



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

Unaudited summary of performance

For the six months ended 31 December 2017



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

BOARD OF DIRECTOR'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 Six months ending 31 December 2017.

The Parent company's sales volume has decreased marginally by 0.35% in the current period as compared to the same period of previous year. Sales of flour is lower, however that of the feed mill is higher. The drop in flour sale is due to increased competition from outside and new mill. The Group's net profit after tax for the six months is RO 6.98 million as compared to RO 8.17 million in the previous year. The Parent company, OFM has made a net profit after tax of RO 5,777 K as compared to RO 7,137 K in the previous year. The drop in profit is on account of fall in margins due to increase in grain prices, lower selling price and increase in income tax as compared to the previous year. The subsidy on wheat of earlier year is yet to be received from the Government.

The performance of our subsidiaries and associate is as follows:

- Our subsidiary, Modern Poultry Farms SAOC (MPF) has made profit of RO 451K, before tax, (last year profit about RO 273 K). Turnover of MPF is RO 3.7 million as compared to the previous year of RO 3.5 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 11K (previous year profit of RO 172K). The fall in profit is due to lower sales prices as there was excessive availability of live birds.
- Atyab Bakery has achieved a turnover of RO 6.91 million (previous period RO 6.5 million) that is about 5.7% 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 819K as compared to a previous year profit of RO 728K. Export has contributed to higher revenue and profit.
- Atyab Food Tech made a profit before tax of RO 117K as compared to the previous year profit of RO 143K.
- Atyab Technical Services earned a net sponsorship fee of RO 86 K as compared to RO 54K in the previous year.
- Sohar Flour Mills LLC construction is progressing smoothly and commercial production is expected to commence by third 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



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س.ت. رقم : ٥٨٤١

ص.ب. ٥٦٦، روي، الرمز البريدي ١١٢، سلطنة عمان
هاتف: ٢٤٧١١١٥٥ (٩٦٨)، فاكس: ٢٤٧١٤٧١١ (٩٦٨)
خدمة متطلبات العملاء: ٢٤٧١٤٧٨٥ (٩٦٨)

OMAN FLOUR MILLS CO. (SAOG)



Unaudited group statement of financial position as at 31 December 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	36,441	31,395	12,490	12,064
Investment property		37	-	37	-
Investment in Subsidiaries	5 & 6	-	-	17,052	13,052
Investment in associates		2,981	2,040	-	-
Intangible assets		151	153	-	-
Biological assets	2	1,309	1,115	-	-
Investment available for sale, non-current	6 & 8	250	250	250	250
Total non-current assets		41,169	34,953	29,829	25,366
Current assets					
Inventories, net	2	14,902	13,894	13,136	12,453
Receivables and prepayments, net	3 & 10	18,544	16,478	10,284	9,574
Amounts due from a related party and subsidiaries	9	482	118	5,540	5,290
Investments available for sale	6 & 8	2,043	2,534	2,043	2,534
Subsidy receivable from the government		4,944	5,344	4,944	5,344
Short term deposits		11,500	8,089	11,500	8,089
Cash on hand and at bank		4,310	10,733	3,047	8,884
Total current assets		56,725	57,190	50,494	52,168
Total assets		97,894	92,143	80,323	77,534
Current liabilities					
Payables and accruals		2,978	5,692	1,922	4,711
Taxation		1,198	1,036	1,043	986
Interest bearing loans and current maturities of LT loans	4	1,584	1,327	-	-
Total current liabilities		5,760	8,055	2,965	5,697
Non-current liabilities					
Interest bearing loans	4	12,039	10,216	-	-
End of service benefits		979	1,130	489	672
Deferred tax		521	507	509	421
Total non-current liabilities		13,539	11,853	998	1,093
Minority Interest		2,091	1,332	-	-
Total liabilities		21,390	21,240	3,963	6,790
Net assets		76,504	70,903	76,360	70,744
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)		-	-	3,616	1,514
Retained earnings		52,224	46,805	49,244	45,730
Total shareholders' equity		76,504	70,903	76,360	70,744

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

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OMAN FLOUR MILLS CO. (SAOG)



Unaudited group statement of comprehensive income For the six months ended 31 December 2017

	Notes	Group		Parent Company	
		2017 RO '000	2016 RO '000	2017 RO '000	2016 RO '000
Revenue		42,754	43,503	34,384	35,646
Cost of sale		(30,535)	(29,975)	(26,431)	(26,031)
Gross profit		12,219	13,528	7,953	9,615
Selling & distribution expenses	12	(2,072)	(2,060)	(107)	(147)
Administration & general overheads	12	(2,277)	(2,382)	(1,347)	(1,502)
Profit from operations		7,870	9,086	6,499	7,966
Finance cost - net		(165)	(142)	-	-
Net investment income	7.a)	(23)	19	(23)	19
Other income	7.b)	433	163	325	118
Net profit before tax		8,115	9,126	6,801	8,103
Tax expense		(1,122)	(1,012)	(1,024)	(966)
Net profit after tax		6,993	8,114	5,777	7,137
Share in net Profit/(loss) of associate		4	73	-	-
Minority Interest (Profit)/Loss		(16)	(19)	-	-
Net profit for the period		6,981	8,168	5,777	7,137
Net profit margin		16.33%	18.78%	16.80%	20.02%
Operating profit margin		18.4%	20.9%	18.9%	22.3%

OMAN FLOUR MILLS CO. (SAOG)



Unaudited statement of changes in equity For the six months ended 31 December 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	1,313	71,136
Profit for the period	-	-	-	-	8,168	19	8,187
Dividends	-	-	-	-	(7,088)	-	(7,088)
Balance, 31 December 2016	15,750	5,848	2,500	-	46,805	1,332	72,235
Balance, 1 July 2017	15,750	6,030	2,500	-	53,159	2,083	79,522
Profit for the period	-	-	-	-	6,981	16	6,997
Adjustment for shares acquired	-	-	-	-	-	(3)	(3)
Dividends	-	-	-	-	(7,875)	-	(7,875)
Prior year Adjustments	-	-	-	-	(41)	(5)	(46)
Balance, 31 December 2017	15,750	6,030	2,500	-	52,224	2,091	78,595
Parent company							
Balance, 1 July 2016	15,750	5,250	2,500	482	45,687	-	69,669
Profit for the period	-	-	-	-	7,137	-	7,137
Dividends	-	-	-	-	(7,088)	-	(7,088)
Share in profit/(loss) of subsidiaries	-	-	-	1,032	(6)	-	1,026
Balance, 31 December 2016	15,750	5,250	2,500	1,514	45,730	-	70,744
Balance, 1 July 2017	15,750	5,250	2,500	2,450	51,342	-	77,292
Profit for the period	-	-	-	-	5,777	-	5,777
Share in profit/(loss) of subsidiaries	-	-	-	1,164	-	-	1,164
Dividends	-	-	-	-	(7,875)	-	(7,875)
Prior year Adjustments	-	-	-	2	-	-	2
Balance, 31 December 2017	15,750	5,250	2,500	3,616	49,244	-	76,360

OMAN FLOUR MILLS CO. (SAOG)



Unaudited group statement of cash flows For the six months ended 31 December 2017

	Group		Parent Company	
	2017 RO '000	2016 RO '000	2017 RO '000	2016 RO '000
Cash from operations	(3,063)	9,452	(2,712)	8,262
Tax paid	(1,902)	(1,579)	(1,844)	(1,508)
Interest paid	(165)	(142)	-	-
Net cash from operating activities	(5,130)	7,731	(4,556)	6,754
Net cash from investing activities	6,061	(1,085)	8,018	(484)
Net cash from financing activities	(6,321)	(7,250)	(7,839)	(7,047)
Net increase in cash and cash equivalents	(5,390)	(604)	(4,377)	(777)
Cash and cash equivalents brought forward	9,700	11,337	7,424	9,661
Cash and cash equivalents carried forward	4,310	10,733	3,047	8,884

OMAN FLOUR MILLS CO. (SAOG)

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

For the six months ended 31 December 2017

	Group		Parent Company	
	2017 RO '000	2016 RO '000	2017 RO '000	2016 RO '000
1. Property, plant and equipment				
Cost	83,242	75,679	48,632	46,934
Accumulated depreciation	(46,801)	(44,284)	(36,142)	(34,870)
Net book value	<u>36,441</u>	<u>31,395</u>	<u>12,490</u>	<u>12,064</u>
	-	-	-	-
2. Inventories				
Raw materials	14,306	12,980	12,338	11,320
Finished goods	713	964	539	846
Biological assets	-	-	-	-
Spares and consumables	2,332	2,155	1,274	1,278
Less: Provisions	(1,140)	(1,090)	(1,015)	(991)
	<u>16,211</u>	<u>15,009</u>	<u>13,136</u>	<u>12,453</u>
	-	-	-	-
Finished goods as no. of days of cost of sales	4	6	4	6
3. Trade receivables				
Trade receivables	15,007	13,594	9,504	8,669
Prepayments and other receivables	4,106	3,404	1,238	1,336
Less: Provisions	(569)	(520)	(458)	(431)
	<u>18,544</u>	<u>16,478</u>	<u>10,284</u>	<u>9,574</u>
	-	-	-	-
4. Bank loans and overdrafts				
Bank loans	13,623	11,543	-	-
Overdrafts/Short term loans	-	-	-	-
	<u>13,623</u>	<u>11,543</u>	-	-
Less: Current maturities	(1,584)	(1,327)	-	-
Long term element of bank loans	<u>12,039</u>	<u>10,216</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	1,584	1,327	-	-
Due after more than a year	12,039	10,216	-	-
	<u>13,623</u>	<u>11,543</u>	-	-
5. Investment in Subsidiaries				
Investments in subsidiaries are accounted for using the equity method.				
Modern Poultry Farms Co. (SAOG)			88.48%	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	2,981	2,040	-
Subsidiaries at fair value	Level - 2	-	-	17,052
Investments available for sale	Level - 2	250	250	250
		<u>3,231</u>	<u>2,290</u>	<u>17,302</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 six months ended 31 December 2017

Current (Quoted)

	Level-1	-	-	-	-
Investment at fair value through PL		2,043	2,534	2,043	2,534
Total		10,218	10,168	24,289	21,180

Group		Parent	
2017	2016	2017	2016
RO '000	RO '000	RO '000	RO '000

7. Investment & Other Income

a) Investment Income

Realised	(56)	(11)	(56)	(11)
Unrealised	12	6	12	6
Dividends	21	24	21	24
	(23)	19	(23)	19

b) Other Income

Interest on Deposits	270	84	270	85
Miscellaneous income	163	79	55	33
	433	163	325	118

8. Details of Significant Investments

NIL

9. 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)	2,713	2,555
Goods sold to a related party	337	254
Services from a subsidiary	252	214

Loans, Advances, Receivables due

Subsidiaries	5,058	5,172
Related party(s)	482	118

10. 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	556	(55)	1,124	1,625
Provided during the period	13	(12)	16	17
(Written off) during the period	-	-	-	-
Provisions balance as of 31 December 2017	569	(67)	1,140	1,642

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

Book value of assets:

Value of assets before Provisions	19,113	2,226	2,332	23,671
Provisions Balance as of 31 December 2017	(569)	67	(1,140)	(1,642)
Book value of assets as of 31 December 2017	18,544	2,293	1,192	22,029

b) Parent Company

Provisions for:

Beginning balance of Provisions	458	(55)	1,015	1,418
Provided during the period	-	(12)	-	(12)
Provisions balance as of 31 December 2017	458	(67)	1,015	1,406

OMAN FLOUR MILLS CO. (SAOG)

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

For the six months ended 31 December 2017

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

Book value of assets:

Value of assets before Provisions	10,742	2,226	1,274	14,242
Provisions Balance as of 31 December 2017	(458)	67	(1,015)	(1,406)
Book value of assets as of 31 December 2017	10,284	2,293	259	12,836

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	807	728	60	64
Motor Vehicle Expenses	244	197	4	4
Advertisement, publicity & other overheads	772	900	25	59
Depreciation	232	217	14	16
Repairs & Maintenance	4	4	4	4
Prov. Doubtful debts	13	14	-	-
	2,072	2,060	107	147
<i>Administration & general overheads</i>				
Staff Cost	1,434	1,620	945	1,113
Travelling Expenses	9	20	3	12
Rent, Utilities and insurance	149	108	35	26
Legal and professional fees	53	35	27	10
Depreciation	149	185	58	97
Directors' meeting fees & Rem.	86	67	58	50
Corporate Social Responsibility	78	9	78	9
Repairs & Maintenance	63	92	40	83
Sundry Expenses	206	183	94	83
Communication exp	50	63	9	19
	2,277	2,382	1,347	1,502

OMAN FLOUR MILLS CO. (SAOG)

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

For the six months ended 31 December 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 December 2016						
External Revenue	17,757	15,334	3,538	6,533	341	43,503
Inter-segment sales	967	1,588	-	-	214	2,769
Total revenue	18,724	16,922	3,538	6,533	555	46,272
Segment gross profit	6,364	3,250	909	2,766	239	13,528
Expenses	(905)	(743)	(641)	(2,078)	(217)	(4,584)
Other income	137	-	5	40	-	182
Net profit before tax	5,596	2,507	273	728	22	9,126
Tax expense	(590)	(376)	(29)	-	(17)	(1,012)
Net profit after tax	5,006	2,131	244	728	5	8,114
Share in net Profit/(loss) loss of associate						73
Minority Interest (Profit)/Loss						(19)
Net profit for the period						8,168
For the period ended 31 December 2017						
External Revenue	16,422	15,249	3,724	6,907	452	42,754
Inter-segment sales	918	1,795	-	-	252	2,965
Total revenue	17,340	17,044	3,724	6,907	704	45,719
Segment gross profit	5,008	2,945	1,076	2,876	314	12,219
Expenses	(795)	(659)	(626)	(2,162)	(272)	(4,514)
Other income	302	-	2	104	2	410
Net profit before tax	4,515	2,286	452	818	44	8,115
Tax expense	(681)	(343)	(68)	-	(30)	(1,122)
Net profit after tax	3,834	1,943	384	818	14	6,993
Share in net Profit/(loss) loss of associate						4
Minority Interest (Profit)/Loss						(16)
Net profit for the period						6,981

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