

Corporate Governance Report for the Year Ended 30/4/2009.

1- Corporate Philosophy

The Company believes in and practices good Corporate Governance. The Company's Board consists of Non-Executive and Independent Directors. The Board has adequately empowered the Executive Management on all day-to-day matters, subject to overall authority vested with the Board. The Company's essential character is shaped by the very values of transparency, professionalism and accountability. The company continues to review its corporate governance practices to ensure that it reflects domestic developments and it conforms to the best corporate governance practices.

2- Board of Directors

The Board of Directors is responsible for the overall direction, supervision and control of the company. The Articles of Association of the company provides for 5 directors elected

for a term of three years. Board of Directors was elected during the AGM held on 31st July, 2008.

The functions of the Board of Directors are as per Commercial Companies Law, Article 5 of CMA Code of Corporate Governance mandated by Circulars No. 11/2002 & 1/2003 and all other pertinent laws.

Composition of the Board:

Name of the Director	Position in the Board	Category of Directors	Representing
: Mr.Mohamed Suleiman Al Ismaily	Chair man	Non- Executive Independent	Riyam Investment & Trading Est. LLC
Miss. Reem Bint Omar Al Zawawi	Vice Chairperson	Non- Executive Independent	Representing herself.
Mr. Gamal Mohamed Mohamed Ahmed.	Director	Non- Executive Independent	Wilayat Holding Co. Ltd
Mr. Sultan Saif Hamed Al Mahrooqi	Director	Non- Executive Independent	Waleed Associates
Mr. Anthony Paton	Director	Non- Executive Independent	Muscat Insurance Company SAOC

Profile of Board of Directors

Mr. Mohammed Suleiman Al Ismaily, Chairman

Qualification: The Logistic Executive College USA (Senior Management). He is currently the Deputy General Manager (HRD) of Areej Vegetable Oils & Derivatives SAOG and Board Member in Muscat Life Assurance Co. SAOC

Miss Reem Omar Zawawi, Deputy Chairperson

Qualification: Graduate of Georgetown University and a Certified Professional Director from National Association of Corporate Directors – Washington DC, USA.

Director on the Board of several companies in the Sultanate of Oman since 1996. Currently she is the Chairperson of Muscat National Holding Company SAOG, Chairperson of Muscat Insurance Company SAOC.

Mr. Gamal Mohamad Mohamad Ahmad, Director

Qualification: B.Com – Accountancy (1977)

Experience: Accountant in United Arab Stevedoring Company, Alexandria, Egypt from 1977 to 1983. Tax Inspector in Joint Stock Company, Tax Department, Ministry of Finance from 1983 to 1997, Tax Inspector for the Secretariat General for Taxation, Sultanate of Oman from 1997 to 2000. Tax Advisor, Omar Zawawi Establishment since 2000 to present date. He is currently the Chairman of Muscat Life Assurance Co. SAOC

Mr. Sultan Saif Hamed Al Mahrooqi, Director

Qualifications: B of Law 1990.

Experience: Ministry of commerce and industry as Chief of Documentary Division for 6 years, now he is a lawyer in Omar Zawawi Est. he is the Deputy Chairperson of Muscat Insurance Co. S.A.O.C

Mr. Anthony Paton. Director

Qualifications: Chartered Insurer.

Experience: 41 years in the insurance industry. 20 years working in Regional and General Management with international insurance companies in the G.C.C. and 8 years working in Muscat National Holding Company S.A.O.G., he is the Deputy Chairman of Muscat Life Assurance Company S.A.O.C.

Number of Board Meetings

During the year 2008-2009 seven -board meetings were held on 29th June, 2008, 3rd July, 2008, 31st July, 2008, 27th August, 2008, 29th November, 2008, 1st March, 2009 , 28th March and 16th April, 2009.

Directors' attendance record

NAME	WHETHER ATTENDED LAST AGM July 31 st 2008	June 29 th 2008	July 3 rd , 2008	July 31 st ,2008	Aug 27 th 2008	Nov29 th 2008	March 1 st ,2009	March 28 th , 2009	April 16 th , 2009
Riyam Investment and Trading Establishment LLC, Represented by: Mr. Mohamed Suleiman Al Ismaily	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Proxy
Miss. Reem Omar Zawawi Representing herself	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes
Wilayat Holding Co Ltd LLC, Represented by: Mr. Gamal Mohd Mohd Ahmed	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Waleed Associates. Represented by: Mr. Sultan Saif Hamed Al Mahrooqi	Yes	Yes	Yes	Yes	Yes	No	Proxy	Yes	No
Al Khuwair Development & Services Co.SAOC, Represented by: Mr. Bahumeet Singh Arora**	Yes	Yes	Yes	No	No	No	No	NO	No
Muscat Insurance Co. SAOC Mr. Anthony Paton *	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes

* Mr. Anthony Paton was elected to the Board on 31.07.2008.

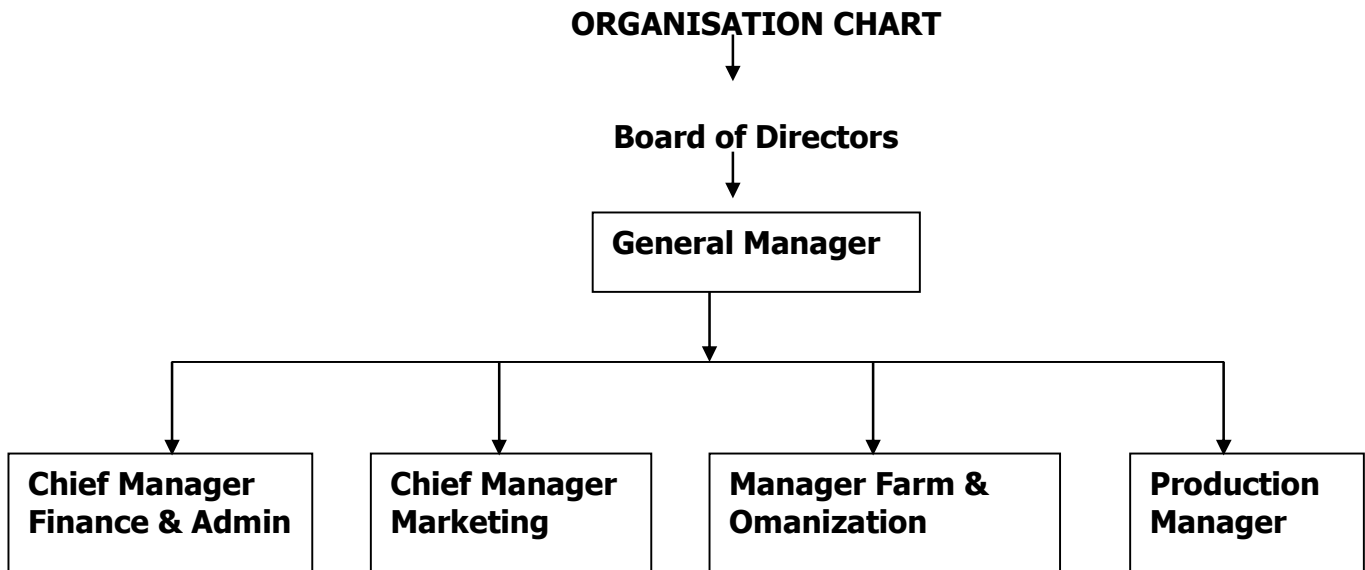
** Mr. Bahumeet Singh Arora did not stand for re-election.

Directors/Chairpersons in other Listed Joint Stock Companies:

Name	Chairmanship	Directorship
Mr. Mohamed Suleiman Al Ismaily	-	-
Miss. Reem Bint Omar Al Zawawi	2	-
Mr. Gamal Mohamed Mohamed Ahmed		2

Mr. Sultan Saif Al Mahrooqi	-	-
Mr. Anthony Paton	-	-

Profile on the Executive Management



Dr. Mohamed Suhail Khan – General Manger

Qualifications: Bachelor of Veterinary Medicine & Animal Husbandry from Punjab Agriculture University 1976. PGAI from Haryana Agriculture University 1977.

Experience: 33 years, has worked for Government of India in intensive cattle Dev. Project and joined the company in 1987. Has completed a course of animal breeding from Canada.

Mr. Jaikumar Menon: Chief Finance Manager

Qualification: Post Graduate in Finance from Mumbai University, Done management courses from Harvard - Wharton. Experience: 32 years experience in the field of Accounts and has joined the Company in 1982.

Mr. Kuldeep Tiku. Chief Manager Marketing.

Qualification: Bachelor of Arts from Chandigarh University. Experience: 34 years in the field of marketing of Dairy products.

Mr. Muraleedharan Thalapilli. Production Manager

Qualification: Post Graduate in Dairy Technology from National Dairy Development Board. Post Graduate in Chemistry from Calicut University, India. Experience: 25 years in the field of Dairy production and Quality Control.

Mr. Hamood Hamdoun Mohd Al Naamani. Manager Farm & Omanization.

Qualification: Farm management program from U.K. Experience: 36 years in farm management.

3- Audit Committee

The Audit Committee of the Board is charged with the task of monitoring the compliance of management and staff with the policies of the Board and with laws and regulations.

The Audit Committee's primary focus is on the integrity of the Company's financial reporting process and internal financial controls. However, its scope is unlimited and extends to testing compliance with all the Company's policies, the effectiveness of internal controls and adequacy of segregation of key duties commensurate with risks.

The functions of the Audit Committee are as per Articles 7 & 8 of CMA Code of Corporate Governance mandated by Circular No. (1/2003).

The Board of Directors has formed an Audit Committee comprising of the following members:

Miss. Reem Omar Zawawi,
Mr. Gamal Mohammed Mohammed Gamal
Mr. Anthony Paton

Chairperson
Member
Member.

Audit Committee meetings

Oman Agriculture Development Company (SAOG) had 8 audit committee meetings during the year and following is the attendance record:

Name	June 29th, 2008	July 3rd, 2008	July 31st, 2008	Aug 27th, 2008	Nov 29th, 2008	Feb 28th, 2009	Mar 26th, 2009	April 16th, 2009
Miss. Reem Bint Omar Al Zawawi	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Gamal Mohamed Mohamed Gamal	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Bahumeet Singh Arora **	Yes	Yes	Yes	No	No	No	No	No
Mr. Anthony Paton *	No	No	No	Yes	Yes	Yes	Yes	Yes

* Mr. Anthony Paton was elected to the Board on 31.07.2008.

** Mr. Bahumeet Singh Arora did not stand for re-election.

4- Nomination of Directors

The Board of Directors are elected once in three years. The present board of directors was elected in 2008; accordingly the next election of the Board of Directors is due in 2011. In case of the vacancy arising due to resignation of one of its members, the same can be filled up temporarily by the Board, subject to re-election at the next Annual General Meeting.

Shareholders wishing to get nominated for the position of Director must hold minimum qualifying shares, as stipulated under Article (23) of the Company's Articles of Association, in addition to meeting other requirements as stipulated under the Commercial Companies Law. The minimum number of shares for shareholder qualification is 1,000.

Those who wish to nominate themselves to the Board must submit an application form in line with the pro-forma issued by the Capital Market Authority at least 2 days before the general meeting at which the election of Directors will take place.

The Legal Advisor reviews eligibility of the applications and compliance with laws and regulations and confirms correctness thereof.

5 - Remuneration Matters

- A) No remuneration or sitting fees is paid to the Board of Directors and Audit Committee members.
- B) Remuneration expenses incurred during the year for the top five executives of the Company inclusive of gratuity and social insurance are as under;

Name	Salary Ro	Gratuity & Other benefits Ro	Incentives Ro	Total Ro
Dr. Mohd Suhail Khan	10,968	864	-	11,832
Mr. Jaikumar Menon	10,968	864	-	11,832
Mr. Kuldeep Tiku	5,820	375+6180 B.Sal/HRent	13,233	25,608
Mr. Hamood H. Mohd Al Naamani	10,200	1,008	—	11,208
Mr. Muraleedharan Talapilli	7,200	600	-	7,800
			Total	68,280

No fixed component payable. Incentives based on performance based on the following criteria:

- 0.350% if 100% of sales budget is achieved.
- 0.325% if 95% of sales budget is achieved.
- 0.300% if 90% of sales budget is achieved.

- C) Service contracts are valid for two years, with a notice period of 3 months or 3 months salary in lieu of notice.
- D) There are no severance fees included in the employment contracts and all of end of service benefits is calculated as per Oman Labour Laws.

6- Details of Non-Compliance by the Company

There are no instances of non-compliance by the Company on matters related to Capital Markets, regulated by MSM, CMA during the last three years.

There are no aspects of non-compliance with the Code of Corporate Governance.

7- Means of Communication with the Shareholders

- a) Quarterly results are published in One Arabic and One English Newspaper and the Shareholders are notified that the detailed accounts will be sent to any shareholder who requests the same.
- b) Annual Reports containing the audited financial statements together with the Chairperson's report, Related Party Transactions and invitation to attend the AGM are sent by registered post to all shareholders.
- c) Management Discussion and Analysis Report forms a part of the Annual Report for the current year.
- d) Company's financial results are also being uploaded in MSM Website.

Also the full set of financial statements and the report from the Board of Directors is filed with the Capital Market Authority and Muscat Securities Market.

8- Distribution of Shareholding as of April 2009.

Market Price Data

The movement of company's shares vis-à-vis the monthly closing of the MSM index is presented below:

Month	High (R.O)	Low (R.O)	MSM Industry	Index
May 08	-	-	11764.32	
Jun 08	-	-	12615.30	
Jul 08	1.555	1.555	11895.19	
Aug 08	-	-	9747.22	
Sep 08	-	-	8709.96	
Oct 08	-	-	5686.43	
Nov 08	-	-	5388.48	
Dec 08	-	-	4321.64	
Jan 09	-	-	3554.94	
Feb 09	-	-	3885.20	
Mar 09	-	-	4154.16	
Apr 09	-	-	5028.39	

Performance Comparison

	MSM 30 Index	Sector Index	OADC Share movement
2008- Open	11,262.79	11,394.93	1.555
2008- Closing	5,128.88	5,028.39	1.555
% of change	54.5	55.8	0

Name of Shareholders holding above 5%.

Name	Shareholding	%
Mr. Toufiq Ahmed Sultan	82,694	7.518
Al Khuwair Development & Services C. Zawawi Trading LLC.	175,838	15.985
Wilayat Holding Co. Ltd.	72,795	6.618
H.E. Dr. Omar Abdul Munem Zawawi	126,984	11.544
Brig. Waleed Omar Al Zawawi	162,814	14.801
	136,037	12.367

9- Professional Profile of the Statutory Auditors

KPMG is a global network of professional firms providing Audit Tax, and Advisory services. They operate in 144 countries and have more than 137,000 professionals working in member firms around the world.

KPMG is one of the leading accredited accounting firms in Oman and has more than 100 employees including 3 Partners, 2 Directors, and 15 Managers. KPMG has many years of experience in the Middle East. They have a reputation for providing quality professional services to well diversified client portfolio, both in public and private sectors.

10- Audit Fees:

The amount paid to the auditors for the audit services for the year is as follows;

External Auditor	Rials 3,000/-
Internal Auditor	Rials 2,000/-

11- Acknowledgment by the board of directors:

The board of directors confirms to the best of their knowledge, understanding, and ability the following:

- The preparation of the financial statements made in accordance with the applicable standards and rules.
- The efficiency and adequacy of the internal control systems of the Company have been reviewed and comply with internal rules and regulations.
- That there are no material things that affect the continuation of the Company and its ability to continue its operations during the next financial year.

For and on behalf of the Board of Directors,

Mohamed Suleiman Al Ismaily
Chairman