



شركة عمان للمطربات (ش.م.ع.ع)  
OMAN REFRESHMENT COMPANY SAOG



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## CHAIRMAN'S REPORT

Dear Shareholders,

On behalf of the Board of Directors of Oman Refreshment Company SAOG, I am pleased to present to you the annual report and audited financial statements for the year ended 31st December 2010.

### Business Environment

Omani economy gained momentum in 2010 with the increased & continued spending on various infrastructure, tourism projects and oil & gas sector activities by the Government of Sultanate of Oman. Oman Refreshment Company, since its inception, has been a leading player in the soft drinks & beverages business segment in Oman. The company's products, backed by its well entrenched customer relationships, enjoy loyal consumer patronage.

While the food & beverages market in Oman continues to grow with the growth of local population and influx of expatriate manpower required for the growing economy, the operational environment poses some challenges such as the changing consumption habits, stiff competition in Juice, Water and Snacks product segments. Also, the operating margins are subject to tremendous pressure due to rising cost of input materials and employment. The commodity prices in the international markets are on continuous rise on account of series of natural calamities resulting in food crisis in many parts of the world.

### Financial Highlights

Your company has achieved a net profit after tax of RO 3,357,752 on a total turnover of RO 45,116,922 for the year 2010 compared to net profit after tax of RO 2,139,332 on a turnover of RO 42,788,349 in 2009. The overall revenue has increased by 5% which together with the controlled operating costs, compared to the previous year, have contributed to overall growth in the top line as well as bottom line respectively.

During 2010, the sales volume of various products reached 19.96 million cases as against 19.95 million cases for 2009. The production volumes during 2010 reached 18.9 million cases as against 18.8 million cases in 2009, in line with the trend in sales volumes.

The Gross Profit margins rose from 25.6% in 2009 to 29.1% during 2010. Profit After Tax (PAT) ratio has also improved from 5% in 2009 to 7.4% in 2010.

There were no changes in the past year or expected in the next year to the financing structure of the company.

### Internal Control System

The Board has reviewed the adequacy and effectiveness of the existing internal control system and found it to be satisfactory.

### Dividend

In view of good performance of the Company during 2010, and after reviewing the company liquidity requirements, future earnings and shareholders interest, the Board is pleased to recommend a cash dividend of 100% (being RO 1 for each paid up share) and stock dividend of 66.66667% (being 2 fully paid up bonus shares for every 3 shares held currently) of the issued share capital for the year 2010. Furthermore, in the larger interests of the shareholders, the board is pleased to recommend share split by changing the nominal value of the share from RO 1 to 100 Baizas. Upon approval by the shareholders and the regulatory authorities, each shareholder will have 10 times the number of shares than held at present, but with each share having a face value of 100 Baizas.

### Future Outlook

Your company is optimistic about the future prospects with the product expansion & diversification plans and renewed impetus on achieving higher production efficiencies. However, the volatile global market of commodities and the rising prices of key input raw materials & packing materials may impact profitability of the Company in the near future. Your company is closely monitoring these prices and endeavors to minimize their adverse impact through forward purchase commitments for key raw materials.

### Appreciation

On behalf of the Board of Directors, I would like to express my sincere appreciation for the outstanding performance of the employees and management of the Company. I also take this opportunity to thank our consumers, customers, PepsiCo International Company, other suppliers, bankers and Government authorities for their valuable support.

Further, on behalf of the Board of Directors & the management, I extend our sincere appreciation and gratitude to His Majesty Sultan Qaboos bin Said for his vision and support for private enterprise in the Sultanate of Oman, and pray to the almighty to shower his everlasting blessings on His Majesty for his good health and long life.

Buti Obaid Al Mulla  
Chairman

## STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2010

	2010 RO	2009 RO
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	7,310,147	8,116,610
Advance for property, plant and equipment	42,106	20,317
Deferred tax asset	--	39,698
<b>Total Non-current Assets</b>	<b>7,352,253</b>	<b>8,176,625</b>
<b>Current Assets</b>		
Goods in transit	912,438	708,308
Inventories	3,052,968	2,416,718
Trade and other receivables	4,792,429	3,573,213
Term deposits	3,201,572	4,205,144
Cash and cash equivalents	2,494,186	573,548
<b>Total Current Assets</b>	<b>14,453,593</b>	<b>11,476,931</b>
<b>TOTAL ASSETS</b>	<b>21,805,846</b>	<b>19,653,556</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	3,000,000	3,000,000
Statutory reserve	1,000,000	1,000,000
Retained earnings	9,576,951	8,319,199
<b>Total Equity</b>	<b>13,576,951</b>	<b>12,319,199</b>
<b>Non-current Liabilities</b>		
Liability against purchase of property, plant and equipment	315,503	591,266
Provision for end of service benefits	699,968	734,233
Deferred tax liability	36,652	--
<b>Total Non-current Liabilities</b>	<b>1,052,123</b>	<b>1,325,499</b>
<b>Current Liabilities</b>		
Trade and other payables	6,787,007	5,675,127
Provision for income tax	389,765	333,731
<b>Total Current Liabilities</b>	<b>7,176,772</b>	<b>6,008,858</b>
<b>Total Liabilities</b>	<b>8,228,895</b>	<b>7,334,357</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>21,805,846</b>	<b>19,653,556</b>
<b>Net Assets Per Share</b>	<b>4.526</b>	<b>4.106</b>

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2010

	2010 RO	2009 RO
Revenue	45,116,922	42,788,349
Cost of revenue	(31,980,576)	(31,833,621)
<b>Gross profit</b>	<b>13,136,346</b>	<b>10,954,728</b>
Selling and distribution expenses	(7,854,959)	(7,058,896)
General and administrative expenses	(1,624,284)	(1,593,381)
<b>Profit from operations</b>	<b>3,657,103</b>	<b>2,302,451</b>
Other income	99,708	69,318
Net financing income	59,414	50,532
<b>Profit for the year before taxation</b>	<b>3,816,225</b>	<b>2,422,301</b>
Provision for income tax	(458,473)	(282,969)
<b>Net profit for the year</b>	<b>3,357,752</b>	<b>2,139,332</b>
Other comprehensive income	--	--
<b>Total comprehensive income</b>	<b>3,357,752</b>	<b>2,139,332</b>
<b>Earnings per share</b>	<b>1.119</b>	<b>0.713</b>

Note: Complete accounts will be sent by mail to any shareholder who requests them in either English or Arabic, within 7 days of receipt of such request.