



Oman Flour Mills Company (S.A.O.G.)
(Parent Company and Group)
Unaudited summary of performance

For the twelve months ended 30 June 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 twelve months ending 30 June 2018.

Operations

The Company's sales volume in the twelve months has increased by about 2.5% in the current period as compared to the same period of previous year. The Group's net profit after tax for the twelve months is RO 12,740K as compared to RO 14,701K 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 in agri-commodities prices. OFM has made a net profit after tax of RO 10,728K as compared to RO 12,743K 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 695K as compared to previous year profit of about RO 499K. Increase in profit is due to higher sales realization. MPF's production has increased by about 6% as compared to the same period in the previous year.
- Our associate, Sohar Poultry Co SAOG (SPC) incurred a loss of RO 29K (previous year profit of RO 471K). 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 13.5 million, which is about 5.8% higher than the same period in the previous year. The bakery made a profit of RO 1,386K as compared to previous year profit of RO 1,309K. 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 285K as compared to the previous year profit of RO 178K. 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 176K as compared to RO 150K 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 fourth 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.

Regards

A handwritten signature in blue ink, consisting of a series of fluid, overlapping strokes that form the name of the signatory.

Sheikh Salah Hilal Al Maawali
Chairman

OMAN FLOUR MILLS CO. (SAOG)



Unaudited group statement of financial position as at 30 June 2018

	Notes	Group		Parent Company	
		2018 RO '000	2017 RO '000	2018 RO '000	2017 RO '000
Non-current assets					
Property, plant and equipment	1	39,145	34,891	12,176	12,713
Investment property		37	37	37	37
Investment in Subsidiaries	5 & 6	-	-	17,859	14,967
Investment in associates		2,962	2,159	-	-
Intangible assets		151	153	-	-
Biological assets	2	1,393	1,114	-	-
Investment available for sale, non-current	6 & 8	250	250	250	250
Total non-current assets		43,938	38,604	30,322	27,967
Current assets					
Inventories, net	2	17,371	9,555	15,411	7,862
Receivables and prepayments, net	3 & 10	24,027	20,633	15,960	13,896
Amounts due from a related party and subsidiaries	9	534	137	6,006	5,041
Investments available for sale	6 & 8	1,953	2,380	1,953	2,380
Short term deposits		12,647	20,541	12,647	20,541
Cash on hand and at bank		8,555	9,700	7,260	7,424
Total current assets		65,087	62,946	59,237	57,144
Total assets		109,025	101,550	89,559	85,111
Current liabilities					
Payables and accruals		6,254	6,801	4,734	4,995
Taxation		2,044	1,979	1,814	1,864
Interest bearing loans and current maturities of LT loans	4	1,584	1,584	-	-
Total current liabilities		9,882	10,364	6,548	6,859
Non-current liabilities					
Interest bearing loans	4	13,455	10,201	-	-
End of service benefits		862	943	385	453
Deferred tax		521	521	509	509
Total non-current liabilities		14,838	11,665	894	962
Minority Interest		2,043	2,083	-	-
Total liabilities		26,763	24,112	7,442	7,821
Net assets		82,262	77,438	82,117	77,290
Shareholders' equity					
Share capital		15,750	15,750	15,750	15,750
Legal reserve		6,029	6,029	5,250	5,250
General reserve		2,500	2,500	2,500	2,500
Fair value reserve (Subsidiaries)		-	-	4,422	2,448
Retained earnings		57,983	53,159	54,195	51,342
Total shareholders' equity		82,262	77,438	82,117	77,290

OMAN FLOUR MILLS CO. (SAOG)



Unaudited group statement of comprehensive income For the twelve months ended 30 June 2018

	Notes	Group		Parent Company	
		2018 RO '000	2017 RO '000	2018 RO '000	2017 RO '000
Revenue		86,563	86,045	70,051	70,640
Cost of sale		(63,481)	(59,869)	(55,210)	(51,981)
Gross profit		23,082	26,176	14,841	18,659
Selling & distribution expenses	12	(4,333)	(3,604)	(242)	(329)
Administration & general overheads	12	(4,442)	(6,114)	(2,639)	(3,854)
Profit from operations		14,307	16,458	11,960	14,476
Finance cost - net		(402)	(341)	-	-
Net investment, finance and other income	7.a)	783	402	562	349
Impairment of investment in subsidiary	7.b)	-	-	-	(150)
Net profit before tax		14,688	16,519	12,522	14,675
Tax expense		(1,967)	(1,992)	(1,794)	(1,932)
Net profit after tax		12,721	14,527	10,728	12,743
Share in net Profit/(loss) of associate		(14)	192	-	-
Minority Interest (Profit)/Loss		33	(18)	-	-
Net profit for the period		12,740	14,701	10,728	12,743
Net profit margin		14.72%	17.09%	15.31%	18.04%

OMAN FLOUR MILLS CO. (SAOG)



Unaudited statement of changes in equity For the twelve months ended 30 June 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
Group company							
Balance, 1 July 2016	15,750	5,848	2,500	-	45,725	1,313	71,136
Profit for the period	-	-	-	-	14,701	18	14,719
Transfer to general reserve	-	181	-	-	(179)	-	2
Capital introduced	-	-	-	-	-	752	752
Dividends	-	-	-	-	(7,088)	-	(7,088)
Balance, 30 June 2017	15,750	6,029	2,500	-	53,159	2,083	79,521
Balance, 1 July 2017	15,750	6,029	2,500	-	53,159	2,083	79,521
Profit for the period	-	-	-	-	12,740	(33)	12,707
Adjustment for shares acquired	-	-	-	-	-	(2)	(2)
Dividends	-	-	-	-	(7,875)	-	(7,875)
Prior year Adjustments	-	-	-	-	(41)	(5)	(46)
Balance, 30 June 2018	15,750	6,029	2,500	-	57,983	2,043	84,305
Parent company							
Balance, 1 July 2016	15,750	5,250	2,500	482	45,687	-	69,669
Profit for the period	-	-	-	-	12,743	-	12,743
Dividends	-	-	-	-	(7,088)	-	(7,088)
Share in profit/(loss) of subsidiaries	-	-	-	1,809	-	-	1,809
Write offs	-	-	-	157	-	-	157
Balance, 30 June 2017	15,750	5,250	2,500	2,448	51,342	-	77,290
Balance, 1 July 2017	15,750	5,250	2,500	2,448	51,342	-	77,290
Profit for the period	-	-	-	-	10,728	-	10,728
Share in profit/(loss) of subsidiaries	-	-	-	1,972	-	-	1,972
Dividends	-	-	-	-	(7,875)	-	(7,875)
Prior year Adjustments	-	-	-	2	-	-	2
Balance, 30 June 2018	15,750	5,250	2,500	4,422	54,195	-	82,117

OMAN FLOUR MILLS CO. (SAOG)



Unaudited group statement of cash flows
For the twelve months ended 30 June 2018

	Group		Parent Company	
	2018	2017	2018	2017
	RO '000	RO '000	RO '000	RO '000
Cash from operations	4,709	24,535	2,390	21,357
Tax paid	(1,902)	(1,726)	(1,844)	(1,596)
Interest paid	(397)	(336)	-	-
Net cash from operating activities	2,410	22,473	546	19,761
Net cash from investing activities	1,715	(17,054)	7,233	(14,820)
Net cash from financing activities	(5,270)	(7,056)	(7,943)	(7,178)
Net increase in cash and cash equivalents	(1,145)	(1,637)	(164)	(2,237)
Cash and cash equivalents brought forward	9,700	11,337	7,424	9,661
Cash and cash equivalents carried forward	8,555	9,700	7,260	7,424

OMAN FLOUR MILLS CO. (SAOG)

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

For the twelve months ended 30 June 2018

	Group		Parent Company	
	2018 RO '000	2017 RO '000	2018 RO '000	2017 RO '000
1. Property, plant and equipment				
Cost	87,277	80,365	48,920	48,229
Accumulated depreciation	(48,132)	(45,474)	(36,744)	(35,516)
Net book value	<u>39,145</u>	<u>34,891</u>	<u>12,176</u>	<u>12,713</u>
	-	-	-	-
2. Inventories				
Raw materials	14,828	6,491	14,436	6,071
Finished goods	1,031	934	734	793
Biological assets	1,393	1,114	-	-
Spares and consumables	2,674	3,254	1,256	2,013
Less: Provisions	(1,162)	(1,124)	(1,015)	(1,015)
	<u>18,764</u>	<u>10,669</u>	<u>15,411</u>	<u>7,862</u>
	-	-	-	-
Finished goods as no. of days of cost of sales	6	6	5	5
3. Trade receivables				
Trade receivables	15,923	14,297	9,848	9,094
Subsidy receivable from the government	5,344	5,344	5,344	5,344
Prepayments and other receivables	3,717	1,921	1,599	289
Less: Provisions for credit losses and adjustment of time value of money	(957)	(929)	(831)	(831)
	<u>24,027</u>	<u>20,633</u>	<u>15,960</u>	<u>13,896</u>
	-	-	-	-
4. Bank loans and overdrafts				
Bank loans	15,039	11,785	-	-
Overdrafts/Short term loans	-	-	-	-
	<u>15,039</u>	<u>11,785</u>	-	-
Less: Current maturities	(1,584)	(1,584)	-	-
Long term element of bank loans	<u>13,455</u>	<u>10,201</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	1,584	-	-
Due after more than a year	13,455	10,201	-	-
	<u>15,039</u>	<u>11,785</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	2,962	2,159	-	-
Subsidiaries at fair value	-	-	17,859	14,967
Investments available for sale	250	250	250	250
	<u>3,212</u>	<u>2,409</u>	<u>18,109</u>	<u>15,217</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 twelve months ended 30 June 2018

Current (Un-quoted)				
Investment held to maturity	Level - 2	-	-	-
Long term deposit	Level - 2	-	-	-
<hr/>				
Current (Quoted)				
Investment at fair value through PL	Level-1	1,953	2,380	1,953
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Total		5,165	4,789	20,062
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		Group		Parent
		2018	2017	2018
		RO '000	RO '000	RO '000
7. Investment & Other Income				
a) Investment Income				
Realised		(77)	(53)	(77)
Unrealised		(77)	(126)	(77)
Dividends		92	111	92
		<u>(62)</u>	<u>(68)</u>	<u>(62)</u>
b) Other Income				
Interest on Deposits		513	362	512
Miscellaneous income		332	106	112
		<u>845</u>	<u>468</u>	<u>624</u>
8. Details of Significant Investments				
N I L		-	-	-
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)				5,496
Goods sold to a related party				652
Services from a subsidiary				<u>531</u>
Loans, Advances, Receivables due				
Subsidiaries				5,472
Related party(s)				<u>534</u>
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	929	(55)	1,124	1,998
Provided during the period	28	77	38	143
(Written off) during the period	-	-	-	-
Provisions balance as of 30 June 2018	<u>957</u>	<u>22</u>	<u>1,162</u>	<u>2,141</u>
The book value of assets before and after provisions are as follows:				
Book value of assets:				
Value of assets before Provisions	24,984	2,225	2,674	29,883
Provisions Balance as of 30 June 2018	(957)	(22)	(1,162)	(2,141)
Book value of assets as of 30 June 2018	<u>24,027</u>	<u>2,203</u>	<u>1,512</u>	<u>27,742</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 twelve months ended 30 June 2018

b) Parent Company

Provisions for:

Beginning balance of Provisions	831	(55)	1,015	1,791
Provided during the period	-	77	-	77
Provisions balance as of 30 June 2018	<u>831</u>	<u>22</u>	<u>1,015</u>	<u>1,868</u>

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

Book value of assets:

Value of assets before Provisions	16,791	2,225	1,256	20,272
Provisions Balance as of 30 June 2018	(831)	(22)	(1,015)	(1,868)
Book value of assets as of 30 June 2018	<u>15,960</u>	<u>2,203</u>	<u>241</u>	<u>18,404</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
Selling & distribution expenses				
Staff Cost	1,618	1,483	122	124
Motor Vehicle Expenses	586	453	7	7
Advertisement, publicity & other overheads	1,647	1,549	81	156
Depreciation	452	94	25	33
Repairs & Maintenance	30	25	7	9
Prov. Doubtful debts	-	-	-	-
	<u>4,333</u>	<u>3,604</u>	<u>242</u>	<u>329</u>
Administration & general overheads				
Staff Cost	2,862	3,293	1,848	2,174
Travelling Expenses	30	66	7	47
Rent, Utilities and insurance	272	630	45	452
Legal and professional fees	90	129	50	84
Depreciation	288	596	104	197
Directors' meeting fees & Rem.	158	228	98	104
Corporate Social Responsibility	172	105	172	102
Repairs & Maintenance	149	385	106	360
Sundry Expenses	326	574	189	305
Communication exp	95	108	20	29
	<u>4,442</u>	<u>6,114</u>	<u>2,639</u>	<u>3,854</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 twelve months ended 30 June 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 30 June 2017						
External Revenue	35,127	30,454	7,040	12,727	697	86,045
Inter-segment sales	1,915	3,143	-	-	461	5,519
Total revenue	<u>37,042</u>	<u>33,597</u>	<u>7,040</u>	<u>12,727</u>	<u>1,158</u>	<u>91,564</u>
Segment gross profit	11,861	6,797	1,846	5,140	532	26,176
Expenses	(2,507)	(1,676)	(1,382)	(3,848)	(646)	(10,059)
Other income	349	-	35	17	1	402
Net profit before tax	9,703	5,121	499	1,309	(113)	16,519
Tax expense	(1,319)	(613)	(139)	111	(32)	(1,992)
Net profit after tax	8,384	4,508	360	1,420	(145)	14,527
Share in net Profit/(loss) loss of associate						192
Minority Interest (Profit)/Loss						(17)
Net profit for the period						<u>14,702</u>
For the period ended 30 June 2018						
External Revenue	32,161	32,395	7,593	13,463	951	86,563
Inter-segment sales	1,791	3,704	-	-	531	6,026
Total revenue	<u>33,952</u>	<u>36,099</u>	<u>7,593</u>	<u>13,463</u>	<u>1,482</u>	<u>92,589</u>
Segment gross profit	9,134	5,707	2,028	5,532	681	23,082
Expenses	(1,522)	(1,359)	(1,335)	(4,357)	(604)	(9,177)
Other income	562	-	2	211	8	783
Net profit before tax	8,174	4,348	695	1,386	85	14,688
Tax expense	(1,142)	(652)	(104)	-	(69)	(1,967)
Net profit after tax	7,032	3,696	591	1,386	16	12,721
Share in net Profit/(loss) loss of associate						(14)
Minority Interest (Profit)/Loss						33
Net profit for the period						<u>12,740</u>

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