



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

**(Parent Company and Group)**

**Unaudited summary of performance**

**For the nine months ended 31 March 2018**



# 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 Parent Company) along with its subsidiaries (The Group's) un-audited financial statements for the nine months ending 31st March 2018.

### *Operations*

The Company's sales volume in the nine months has increased by about 0.43% in the current period as compared to the same period of previous year. The Group's net profit after tax for the nine months is RO 10,328K as compared to RO 12,145K in the previous year. The decrease in profit as compared to the previous year is mainly in the Parent Company as cost of materials is higher due to increase agri-commodities prices. OFM has made a net profit after tax of RO 8,662K as compared to RO 10,551K in the same period in previous year.

### *Subsidiaries and associate*

The performance of our subsidiaries and associate is as follows:

- Our subsidiary, Modern Poultry Farms SAOC (MPF) has made profit before tax of RO 564K as compared to previous year profit of about RO 460K. Increase in profit is due to higher sales realization. MPF's production has increased by about 2.5% as compared to the same period in the previous year.
- Our associate, Sohar Poultry Co SAOG (SPC) made a profit before tax of RO 1K (previous year profit of RO 313K). The fall in profit is due to reduction in sales prices as there is excessive availability of live birds. The management is taking the necessary measures to improve profitability
- Atyab Bakery LLC has achieved a turnover of RO 10.2 million, which is about 5% more than the same period in the previous year. The bakery made a profit of RO 1.170 million as compared to previous year profit of RO 1.054 million. The bakery profitability has been maintained in-spite of increase in expenses like electricity, fuel and salaries.
- Atyab FoodTech LLC made a profit before tax of RO 197K as compared to the previous year profit of RO 204K. The profitability has been maintained in-spite to cut throat competition from other services providers.
- Atyab Technical Services LLC earned a net sponsorship fee of RO 118K as compared to RO 117K in the previous year.
- Sohar Flour Mills LLC civil construction is now almost complete and installation of equipment's is under progress. Commercial production is expected to commence by third quarter of 2018.

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)24717333

Website : [www.omanflourmills.com](http://www.omanflourmills.com)  
e-mail : [info@omanflourmills.com](mailto: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: ٢٤٧١٧٣٣٣ (٩٦٨)



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

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.

Regards

Sheikh Salah Hilal Al Maawali  
**Chairman**



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e-mail : [info@omanflourmills.com](mailto:info@omanflourmills.com)



س.ت.رقم: ١٠/٥٨٤١/٠

ص.ب. ٥٦٦، روي، الرمز البريدي ١١٢، سلطنة عُمان  
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خدمة متطلبات العملاء: ٢٤٧١٧٣٣٣ (٩٦٨)

# OMAN FLOUR MILLS CO. (SAOG)



## Unaudited group statement of financial position as at 31 March 2018

	Notes	Group		Parent Company	
		2018 RO '000	2017 RO '000	2018 RO '000	2017 RO '000
<b>Non-current assets</b>					
Property, plant and equipment	1	37,505	35,117	12,371	12,096
Investment property		37	37	37	37
Investment in Subsidiaries	5 & 6	-	-	17,514	14,290
Investment in associates		2,976	2,099	-	-
Intangible assets		151	153	-	-
Biological assets	2	1,358	1,178	-	-
Investment available for sale, non-current	6 & 8	250	250	250	250
<b>Total non-current assets</b>		<b>42,277</b>	<b>38,834</b>	<b>30,172</b>	<b>26,673</b>
<b>Current assets</b>					
Inventories, net	2	13,314	11,580	11,506	10,031
Receivables and prepayments, net	3 & 10	18,855	15,249	10,517	9,910
Amounts due from a related party and subsidiaries	9	500	84	5,629	6,906
Investments available for sale	6 & 8	2,025	2,467	2,025	2,467
Subsidy receivable from the government		4,944	5,344	4,944	5,344
Short term deposits		12,542	11,524	12,542	11,524
Cash on hand and at bank		8,387	11,863	6,788	9,655
<b>Total current assets</b>		<b>60,567</b>	<b>58,111</b>	<b>53,951</b>	<b>55,837</b>
<b>Total assets</b>		<b>102,844</b>	<b>96,945</b>	<b>84,123</b>	<b>82,510</b>
<b>Current liabilities</b>					
Payables and accruals		3,181	4,333	1,904	3,183
Taxation		1,741	1,545	1,553	1,457
Interest bearing loans and current maturities of LT loans	4	1,584	3,351	-	2,026
<b>Total current liabilities</b>		<b>6,506</b>	<b>9,229</b>	<b>3,457</b>	<b>6,666</b>
<b>Non-current liabilities</b>					
Interest bearing loans	4	12,964	9,359	-	-
End of service benefits		932	1,170	450	697
Deferred tax		521	507	509	421
<b>Total non-current liabilities</b>		<b>14,417</b>	<b>11,036</b>	<b>959</b>	<b>1,118</b>
<b>Minority Interest</b>		<b>2,070</b>	<b>1,800</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>		<b>22,993</b>	<b>22,065</b>	<b>4,416</b>	<b>7,784</b>
<b>Net assets</b>		<b>79,851</b>	<b>74,880</b>	<b>79,707</b>	<b>74,726</b>
<b>Shareholders' equity</b>					
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)		-	-	4,078	2,076
Retained earnings		55,571	50,782	52,129	49,150
<b>Total shareholders' equity</b>		<b>79,851</b>	<b>74,880</b>	<b>79,707</b>	<b>74,726</b>

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. C. 112, Ruwi, Oman. Tel: 24717300. Fax: 24714711. E-mail: info@omanflourmills.com

# OMAN FLOUR MILLS CO. (SAOG)



## Unaudited group statement of comprehensive income For the nine months ended 31 March 2018

	Notes	Group		Parent Company	
		2018 RO '000	2017 RO '000	2018 RO '000	2017 RO '000
Revenue		<b>64,825</b>	65,685	<b>52,385</b>	53,887
Cost of sale		<b>(46,596)</b>	(45,407)	<b>(40,436)</b>	(39,543)
<b>Gross profit</b>		<b>18,229</b>	20,278	<b>11,949</b>	14,344
Selling & distribution expenses	12	<b>(3,217)</b>	(3,203)	<b>(176)</b>	(244)
Administration & general overheads	12	<b>(3,340)</b>	(3,551)	<b>(2,029)</b>	(2,336)
<b>Profit from operations</b>		<b>11,672</b>	13,524	<b>9,744</b>	11,764
Finance cost - net		<b>(295)</b>	(253)	-	-
Net investment income	7.a)	<b>(25)</b>	(20)	<b>(25)</b>	(20)
Other income	7.b)	<b>636</b>	320	<b>476</b>	244
<b>Net profit before tax</b>		<b>11,988</b>	13,571	<b>10,195</b>	11,988
Tax expense		<b>(1,665)</b>	(1,520)	<b>(1,533)</b>	(1,437)
<b>Net profit after tax</b>		<b>10,323</b>	12,051	<b>8,662</b>	10,551
Share in net Profit/(loss) of associate		-	131	-	-
Minority Interest (Profit)/Loss		<b>5</b>	(37)	-	-
<b>Net profit for the period</b>		<b>10,328</b>	12,145	<b>8,662</b>	10,551
Net profit margin		<b>15.93%</b>	18.49%	<b>16.53%</b>	19.58%

# OMAN FLOUR MILLS CO. (SAOG)



## Unaudited statement of changes in equity For the nine months ended 31 March 2018

	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
<b>Group company</b>							
Balance, 1 July 2016	15,750	5,848	2,500	-	45,725	1,313	71,136
Profit for the period	-	-	-	-	12,145	37	12,182
Dividends	-	-	-	-	(7,088)	450	(6,638)
Balance, 31 March 2017	15,750	5,848	2,500	-	50,782	1,800	76,680
<b>Balance, 1 July 2017</b>	<b>15,750</b>	<b>6,030</b>	<b>2,500</b>	<b>-</b>	<b>53,159</b>	<b>2,083</b>	<b>79,522</b>
<b>Profit for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,328</b>	<b>(5)</b>	<b>10,323</b>
<b>Adjustment for shares acquired</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3)</b>	<b>(3)</b>
<b>Dividends</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,875)</b>	<b>-</b>	<b>(7,875)</b>
<b>Prior year Adjustments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(41)</b>	<b>(5)</b>	<b>(46)</b>
<b>Balance, 31 March 2018</b>	<b>15,750</b>	<b>6,030</b>	<b>2,500</b>	<b>-</b>	<b>55,571</b>	<b>2,070</b>	<b>81,921</b>
<b>Parent company</b>							
Balance, 1 July 2016	15,750	5,250	2,500	482	45,687	-	69,669
Profit for the period	-	-	-	-	10,551	-	10,551
Dividends	-	-	-	-	(7,088)	-	(7,088)
Share in profit/(loss) of subsidiaries	-	-	-	1,594	-	-	1,594
Balance, 31 March 2017	15,750	5,250	2,500	2,076	49,150	-	74,726
<b>Balance, 1 July 2017</b>	<b>15,750</b>	<b>5,250</b>	<b>2,500</b>	<b>2,450</b>	<b>51,342</b>	<b>-</b>	<b>77,292</b>
<b>Profit for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,662</b>	<b>-</b>	<b>8,662</b>
<b>Share in profit/(loss) of subsidiaries</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,626</b>	<b>-</b>	<b>-</b>	<b>1,626</b>
<b>Dividends</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,875)</b>	<b>-</b>	<b>(7,875)</b>
<b>Prior year Adjustments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>2</b>
<b>Balance, 31 March 2018</b>	<b>15,750</b>	<b>5,250</b>	<b>2,500</b>	<b>4,078</b>	<b>52,129</b>	<b>-</b>	<b>79,707</b>

# OMAN FLOUR MILLS CO. (SAOG)



**Unaudited group statement of cash flows**  
**For the nine months ended 31 March 2018**

	<b>Group</b>		<b>Parent Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	RO '000	RO '000	RO '000	RO '000
<b>Cash from operations</b>	<b>3,001</b>	14,816	<b>2,291</b>	11,473
Tax paid	<b>(1,902)</b>	(1,579)	<b>(1,844)</b>	(1,508)
Interest paid	<b>(291)</b>	(253)	-	-
<b>Net cash from operating activities</b>	<b>808</b>	12,984	<b>447</b>	9,965
<b>Net cash from investing activities</b>	<b>3,370</b>	(8,440)	<b>6,795</b>	(4,976)
<b>Net cash from financing activities</b>	<b>(5,491)</b>	(4,018)	<b>(7,878)</b>	(4,995)
<b>Net increase in cash and cash equivalents</b>	<b>(1,313)</b>	526	<b>(636)</b>	(6)
Cash and cash equivalents brought forward	<b>9,700</b>	11,337	<b>7,424</b>	9,661
<b>Cash and cash equivalents carried forward</b>	<b>8,387</b>	11,863	<b>6,788</b>	9,655

# 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 2018

	Group		Parent Company	
	2018 RO '000	2017 RO '000	2018 RO '000	2017 RO '000
<b>1. Property, plant and equipment</b>				
Cost	84,965	80,095	48,808	47,278
Accumulated depreciation	(47,460)	(44,978)	(36,437)	(35,182)
Net book value	<u>37,505</u>	<u>35,117</u>	<u>12,371</u>	<u>12,096</u>
	-	-	-	-
<b>2. Inventories</b>				
Raw materials	11,287	9,631	10,719	9,056
Finished goods	756	755	528	647
Biological assets	1,358	1,178	-	-
Spares and consumables	2,417	2,273	1,274	1,319
Less: Provisions	(1,146)	(1,079)	(1,015)	(991)
	<u>14,672</u>	<u>12,758</u>	<u>11,506</u>	<u>10,031</u>
	-	-	-	-
Finished goods as no. of days of cost of sales	4	4	4	4
<b>3. Trade receivables</b>				
Trade receivables	15,282	13,547	9,759	8,665
Prepayments and other receivables	4,150	2,253	1,216	1,703
Less: Provisions	(577)	(551)	(458)	(458)
	<u>18,855</u>	<u>15,249</u>	<u>10,517</u>	<u>9,910</u>
	-	-	-	-
<b>4. Bank loans and overdrafts</b>				
Bank loans	14,548	10,684	-	-
Overdrafts/Short term loans	-	2,026	-	2,026
	<u>14,548</u>	<u>12,710</u>	<u>-</u>	<u>2,026</u>
Less: Current maturities	(1,584)	(3,351)	-	(2,026)
Long term element of bank loans	<u>12,964</u>	<u>9,359</u>	<u>-</u>	<u>-</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.				
<b>Maturity of Bank Loans</b>				
Due within one year	1,584	1,325	-	-
Due after more than a year	12,964	9,359	-	-
	<u>14,548</u>	<u>10,684</u>	<u>-</u>	<u>-</u>
<b>5. Investment in Subsidiaries</b>				
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%
<b>6. Investments</b>				
<b>Non - Current (Un-quoted)</b>				
Associates at fair Value	Level -2	2,976	2,099	-
Subsidiaries at fair value	Level -2	-	-	17,514
Investments available for sale	Level -2	250	250	250
		<u>3,226</u>	<u>2,349</u>	<u>17,764</u>
		-	-	<u>14,540</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 nine months ended 31 March 2018

**Current (Un-quoted)**

Investment held to maturity	Level - 2	-	-	-	-
Long term deposit	Level - 2	4,944	5,344	4,944	5,344
		<u>4,944</u>	<u>5,344</u>	<u>4,944</u>	<u>5,344</u>

**Current (Quoted)**

Investment at fair value through PL	Level-1	2,025	2,467	2,025	2,467
<b>Total</b>		<u>10,195</u>	<u>10,160</u>	<u>24,733</u>	<u>22,351</u>

	Group		Parent	
	2017 RO '000	2016 RO '000	2017 RO '000	2016 RO '000
<b>7. Investment &amp; Other Income</b>				
<b>a) Investment Income</b>				
Realised	(61)	(39)	(61)	(39)
Unrealised	(8)	(31)	(8)	(31)
Dividends	44	50	44	50
	<u>(25)</u>	<u>(20)</u>	<u>(25)</u>	<u>(20)</u>
<b>b) Other Income</b>				
Interest on Deposits	382	209	382	209
Miscellaneous income	254	111	94	35
	<u>636</u>	<u>320</u>	<u>476</u>	<u>244</u>

**8. Details of Significant Investments**

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**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)	4,103	3,872
Goods sold to a related party	507	407
Services from a subsidiary	<u>397</u>	<u>321</u>

**Loans, Advances, Receivables due**

Subsidiaries	5,130	6,822
Related party(s)	500	84

**10. Provisions**

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

	Advances & Receivables	Value of Investments	Others	Total
<b>a) Group</b>				
<b>Provisions for:</b>				
Beginning balance of Provisions	556	(55)	1,124	1,625
Provided during the period	21	8	51	80
(Written off) during the period	-	-	(29)	(29)
Provisions balance as of 31 March 2018	<u>577</u>	<u>(47)</u>	<u>1,146</u>	<u>1,676</u>

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

**Book value of assets:**

Value of assets before Provisions	19,432	2,228	2,417	24,077
Provisions Balance as of 31 March 2018	(577)	47	(1,146)	(1,676)
Book value of assets as of 31 March 2018	<u>18,855</u>	<u>2,275</u>	<u>1,271</u>	<u>22,401</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 nine months ended 31 March 2018

## b) Parent Company

### Provisions for:

Beginning balance of Provisions	458	(55)	1,015	1,418
Provided during the period	-	8	-	8
Provisions balance as of 31 March 2018	<u>458</u>	<u>(47)</u>	<u>1,015</u>	<u>1,426</u>

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

### Book value of assets:

Value of assets before Provisions	10,975	2,228	1,274	14,477
Provisions Balance as of 31 March 2018	(458)	47	(1,015)	(1,426)
Book value of assets as of 31 March 2018	<u>10,517</u>	<u>2,275</u>	<u>259</u>	<u>13,051</u>

## 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:

	2018		2017	
	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	
	2018 RO '000	2017 RO '000	2018 RO '000	2017 RO '000
<b>Selling &amp; distribution expenses</b>				
Staff Cost	1,436	1,392	91	95
Motor Vehicle Expenses	438	383	6	6
Advertisement, publicity & other overheads	976	1,076	54	111
Depreciation	340	329	19	26
Repairs & Maintenance	6	6	6	6
Prov. Doubtful debts	21	17	-	-
	<u>3,217</u>	<u>3,203</u>	<u>176</u>	<u>244</u>
<b>Administration &amp; general overheads</b>				
Staff Cost	2,112	2,431	1,408	1,733
Travelling Expenses	18	49	5	35
Rent, Utilities and insurance	213	157	35	39
Legal and professional fees	73	75	33	20
Depreciation	219	279	81	146
Directors' meeting fees & Rem.	118	94	77	71
Corporate Social Responsibility	137	19	137	17
Repairs & Maintenance	105	127	83	110
Sundry Expenses	273	239	156	142
Communication exp	72	81	14	23
	<u>3,340</u>	<u>3,551</u>	<u>2,029</u>	<u>2,336</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 nine months ended 31 March 2018

### 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 2017						
External Revenue	26,958	23,058	5,344	9,772	553	65,685
Inter-segment sales	1,448	2,424	-	-	321	4,193
Total revenue	<u>28,406</u>	<u>25,482</u>	<u>5,344</u>	<u>9,772</u>	<u>874</u>	<u>69,878</u>
Segment gross profit	9,409	4,935	1,442	4,101	391	20,278
Expenses	(1,435)	(1,144)	(995)	(3,110)	(323)	(7,007)
Other income	224	-	13	63	-	300
Net profit before tax	<u>8,198</u>	<u>3,791</u>	<u>460</u>	<u>1,054</u>	<u>68</u>	<u>13,571</u>
Tax expense	(984)	(453)	(52)	-	(31)	(1,520)
Net profit after tax	7,214	3,338	408	1,054	37	12,051
Share in net Profit/(loss) loss of associate						131
Minority Interest (Profit)/Loss						(37)
Net profit for the period						<u>12,145</u>
For the period ended 31						
March 2018						
External Revenue	(1,377)	49,660	5,623	10,249	670	64,825
Inter-segment sales	1,377	2,725	-	-	397	4,499
Total revenue	<u>-</u>	<u>52,385</u>	<u>5,623</u>	<u>10,249</u>	<u>1,067</u>	<u>69,324</u>
Segment gross profit	-	11,950	1,565	4,232	482	18,229
Expenses	-	(2,205)	(1,003)	(3,220)	(424)	(6,852)
Other income	450	-	2	158	1	611
Net profit before tax	<u>450</u>	<u>9,745</u>	<u>564</u>	<u>1,170</u>	<u>59</u>	<u>11,988</u>
Tax expense	(71)	(1,462)	(85)	-	(47)	(1,665)
Net profit after tax	379	8,283	479	1,170	12	10,323
Share in net Profit/(loss) loss of associate						-
Minority Interest (Profit)/Loss						5
Net profit for the period						<u>10,328</u>

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