



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

BOARD OF DIRECTORS'S 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 three months ending 30th September 2015.

The Company's sales volume has increased by 2.7% in the current quarter as compared to the same period of previous year. Sales of flour and feed mill are higher. The Group's net profit after tax for the three months is RO 2,198 K as compared to RO 1,816 K in the previous year. The Parent company, OFM has made a net profit after tax of RO 1,937 K as compared to RO 1,884 K in the previous year. The Government is still evaluating the subsidy on wheat and we continue to account for it based on the existing methodology on an accrual basis.

The performance of our subsidiaries and associate is as follows:

- Our subsidiary, Modern Poultry Farms SAOC (MPF) has made profit of RO 148 K as compared to RO 164 K in the same period in the previous year. MPF's production has increased by 3.4% as compared to the same period in the previous year. However, due to decrease in selling price profit is marginally lower. We expect improved performance in coming months.
- Our associate, Sohar Poultry Co SAOG (SPC) has made a profit of RO 12K as compared to a loss of RO 22K in the same period in previous year. During this period of high humidity and heat, the performance of SPC gets affected, however in the subsequent months the performance is expected to be good and profitability higher.
- Atyab Bakery has achieved a turnover of RO 2.5 million (previous period RO RO 1.7 million) which is about 48% more than the same period in the previous year. Sales are increasing with each passing month as new customers and markets are being added. The bakery made a profit of RO 195 K as compared to a previous year loss of RO 227K.
- Atyab Food Tech made a profit before tax of RO 21 K as compared to the previous year profit of RO 32 K.
- Atyab Technical Services earned a net sponsorship fee of RO 16 K as compared to RO 90K in the previous year.


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Chairman

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هاتف: ٢٤٧١٧٣٠٠ (٩٦٨)، فاكس: ٢٤٧١٤٧١١ (٩٦٨)
خدمة متطلبات العملاء: ٢٤٧١٤٧٨٥ (٩٦٨)

OMAN FLOUR MILLS CO. (SAOG)



Unaudited group statement of financial position as at 30 September 2015

	Notes	Group		Parent Company	
		2015 RO '000	2014 RO '000	2015 RO '000	2014 RO '000
Non-current assets					
Property, plant and equipment		30,406	28,230	11,698	11,372
Investment in Subsidiaries	4	-	-	9,421	7,949
Investment in associates		1,751	1,422	-	-
Intangible assets		153	153	-	-
Biological assets		819	803	-	-
Investment available for sale, non-current	5, 7 & 9	250	250	250	250
Total non-current assets		33,379	30,858	21,369	19,571
Current assets					
Inventories, net	1	11,573	18,369	10,159	16,603
Receivables and prepayments, net	2 & 9	12,228	11,639	8,064	8,154
Amounts due from a related party and subsidiaries		30	35	4,342	4,187
Investments available for sale	5, 7 & 9	3,363	3,679	3,363	3,679
Subsidy receivable from the government		5,973	4,324	5,973	4,324
Cash on hand and at bank		13,310	6,929	11,932	6,054
Total current assets		46,477	44,975	43,833	43,001
Total assets		79,856	75,833	65,202	62,572
Current liabilities					
Payables and accruals		1,542	3,967	557	2,744
Taxation		392	271	296	243
Dividend payable		4,253	3,938	4,253	3,938
Interest bearing loans and current maturities of LT loans	3	1,193	568	-	-
Total current liabilities		7,380	8,744	5,106	6,925
Non-current liabilities					
Interest bearing loans	3	11,140	10,337	-	-
End of service benefits		968	815	589	500
Deferred tax		509	518	417	413
Total non-current liabilities		12,617	11,670	1,006	913
Minority Interest		616	530	-	-
Total liabilities		20,613	20,944	6,112	7,838
Net assets		59,243	54,889	59,090	54,734
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)		-	-	(1,117)	(2,381)
Retained earnings		35,341	31,070	36,707	33,615
Total shareholders' equity		59,243	54,889	59,090	54,734

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 three months ended 30 September 2015

	Notes	Group		Parent Company	
		2015 RO '000	2014 RO '000	2015 RO '000	2014 RO '000
Revenue		19,744	18,774	16,596	16,274
Cost of sale		(15,411)	(15,286)	(13,743)	(13,835)
Gross profit		4,333	3,488	2,853	2,439
Selling & distribution expenses		(781)	(691)	(47)	(48)
Administration & general overheads		(902)	(864)	(493)	(503)
Profit from operations		2,650	1,933	2,313	1,888
Finance cost - net		(68)	(68)	-	-
Net investment income	6.a)	(122)	216	(122)	216
Other income	6.b)	37	14	23	3
Net profit before tax		2,497	2,095	2,214	2,107
Tax expense		(291)	(248)	(277)	(223)
Net profit after tax		2,206	1,847	1,937	1,884
Share in net Profit/(loss) of associate		6	(10)	-	-
Minority Interest (Profit)/Loss		(14)	(21)	-	-
Net profit for the period		2,198	1,816	1,937	1,884
Net profit margin		11.13%	9.67%	11.67%	11.58%

OMAN FLOUR MILLS CO. (SAOG)



Unaudited statement of changes in equity For the three months ended 30 September 2015

	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	508	57,519
Profit for the period	-	-	-	-	1,816	22	1,838
Dividends	-	-	-	-	(3,938)	-	(3,938)
Balance, 30 September 2014	15,750	5,569	2,500	-	31,070	530	55,419
Balance, 1 July 2015	15,750	5,652	2,500	-	37,396	602	61,900
Profit for the period	-	-	-	-	2,198	14	2,212
Adjustment for shares acquired	-	-	-	-	-	-	-
Dividends	-	-	-	-	(4,253)	-	(4,253)
Balance, 30 September 2015	15,750	5,652	2,500	-	35,341	616	59,859
Parent company							
Balance, 1 July 2014	15,750	5,250	2,500	(2,313)	35,669	-	56,856
Profit for the period	-	-	-	-	1,884	-	1,884
Dividends	-	-	-	-	(3,938)	-	(3,938)
Share in profit/(loss) of subsidiaries	-	-	-	(68)	-	-	(68)
Balance, 30 September 2014	15,750	5,250	2,500	(2,381)	33,615	-	54,734
Balance, 1 July 2015	15,750	5,250	2,500	(1,378)	39,023	-	61,145
Profit for the period	-	-	-	-	1,937	-	1,937
Share in profit/(loss) of subsidiaries	-	-	-	261	-	-	261
Dividends	-	-	-	-	(4,253)	-	(4,253)
Balance, 30 September 2015	15,750	5,250	2,500	(1,117)	36,707	-	59,090

OMAN FLOUR MILLS CO. (SAOG)



Unaudited group statement of cash flows
For the three months ended 30 September 2015

	Group		Parent Company	
	2015	2014	2015	2014
	RO '000	RO '000	RO '000	RO '000
Cash from operations	1,769	(366)	1,556	(258)
Tax paid	(1,013)	(1,044)	(990)	(978)
Interest paid	-	-	-	-
Net cash from operating activities	756	(1,410)	566	(1,236)
Net cash from investing activities	(197)	(2,486)	(17)	(45)
Net cash from financing activities	(174)	2,627	23	18
Net increase in cash and cash equivalents	385	(1,269)	572	(1,263)
Cash and cash equivalents brought forward	12,925	8,198	11,360	7,317
Cash and cash equivalents carried forward	13,310	6,929	11,932	6,054

OMAN FLOUR MILLS CO. (SAOG)

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

For the three months ended 30 September 2015

	Group		Parent Company	
	2015 RO '000	2014 RO '000	2015 RO '000	2014 RO '000
1. Inventories				
Raw materials	10,935	16,675	9,595	15,519
Finished goods	386	1,010	306	932
Spares and consumables	2,066	2,448	1,231	1,106
Less: Provisions	(995)	(961)	(973)	(954)
	12,392	19,172	10,159	16,603
	-	-	-	-
Finished goods as no. of days of cost of sales	2	6	2	6
2. Trade receivables				
Trade receivables	14,503	14,050	11,122	11,043
Prepayments and other receivables	4,173	2,357	3,346	1,866
Less: Provisions	(475)	(444)	(431)	(431)
	18,201	15,963	14,037	12,478
	-	-	-	-
3. Bank loans and overdrafts				
Bank loans	12,333	10,905	-	-
Overdrafts/Short term loans	-	-	-	-
	12,333	10,905	-	-
Less: Current maturities	(1,193)	(568)	-	-
Long term element of bank loans	11,140	10,337	-	-
	-	-	-	-
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	1,193	568	-	-
Due after more than a year	11,140	10,337	-	-
	12,333	10,905	-	-
4. Investment in Subsidiaries				
Investments in subsidiaries are accounted for using the equity method.				
Modern Poultry Farms Co. (SAOG)			88.42%	86.10%
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	1,751	1,422	-
Subsidiaries at fair value	Level -2	-	-	9,421
Investments available for sale	Level -2	250	250	250
		2,001	1,672	9,671
Current (Un-quoted)				
Investment held to maturity	Level - 2	-	-	-
Long term deposit	Level - 2	5,973	4,324	5,973
		5,973	4,324	5,973
		-	-	-
Current (Quoted)				
Investment at fair value through PL	Level-1	3,363	3,679	3,363
Total		11,337	9,675	19,007
			16,202	

OMAN FLOUR MILLS CO. (SAOG)

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

For the three months ended 30 September 2015

6. Investment & Other Income

a) Investment Income

Realised	(8)	58	(8)	58
Unrealised	(126)	146	(126)	146
Dividends	12	12	12	12
	(122)	216	(122)	216

b) Other Income

Interest on Deposits	8	-	8	-
Miscellaneous income	29	14	15	3
	37	14	23	3

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)	1,005	930
Goods sold to a related party	27	-
Services from a subsidiary	104	99

Loans, Advances, Receivables due, Provisions & write offs

Subsidiaries	4,312	4,153
Related party	30	35

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	467	(460)	973	980
Provided during the period	9	126	22	157
Provisions balance as of 30 September 2015	476	(334)	995	1,137
	1			

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

Book value of assets:

Value of assets before Provisions	18,676	3,279	2,066	24,021
Provisions Balance as of 30 September 2015	(476)	334	(995)	(1,137)
Book value of assets as of 30 September 2015	18,200	3,613	1,071	22,884
	(1)			

b) Parent Company

Provisions for:

Beginning balance of Provisions	431	(460)	973	944
Provided during the period	-	126	-	126
Provisions balance as of 30 September 2015	431	(334)	973	1,070

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

Book value of assets:

Value of assets before Provisions	14,468	3,279	1,231	18,978
Provisions Balance as of 30 September 2015	(431)	334	(973)	(1,070)
Book value of assets as of 30 September 2015	14,037	3,613	258	17,908

OMAN FLOUR MILLS CO. (SAOG)

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

For the three months ended 30 September 2015

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:

	2015		2014	
	Shares	%	Shares	%
Government of the Sultanate of Oman	80,418,100	51.06%	80,418,100	51.06%
Civil Pension Fund	19,722,586	12.52%	19,628,486	12.46%

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 30 September 2014						
External Revenue	8,153	7,192	1,573	1,706	150	18,774
Inter-segment sales	298	632	-	-	99	1,029
Total revenue	<u>8,451</u>	<u>7,824</u>	<u>1,573</u>	<u>1,706</u>	<u>249</u>	<u>19,803</u>
Segment gross profit	1,288	1,152	407	495	146	3,488
Expenses	(214)	(338)	(246)	(729)	(96)	(1,623)
Other income	223	(3)	3	7	-	230
Net profit before tax	1,297	811	164	(227)	50	2,095
Tax expense	(128)	(95)	(16)	(1)	(8)	(248)
Net profit after tax	1,169	716	148	(228)	42	1,847
Share in net Profit/(loss) loss of associate						(10)
Minority Interest (Profit)/Loss						(21)
Net profit for the period						<u>1,816</u>
For the period ended 30 September 2015						
External Revenue	8,224	7,367	1,532	2,536	85	19,744
Inter-segment sales	387	618	-	-	104	1,109
Total revenue	<u>8,611</u>	<u>7,985</u>	<u>1,532</u>	<u>2,536</u>	<u>189</u>	<u>20,853</u>
Segment gross profit	1,862	990	409	1,013	59	4,333
Expenses	(282)	(258)	(263)	(830)	(118)	(1,751)
Other income	(99)	-	2	12	-	(85)
Net profit before tax	1,481	732	148	195	(59)	2,497
Tax expense	(191)	(86)	(14)	-	-	(291)
Net profit after tax	1,290	646	134	195	(59)	2,206
Share in net Profit/(loss) loss of associate						6
Minority Interest (Profit)/Loss						(14)
Net profit for the period						<u>2,198</u>

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