment and Electro mechanical equipments by independent valuer resulting in increase of fixed assets by RO 516,865.

#### Highlights:

- Your Company has signed an exclusive distributor contract with M/s. The Kuwait Indo Trading Company Ltd, Kuwait for sales of branded Potato and Cheese snacks. In the country.
- Your Company has signed an exclusive distributor contract with M/s. DALA Beverages, Saudi Arabia for sales of branded juices in the country.

#### Future Outlook:

- The Company expects growth in the food industry to improve based on increase in the purchasing capacity of the general public. The Company is in discussions with some of the reputed FMCG producers to take up distribution of their products in the country.

**Repayment of Soft Loan:**

- The Company repaid an amount of RO 100,000 in May /November 2013 towards 7<sup>th</sup> installment of Soft Loan.

**Personnel:**

- General Manager Operations resigned with effect from 28<sup>th</sup> August, 2013 and was replaced by a General Manager Operations from 20<sup>th</sup> August, 2013.
- The Company continues to encourage Omani employees to learn higher skills in the area of accounting, ware house and sales.
- The Company presently has 52 employees out of which 19 are Omanis. The Omanization percentage is 36.5%.

**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 Markets, and Public Authority for Stores and Food Reserves, Bank Muscat 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 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 SAOGSTATEMENT  
OF COMPREHENSIVE INCOME FOR THE YEAR  
ENDED DECEMBER 31, 2013**

	Notes	2013	2012
		RO	RO
Revenue	17	5,500,032	4,412,031
Cost of turnover	18	(4,882,184)	(4,009,993)
Gross profit		617,848	402,038
General and administrative expenses	19	(367,479)	(348,203)
Selling and distribution expenses	20	(433,535)	(359,099)
Finance cost	21	(115,349)	(39,925)
		(916,363)	(747,227)
Operating loss		(298,515)	(345,189)
Other income	22	148,979	119,776
Loss for the year before tax		(149,536)	(225,413)
Taxation	23	-	-
Loss for the year after tax		(149,536)	(225,413)
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss:			
Surplus on revaluation of fixed assets	12	516,865	-
Items that may be subsequently reclassified to profit or loss:			
Change in value of investments	6	(91,677)	13,582
Other comprehensive income		425,188	13,582
<b>Total Comprehensive income/ (loss) for the year</b>		275,652	(211,831)
Loss per share	25	(0.075)	(0.036)

The notes on pages 6 to 17 form an integral part of these financial statements.

OMAN FOODS INTERNATIONAL SAOG

STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2013

	Notes	2013	2012
ASSETS		RO	RO
<b>Non-current assets</b>			
Property, plant and equipment	5	1,132,374	687,934
Investments	6	682,482	774,159
		<u>1,814,856</u>	<u>1,462,093</u>
<b>Current assets</b>			
Inventories	7	505,737	756,619
Trade receivables	8	1,616,561	1,419,923
Prepayment and other receivables	9	132,454	72,610
Cash and cash equivalents	10	52,392	61,495
		<u>2,307,144</u>	<u>2,310,647</u>
<b>TOTAL ASSETS</b>		<u>4,122,000</u>	<u>3,772,740</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	11	2,000,000	6,200,721
Legal reserve		172,355	172,355
Surplus on revaluation of fixed assets	12	516,865	-
Fair value reserve		(3,396)	88,281
Accumulated losses		(1,289,118)	(5,340,303)
		<u>1,396,706</u>	<u>1,121,054</u>
<b>Non-current liabilities</b>			
Term loans, excluding current maturities	13	225,496	289,811
Deferred government grant	13	37,004	60,189
End of service benefits	14	23,559	18,474
Total non-current liabilities		<u>286,059</u>	<u>368,474</u>
<b>Current liabilities</b>			
Trade and other payables	15	796,281	885,518
Current maturities of term loans	13	87,500	100,000
Bank borrowings	16	1,555,454	1,297,694
Total current liabilities		<u>2,439,235</u>	<u>2,283,212</u>
Total liabilities		<u>2,725,294</u>	<u>2,651,686</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>4,122,000</u>	<u>3,772,740</u>
<b>Net assets per share</b>	26	<u>0.698</u>	<u>0.181</u>

The financial statements were approved by the Board on

2014 and were signed on their behalf by:

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CHAIRMAN

DIRECTOR

The notes on pages 6 to 17 form an integral part of these financial statements.