



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 2017.

The Parent company's sales volume has increased marginally by 0.8% in the current quarter as compared to the same period of previous year. Sales of flour is lower, however that of the feed mill is higher. The Group's net profit after tax for the three months is RO 3.45 million as compared to RO 3.67 million in the previous year. The Parent company, OFM has made a net profit after tax of RO 2,904 K as compared to RO 3,312 K in the previous year. The drop in profit is mainly due to fall in margins and increase in income tax.

The performance of our subsidiaries and associate is as follows:

- Our subsidiary, Modern Poultry Farms SAOC (MPF) has made profit of RO 225K, before tax, (last year profit about RO 60 K). Turnover of MPF is RO 1.79 million as compared to the previous year of RO 1.66 million. The selling prices in the current year were higher than the previous year due to increase in export.
- Our associate, Sohar Poultry Co SAOG (SPC) has made a profit before tax of RO 66K (previous year profit of RO 20K). During this period of high humidity and heat, the selling price is also lower due to low demand, however in the subsequent months we expect the performance and selling prices normalize.
- Atyab Bakery has achieved a turnover of RO 3.26 million (previous period RO RO 3 million) that is about 8.5% 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 347K as compared to a previous year profit of RO 274K. Exports has contributed to higher revenue and profit.
- Atyab Food Tech made a profit before tax of RO 45 K as compared to the previous year profit of RO 87 K.
- Atyab Technical Services earned a net sponsorship fee of RO 46 K as compared to RO 17K in the previous year.
- Sohar Flour Mills LLC construction is progressing smoothly and commercial production is expected to commence by second quarter of 2018.





The Members of the Board of Directors would like to extend their most sincere appreciation and gratitude to His Majesty Sultan Qaboos Bin Said and his Government for their support to the Company.

Sheikh Salah Hilal Al Maawali
Chairman



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

Unaudited summary of performance

For the three months ended 30 September 2017

OMAN FLOUR MILLS CO. (SAOG)



Unaudited group statement of financial position as at 30 September 2017

	Notes	Group		Parent Company	
		2017 RO '000	2016 RO '000	2017 RO '000	2016 RO '000
Non-current assets					
Property, plant and equipment	1	37,149	31,099	12,668	11,921
Investment property		37	-	37	-
Investment in Subsidiaries	5 & 6	-	-	15,617	12,381
Investment in associates		3,003	1,977	-	-
Intangible assets		153	153	-	-
Biological assets	2	1,201	1,094	-	-
Investment available for sale, non-current	6 & 8	250	250	250	250
Total non-current assets		41,793	34,573	28,572	24,552
Current assets					
Inventories, net	2	16,290	10,907	14,535	9,476
Receivables and prepayments, net	3 & 10	15,571	16,814	10,004	10,437
Amounts due from a related party and subsidia	9	519	59	6,220	4,885
Investments available for sale	6 & 8	2,112	2,477	2,112	2,477
Subsidy receivable from the government		4,944	5,344	4,944	5,344
Short term deposits		14,041	6,082	14,041	6,082
Cash on hand and at bank		6,101	14,114	4,809	12,456
Total current assets		59,578	55,797	56,665	51,157
Total assets		101,371	90,370	85,237	75,709
Current liabilities					
Payables and accruals		3,868	1,966	2,986	826
Taxation		652	489	526	474
Dividend payable		7,875	7,088	7,875	7,088
Interest bearing loans and current maturities of LT loans	4	1,252	1,327	-	-
Total current liabilities		13,647	10,870	11,387	8,388
Non-current liabilities					
Interest bearing loans	4	11,160	10,254	-	-
End of service benefits		979	1,041	472	646
Deferred tax		521	483	509	421
Total non-current liabilities		12,660	11,778	981	1,067
Minority Interest		2,088	1,314	-	-
Total liabilities		28,395	23,962	12,368	9,455
Net assets		72,976	66,408	72,869	66,254
Shareholders' equity					
Share capital		15,750	15,750	15,750	15,750
Legal reserve		6,030	5,848	5,250	5,250
General reserve		2,500	2,500	2,500	2,500
Fair value reserve (Subsidiaries)		-	-	2,998	843
Retained earnings		48,696	42,310	46,371	41,911
Total shareholders' equity		72,976	66,408	72,869	66,254

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

P. O. Box 566, P. O. 113, Dhu'Al-Qadhiyah, Muscat, Oman. Tel: 24743200, Fax: 24744744, E-mail: info@omanflourmills.com

OMAN FLOUR MILLS CO. (SAOG)



Unaudited group statement of comprehensive income For the three months ended 30 September 2017

	Notes	Group		Parent Company	
		2017 RO '000	2016 RO '000	2017 RO '000	2016 RO '000
Revenue		20,248	20,439	16,354	16,866
Cost of sale		(14,327)	(14,150)	(12,474)	(12,305)
Gross profit		5,921	6,289	3,880	4,561
Selling & distribution expenses	12	(1,010)	(938)	(51)	(51)
Administration & general overheads	12	(1,093)	(1,141)	(621)	(717)
Profit from operations		3,818	4,210	3,208	3,793
Finance cost - net		(82)	(71)	-	-
Net investment income	7.a)	34	(50)	34	(50)
Other income	7.b)	221	42	168	23
Net profit before tax		3,991	4,131	3,410	3,766
Tax expense		(554)	(465)	(506)	(454)
Net profit after tax		3,437	3,666	2,904	3,312
Share in net Profit/(loss) of associate		26	9	-	-
Minority Interest (Profit)/Loss		(10)	(2)	-	-
Net profit for the period		3,453	3,673	2,904	3,312
Net profit margin		17.05%	17.97%	17.76%	19.64%

OMAN FLOUR MILLS CO. (SAOG)



Unaudited statement of changes in equity For the three months ended 30 September 2017

	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 2016	15,750	5,848	2,500	-	45,725	1,312	71,135
Profit for the period	-	-	-	-	3,673	2	3,675
Dividends	-	-	-	-	(7,088)	-	(7,088)
Balance, 30 September 2016	15,750	5,848	2,500	-	42,310	1,314	67,722
Balance, 1 July 2017	15,750	6,030	2,500	-	53,159	2,083	79,522
Profit for the period	-	-	-	-	3,453	10	3,463
Dividends	-	-	-	-	(7,875)	-	(7,875)
	-	-	-	-	(41)	(5)	(46)
Balance, 30 September 2017	15,750	6,030	2,500	-	48,696	2,088	75,064
Parent company							
Balance, 1 July 2016	15,750	5,250	2,500	482	45,687	-	69,669
Profit for the period	-	-	-	-	3,312	-	3,312
Dividends	-	-	-	-	(7,088)	-	(7,088)
Share in profit/(loss) of subsidiaries	-	-	-	361	-	-	361
Balance, 30 September 2016	15,750	5,250	2,500	843	41,911	-	66,254
Balance, 1 July 2017	15,750	5,250	2,500	2,450	51,342	-	77,292
Profit for the period	-	-	-	-	2,904	-	2,904
Share in profit/(loss) of subsidiaries	-	-	-	548	-	-	548
Dividends	-	-	-	-	(7,875)	-	(7,875)
Balance, 30 September 2017	15,750	5,250	2,500	2,998	46,371	-	72,869

OMAN FLOUR MILLS CO. (SAOG)



Unaudited group statement of cash flows
For the three months ended 30 September 2017

	Group		Parent Company	
	2017	2016	2017	2016
	RO '000	RO '000	RO '000	RO '000
Cash from operations	(6,227)	2,622	(7,212)	2,058
Tax paid	(1,881)	(1,578)	(1,844)	(1,508)
Interest paid	(82)	(71)	-	-
Net cash from operating activities	(8,190)	973	(9,056)	550
Net cash from investing activities	4,220	2,127	6,422	2,230
Net cash from financing activities	371	(323)	19	15
Net increase in cash and cash equivalents	(3,599)	2,777	(2,615)	2,795
Cash and cash equivalents brought forward	9,700	11,337	7,424	9,661
Cash and cash equivalents carried forward	6,101	14,114	4,809	12,456

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 2017

	Group		Parent Company	
	2017 RO '000	2016 RO '000	2017 RO '000	2016 RO '000
1. Property, plant and equipment				
Cost	83,194	74,750	48,507	46,516
Accumulated depreciation	(46,045)	(43,651)	(35,839)	(34,595)
Net book value	<u>37,149</u>	<u>31,099</u>	<u>12,668</u>	<u>11,921</u>
	-	-	-	-
2. Inventories				
Raw materials	14,226	10,156	13,344	8,522
Finished goods	1,078	779	885	683
Biological assets	1,201	-	-	-
Spares and consumables	2,118	2,122	1,321	1,262
Less: Provisions	(1,132)	(1,056)	(1,015)	(991)
	<u>17,491</u>	<u>12,001</u>	<u>14,535</u>	<u>9,476</u>
	-	-	-	-
Finished goods as no. of days of cost of sales	7	5	6	5
3. Trade receivables				
Trade receivables	14,108	14,608	9,057	8,689
Prepayments and other receivables	2,025	2,718	1,405	2,179
Less: Provisions	(562)	(512)	(458)	(431)
	<u>15,571</u>	<u>16,814</u>	<u>10,004</u>	<u>10,437</u>
	-	-	-	-
4. Bank loans and overdrafts				
Bank loans	12,412	10,254	-	-
Overdrafts/Short term loans	-	1,327	-	-
	<u>12,412</u>	<u>11,581</u>	-	-
Less: Current maturities	(1,252)	(1,327)	-	-
Long term element of bank loans	<u>11,160</u>	<u>10,254</u>	-	-
	-	-	-	-
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 4.5% per annum.				
Maturity of Bank Loans				
Due within one year	1,252	-	-	-
Due after more than a year	11,160	10,254	-	-
	<u>12,412</u>	<u>10,254</u>	-	-
5. 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%
6. Investments				
Non - Current (Un-quoted)				
Associates at fair Value	Level - 2	3,003	1,977	-
Subsidiaries at fair value	Level - 2	-	-	15,617
Investments available for sale	Level - 2	250	250	250
		<u>3,253</u>	<u>2,227</u>	<u>15,867</u>
		-	-	-
Current (Un-quoted)				
Investment held to maturity	Level - 2	-	-	-
Long term deposit	Level - 2	4,944	5,344	4,944
		<u>4,944</u>	<u>5,344</u>	<u>4,944</u>
		-	-	-

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 2017

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

Book value of assets:

Value of assets before Provisions	10,462	2,237	1,321	14,020
Provisions Balance as of 30 September 2017	(458)	125	(1,015)	(1,348)
Book value of assets as of 30 September 2017	10,004	2,362	306	12,672

11. 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:

	2017		2016	
	Shares	%	Shares	%
Oman Food Investment Holding Co. SAOC	80,418,100	51.06%	80,418,100	51.06%
Civil Pension Fund	19,628,486	12.46%	19,628,486	12.46%

12. Expenses:

	Group		Parent	
	2016 RO '000	2015 RO '000	2016 RO '000	2015 RO '000
<i>Selling & distribution expenses</i>				
Staff Cost	329	337	31	31
Motor Vehicle Expenses	129	108	3	2
Advertisement, publicity & other overheads	421	402	7	7
Depreciation	116	81	8	9
Repairs & Maintenance	9	4	2	2
Prov. Doubtful debts	6	6	-	-
	1,010	938	51	51
<i>Administration & general overheads</i>				
Staff Cost	743	819	466	558
Travelling Expenses	2	7	-	7
Rent, Utilities and insurance	70	57	11	14
Legal and professional fees	14	19	5	7
Depreciation	76	91	31	48
Directors' meeting fees & Rem.	46	40	33	27
Corporate Social Responsibility	-	4	-	4
Repairs & Maintenance	24	17	15	14
Sundry Expenses	92	58	55	31
Communication exp	26	29	5	7
	1,093	1,141	621	717

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 2017

13. 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						
March 2016						
External Revenue	8,437	7,194	1,658	3,003	147	20,439
Inter-segment sales	452	784	-	-	107	1,343
Total revenue	8,889	7,978	1,658	3,003	254	21,782
Segment gross profit	2,994	1,569	376	1,228	122	6,289
Expenses	(385)	(384)	(317)	(972)	(92)	(2,150)
Other income	(27)	-	1	18	-	(8)
Net profit before tax	2,582	1,185	60	274	30	4,131
Tax expense	(277)	(178)	(4)	-	(6)	(465)
Net profit after tax	2,305	1,007	56	274	24	3,666
Share in net Profit/(loss) loss of associate						9
Minority Interest (Profit)/Loss						(2)
Net profit for the period						3,673
For the period ended 31						
March 2017						
External Revenue	7,755	7,260	1,787	3,259	187	20,248
Inter-segment sales	471	868	-	-	126	1,465
Total revenue	8,226	8,128	1,787	3,259	313	21,713
Segment gross profit	2,375	1,505	543	1,357	141	5,921
Expenses	(359)	(313)	(318)	(1,063)	(132)	(2,185)
Other income	202	-	-	53	-	255
Net profit before tax	2,218	1,192	225	347	9	3,991
Tax expense	(328)	(179)	(34)	-	(13)	(554)
Net profit after tax	1,890	1,013	191	347	(4)	3,437
Share in net Profit/(loss) loss of associate						26
Minority Interest (Profit)/Loss						(10)
Net profit for the period						3,453

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