



Oman Flour Mills Company (S.A.O.G.)

Unaudited summary of performance

For the nine months ended 31 March 2016



شركة المطاحن العمانية (ش.م.ع.ع.) Oman Flour Mills Company (S.A.O.G.)

BOARD OF DIRECTORS' REPORT

On behalf of the Board of Directors, I present the Oman Flour Mills Company SAOG (the Company) along with its subsidiaries (The Group's) un-audited financial statements for the nine months ending 31st March 2016.

The Company's sales volume in the nine months has increased by about 3.45% in the current period as compared to the same period of previous year. Sales of both, Flour and Feed mill are higher as compared to the previous year.. The Group's net profit after tax for the nine months is RO 8,667 K as compared to RO 5,938 K in the previous year. OFM has made a net profit after tax of RO 7,172 K as compared to RO 5,324 K in the previous year. With the fall in oil prices, the MSM index has also decline, which has resulted in a diminution in the value of our investments held on the MSM. The Government has still not paid subsidy on wheat, which is outstanding since July 2013. In current period we have not accounted for any subsidy.

The performance of our subsidiaries and associate is as follows:

- Our subsidiary, Modern Poultry Farms SAOC (MPF) has made profit before tax of RO 448 K as compared to RO 690 K in the same period in the previous year. The drop in profit is mainly due to reduction in average selling prices due to entrant of a new egg producer, lowering the selling price to obtain market share. Production and sales are marginally lower as compared to the same period in the previous year. The expansion is on going and we expect production from a new house to commence from April 2016. The full impact of expansion will be from January 2017.
- Our associate, Sohar Poultry Co SAOG (SPC) has made a profit before tax of RO 323K as compared to a profit of RO 270 K in the same period in previous year. The performance of SPC in the first quarter in the current year was affected due to health issues relating to birds. Measures were taken and the health issues has been brought under control, and the performance in the second and third quarter improved substantially resulting in a profit. We expect the performance in the fourth quarter to improve further.
- Our subsidiary, Atyab Bakery has achieved a turnover of RO 8.9 million as compared to RO 6.4 in the same period in the previous year, which is about 39% more than the same period in the previous year. Sales are increasing with as new customers and markets are being added. We are in talks with major franchises to supply bakery products, which if they materialize would further increase sales. The bakery is now operating at over 75% of its capacity. Cost cutting measures continue resulting in lowering average production cost.



C.R.No. 10/5841/0

P.O. Box 566, Ruwi, PC 112, Sultanate of Oman
Tel: (968) 24717300, Fax: (968) 24714711
Customer Service Enquiries : (968)24714785

Website : www.omanflourmills.com
e-mail : info@omanflourmills.com

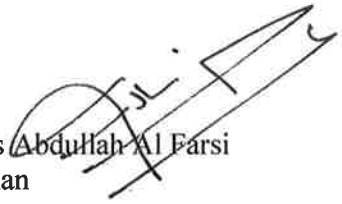
س.ت.رقم : ١٠/٥٨٤١/٠

ص.ب ٥٦٦، روي، الرمز البريدي ١١٢، سلطنة عمان
هاتف: ٢٤٧١٧٣٠٠ (٩٦٨)، فاكس: ٢٤٧١٤٧١١ (٩٦٨)
خدمة متطلبات العملاء: ٢٤٧١٤٧٨٥ (٩٦٨)



- Our subsidiary, Atyab Foodtech LLC has made a profit before tax of RO 100K as compared to RO 54K in the same period in previous year. We expect the performance to improve in the coming months.
- Our subsidiary, Atyab Technical Services LLC earned sponsorship income of RO 79K as compared to RO 168K in the same period in previous year.

Regards


Khamis Abdullah Al Farsi
Chairman

OMAN FLOUR MILLS CO. (SAOG)



Unaudited group statement of financial position as at 31 March 2016

	Notes	Group		Parent Company	
		2016 RO '000	2015 RO '000	2016 RO '000	2015 RO '000
Non-current assets					
Property, plant and equipment		32,026	29,398	11,786	11,034
Investment in Subsidiaries	4	-	-	11,655	8,718
Investment in associates		1,877	1,545	-	-
Intangible assets		153	127	-	-
Biological assets		990	833	-	-
Investment available for sale, non-current	5, 7 & 9	250	250	250	250
Total non-current assets		35,296	32,153	23,691	20,002
Current assets					
Inventories, net	1	7,375	12,143	5,937	10,373
Receivables and prepayments, net	2 & 9	12,503	11,825	8,032	8,077
Amounts due from a related party and subsidiaries		4	3	4,450	4,084
Investments available for sale	5, 7 & 9	3,133	3,134	3,133	3,134
Subsidy receivable from the government		5,344	6,524	5,344	6,524
Cash on hand and at bank		20,326	10,552	17,980	9,305
Total current assets		48,685	44,181	44,876	41,497
Total assets		83,981	76,334	68,567	61,499
Current liabilities					
Payables and accruals		1,526	2,153	638	884
Taxation		1,419	877	1,336	775
Interest bearing loans and current maturities of LT loans	3	1,195	570	-	-
Total current liabilities		4,140	3,600	1,974	1,659
Non-current liabilities					
Interest bearing loans	3	11,255	11,821	-	-
End of service benefits		1,059	890	617	542
Deferred tax		509	518	417	413
Total non-current liabilities		12,823	13,229	1,034	955
Minority Interest		1,306	494	-	-
Total liabilities		18,269	17,323	3,008	2,614
Net assets		65,712	59,011	65,559	58,885
Shareholders' equity					
Share capital		15,750	15,750	15,750	15,750
Legal reserve		5,652	5,569	5,250	5,250
General reserve		2,500	2,500	2,500	2,500
Fair value reserve (Subsidiaries)		-	-	117	(1,670)
Retained earnings		41,810	35,192	41,942	37,055
Total shareholders' equity		65,712	59,011	65,559	58,885

The complete accounts in either Arabic or English will be sent by mail within 7 days to any shareholder who requests for them.

OMAN FLOUR MILLS CO. (SAOG)

Unaudited group statement of comprehensive income For the nine months ended 31 March 2016



	Notes	Group		Parent Company	
		2016 RO '000	2015 RO '000	2016 RO '000	2015 RO '000
Revenue		63,199	60,509	52,660	51,822
Cost of sale		(46,806)	(48,122)	(41,697)	(43,475)
Gross profit		16,393	12,387	10,963	8,347
Selling & distribution expenses		(2,758)	(2,317)	(195)	(171)
Administration & general overheads		(3,298)	(2,962)	(2,091)	(1,877)
Profit from operations		10,337	7,108	8,677	6,299
Finance cost - net		(209)	(208)	-	-
Net investment income	6.a)	(285)	(252)	(285)	(252)
Other income	6.b)	126	103	96	33
Net profit before tax		9,969	6,751	8,488	6,080
Tax expense		(1,396)	(855)	(1,316)	(756)
Net profit after tax		8,573	5,896	7,172	5,324
Share in net Profit/(loss) of associate		132	113	-	-
Minority Interest (Profit)/Loss		(38)	(71)	-	-
Net profit for the period		8,667	5,938	7,172	5,324
Net profit margin		13.71%	9.82%	13.62%	10.27%

OMAN FLOUR MILLS CO. (SAOG)



Unaudited statement of changes in equity For the nine months ended 31 March 2016

	Share Capital RO '000	Legal Reserve RO '000	General Reserve RO '000	Fair Value Reserve RO '000	Retained Earnings RO '000	Minority Interest RO '000	Total RO '000
Group company							
Balance, 1 July 2014	15,750	5,569	2,500	-	33,192	509	57,520
Profit for the period	-	-	-	-	5,938	71	6,009
Adjustment for shares acquired	-	-	-	-	-	(86)	(86)
Dividends	-	-	-	-	(3,938)	-	(3,938)
Balance, 31 March 2015	15,750	5,569	2,500	-	35,192	494	59,505
Balance, 1 July 2015	15,750	5,652	2,500	-	37,396	601	61,899
Profit for the period	-	-	-	-	8,667	38	8,705
Capital introduced	-	-	-	-	-	667	667
Dividends	-	-	-	-	(4,253)	-	(4,253)
Balance, 31 March 2016	15,750	5,652	2,500	-	41,810	1,306	67,018
Parent company							
Balance, 1 July 2014	15,750	5,250	2,500	(2,313)	35,669	-	56,856
Profit for the period	-	-	-	-	5,324	-	5,324
Dividends	-	-	-	-	(3,938)	-	(3,938)
Share in profit/(loss) of subsidiaries	-	-	-	643	-	-	643
Balance, 31 March 2015	15,750	5,250	2,500	(1,670)	37,055	-	58,885
Balance, 1 July 2015	15,750	5,250	2,500	(1,378)	39,023	-	61,145
Profit for the period	-	-	-	-	7,172	-	7,172
Share in profit/(loss) of subsidiaries	-	-	-	1,495	-	-	1,495
Dividends	-	-	-	-	(4,253)	-	(4,253)
Balance, 31 March 2016	15,750	5,250	2,500	117	41,942	-	65,559

OMAN FLOUR MILLS CO. (SAOG)



Unaudited group statement of cash flows For the nine months ended 31 March 2016

	Group		Parent Company	
	2016 RO '000	2015 RO '000	2016 RO '000	2015 RO '000
Cash from operations	15,291	7,918	13,490	7,133
Tax paid	(1,091)	(1,045)	(990)	(978)
Interest paid	-	-	-	-
Net cash from operating activities	14,200	6,873	12,500	6,155
Net cash from investing activities	(2,317)	(4,944)	(1,678)	(289)
Net cash from financing activities	(4,482)	425	(4,202)	(3,878)
Net increase in cash and cash equivalents	7,401	2,354	6,620	1,988
Cash and cash equivalents brought forward	12,925	8,198	11,360	7,317
Cash and cash equivalents carried forward	20,326	10,552	17,980	9,305

OMAN FLOUR MILLS CO. (SAOG)

Notes attached to and forming part of the unaudited balance sheet and the statement of comprehensive income

For the nine months ended 31 March 2016

	Group		Parent Company	
	2016 RO '000	2015 RO '000	2016 RO '000	2015 RO '000
1. Inventories				
Raw materials	6,392	10,562	5,108	9,376
Finished goods	669	942	494	815
Spares and consumables	2,282	2,431	1,308	1,136
Less: Provisions	(978)	(959)	(973)	(954)
	8,365	12,976	5,937	10,373
	-	-	-	-
Finished goods as no. of days of cost of sales	4	5	3	5
2. Trade receivables				
Trade receivables	11,982	10,820	8,060	7,565
Prepayments and other receivables	1,000	1,475	430	970
Less: Provisions	(479)	(470)	(458)	(458)
	12,503	11,825	8,032	8,077
	-	-	-	-
3. Bank loans and overdrafts				
Bank loans	12,450	11,821	-	-
Overdrafts/Short term loans	-	570	-	-
	12,450	12,391	-	-
Less: Current maturities	(1,195)	(570)	-	-
Long term element of bank loans	11,255	11,821	-	-
	-	-	-	-
The loans are secured by registered mortgage over the tangible fixed assets of the company and a bank guarantee. The loans bear interest between 2% and 6% per annum.				
Maturity of Bank Loans				
Due within one year	1,195	-	-	-
Due after more than a year	11,255	11,821	-	-
	12,450	11,821	-	-
4. Investment in Subsidiaries				
Investments in subsidiaries are accounted for using the equity method.				
Modern Poultry Farms Co. (SAOG)			88.42%	88.42%
The Bread House LLC			100.00%	100.00%
Atyab Investments LLC			100.00%	100.00%
5. Investments				
Non - Current (Un-quoted)				
Associates at fair Value	Level -2	1,877	1,545	-
Subsidiaries at fair value	Level -2	-	-	11,655
Investments available for sale	Level -2	250	250	250
		2,127	1,795	11,905
Current (Un-quoted)				
Investment held to maturity	Level - 2	-	-	-
Long term deposit	Level - 2	5,344	6,524	5,344
		5,344	6,524	5,344
Current (Quoted)				
Investment at fair value through PL	Level-1	3,133	3,134	3,133
Total		10,604	11,453	20,382
			18,626	

OMAN FLOUR MILLS CO. (SAOG)

Notes attached to and forming part of the unaudited balance sheet and the statement of comprehensive income

For the nine months ended 31 March 2016

6. Investment & Other Income

a) Investment Income

Realised	(42)	68	(42)	68
Unrealised	(331)	(417)	(331)	(417)
Dividends	88	97	88	97
	(285)	(252)	(285)	(252)

b) Other Income

Interest on Deposits	44	6	45	7
Miscellaneous income	82	97	51	26
	126	103	96	33

7. Details of Significant Investments

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8. Significant transactions during the reporting period with Related parties and holders of 10% of the company's shares

Goods sold to the subsidiary (intra group)	3,382	3,018
Goods sold to a related party	44	-
Services from a subsidiary	312	297

Loans, Advances, Receivables due

Subsidiaries	4,446	4,081
Related party	4	3

9. Provisions

Changes to the level of provisions during the period can be analysed as follows:

	Advances & Receivables	Value of Investments	Others	Total
a) Group				
Provisions for:				
Beginning balance of Provisions	497	(635)	995	857
Provided during the period	(18)	331	(17)	296
Provisions balance as of 31 March 2016	479	(304)	978	1,153

The book value of assets before and after provisions are as follows:

Book value of assets:

Value of assets before Provisions	12,982	3,079	2,282	18,343
Provisions Balance as of 31 March 2016	(479)	304	(978)	(1,153)
Book value of assets as of 31 March 2016	12,503	3,383	1,304	17,190

b) Parent Company

Provisions for:

Beginning balance of Provisions	458	(635)	973	796
Provided during the period	-	331	-	331
Provisions balance as of 31 March 2016	458	(304)	973	1,127

The book value of assets before and after provisions are as follows:

Book value of assets:

Value of assets before Provisions	8,490	3,079	1,308	12,877
Provisions Balance as of 31 March 2016	(458)	304	(973)	(1,127)
Book value of assets as of 31 March 2016	8,032	3,383	335	11,750

OMAN FLOUR MILLS CO. (SAOG)

Notes attached to and forming part of the unaudited balance sheet and the statement of comprehensive income

For the nine months ended 31 March 2016

10. Shareholders

Details shareholders of the Company who own 10% or more of the Company's shares whether in their name, or through a nominee account and the number of shares they hold are as under:

	2016		2015	
	Shares	%	Shares	%
Government of the Sultanate of Oman	80,418,100	51.06%	80,418,100	51.06%
Civil Pension Fund	19,628,486	12.46%	19,722,586	12.52%

11 Segment Information

The Group for management purposes is organised in three major operating segments, flour mill, feed mill and poultry. These segments form the basis on which primary segment information is reported.

	All values RO '000					
	Flour Mill	Animal Feed Mill	Modern Poultry	Atyab Bakery	Atyab Investments	Group
For the period ended 31 December 2014						
External Revenue	26,382	22,421	4,945	6,429	332	60,509
Inter-segment sales	1,003	2,016	-	-	297	3,316
Total revenue	<u>27,385</u>	<u>24,437</u>	<u>4,945</u>	<u>6,429</u>	<u>629</u>	<u>63,825</u>
Segment gross profit	4,939	3,408	1,464	2,295	281	12,387
Expenses	(1,048)	(1,000)	(820)	(2,335)	(284)	(5,487)
Other income	(215)	(3)	46	23	-	(149)
Net profit before tax	<u>3,676</u>	<u>2,405</u>	<u>690</u>	<u>(17)</u>	<u>(3)</u>	<u>6,751</u>
Tax expense	(470)	(287)	(79)	-	(19)	(855)
Net profit after tax	3,206	2,118	611	(17)	(22)	5,896
Share in net Profit/(loss) loss of associate						113
Minority Interest (Profit)/Loss						(71)
Net profit for the period						<u>5,938</u>
For the period ended 31 December 2015						
External Revenue	26,599	22,679	4,680	8,918	323	63,199
Inter-segment sales	1,318	2,064	-	-	312	3,694
Total revenue	<u>27,917</u>	<u>24,743</u>	<u>4,680</u>	<u>8,918</u>	<u>635</u>	<u>66,893</u>
Segment gross profit	7,552	3,411	1,312	3,874	244	16,393
Expenses	(1,339)	(946)	(876)	(2,762)	(342)	(6,265)
Other income	(195)	6	12	18	-	(159)
Net profit before tax	<u>6,018</u>	<u>2,471</u>	<u>448</u>	<u>1,130</u>	<u>(98)</u>	<u>9,969</u>
Tax expense	(945)	(371)	(63)	-	(17)	(1,396)
Net profit after tax	5,073	2,100	385	1,130	(115)	8,573
Share in net Profit/(loss) loss of associate						132
Minority Interest (Profit)/Loss						(38)
Net profit for the period						<u>8,667</u>

12 Previous year figures have been re-grouped/re-stated wherever necessary to conform with the presentation adopted for