



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

For the fifteen months ended 30 September 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 fifteen months ending 30 September 2018.

Operations

The Company's sales volume in the twelve months has increased by about 2.9% in the current period as compared to the same period of previous year. The Group's net profit after tax for the fifteen months is RO 14,664K as compared to RO 18,154K 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 12,401K as compared to RO 15,647K 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 1,009K as compared to previous year profit of about RO 725K. Increase in profit is due to higher sales realization. MPF's production has increased substantially as compared to the same period in the previous year.
- Our associate, Sohar Poultry Co SAOG (SPC) incurred a loss of RO 320K (previous year profit of RO 537K). 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 16.5 million, which is about 3% higher than the same period in the previous year. The bakery made a profit of RO 1,576K as compared to previous year profit of RO 1,656K. 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 341K as compared to the previous year profit of RO 223K. 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 221K as compared to RO 196K in the previous year.



C.R.No. 10/5841/0

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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.)

- Sohar Flour Mills LLC civil construction and installation of equipment's is now almost complete . Commercial production is expected to commence in December 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

Sheikh Salah Hilal Al Maawali
Chairman



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

OMAN FLOUR MILLS CO. (SAOG)



Unaudited group statement of financial position as at 30 September 2018

	Notes	Group		Parent Company	
		Un-Audited 30-09-18 RO '000	Audited 30- 06-17 RO '000	Un-Audited 30-09-18 RO '000	Audited 30-06-17 RO '000
Non-current assets					
Property, plant and equipment	1	41,149	34,891	11,956	12,713
Investment property		37	37	37	37
Investment in Subsidiaries	5 & 6	-	-	18,111	14,968
Investment in associates		2,826	2,160	-	-
Intangible assets		151	154	-	-
Biological assets	2	1,333	1,114	-	-
Investment available for sale, non-current	6 & 8	250	250	250	250
Total non-current assets		45,746	38,606	30,354	27,968
Current assets					
Inventories, net	2	18,042	9,555	16,181	7,864
Receivables and prepayments, net	3 & 10	20,578	20,633	13,660	13,896
Amounts due from a related party and subsidiaries	9	528	136	5,639	5,040
Investments available for sale	6 & 8	1,955	2,380	1,955	2,380
Short term deposits		12,647	20,541	12,647	20,541
Cash on hand and at bank		4,333	9,699	2,821	7,423
Total current assets		58,083	62,944	52,903	57,144
Total assets		103,829	101,550	83,257	85,112
Current liabilities					
Payables and accruals		4,782	6,801	3,255	4,995
Taxation		2,341	1,978	2,082	1,864
Interest bearing loans and current maturities of LT loans	4	2,347	1,584	840	-
Total current liabilities		9,470	10,363	6,177	6,859
Non-current liabilities					
Interest bearing loans	4	14,564	10,201	-	-
End of service benefits		912	943	403	453
Deferred tax		521	521	509	509
Total non-current liabilities		15,997	11,665	912	962
Minority Interest		2,050	2,084	-	-
Total liabilities		27,517	24,112	7,089	7,821
Net assets		76,312	77,438	76,168	77,291
Shareholders' equity					
Share capital		15,750	15,750	15,750	15,750
Legal reserve		6,030	6,029	5,250	5,250
General reserve		2,500	2,500	2,500	2,500
Fair value reserve (Subsidiaries)		-	-	4,675	2,450
Retained earnings		52,032	53,159	47,993	51,341
Total shareholders' equity		76,312	77,438	76,168	77,291

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 fifteen months ended 30 September 2018

	Notes	Group		Parent Company	
		2018 RO '000	2017 RO '000	2018 RO '000	2017 RO '000
Revenue		108,343	106,246	87,207	86,994
Cost of sale		(80,975)	(74,149)	(69,906)	(64,455)
Gross profit		27,368	32,097	17,301	22,539
Selling & distribution expenses	12	(5,398)	(4,615)	(293)	(379)
Administration & general overheads	12	(5,645)	(7,207)	(3,261)	(4,475)
Profit from operations		16,325	20,275	13,747	17,685
Finance cost - net		(503)	(423)	-	-
Net investment, finance and other income	7.a)	1,232	657	716	551
Impairment of investment in subsidiary	7.b)	-	-	-	(150)
Net profit before tax		17,054	20,509	14,463	18,086
Tax expense		(2,265)	(2,546)	(2,062)	(2,439)
Net profit after tax		14,789	17,963	12,401	15,647
Share in net Profit/(loss) of associate		(151)	219	-	-
Minority Interest (Profit)/Loss		26	(28)	-	-
Net profit for the period		14,664	18,154	12,401	15,647
Net profit margin		13.54%	17.09%	14.22%	17.99%

OMAN FLOUR MILLS CO. (SAOG)



Unaudited group statement of cash flows
For the fifteen months ended 30 September 2018

	Group		Parent Company	
	2018	2017	2018	2017
	RO '000	RO '000	RO '000	RO '000
Cash from operations	9,269	18,242	6,326	13,977
Tax paid	(1,902)	(3,607)	(1,844)	(3,440)
Interest paid	(487)	(418)	-	-
Net cash from operating activities	6,880	14,217	4,482	10,537
Net cash from investing activities	(1,034)	(12,668)	5,874	(8,230)
Net cash from financing activities	(11,213)	(6,785)	(14,959)	(7,159)
Net increase in cash and cash equivalents	(5,367)	(5,236)	(4,603)	(4,852)
Cash and cash equivalents brought forward	9,700	11,337	7,424	9,661
Cash and cash equivalents carried forward	4,333	6,101	2,821	4,809

OMAN FLOUR MILLS CO. (SAOG)



Unaudited statement of changes in equity For the fifteen months ended 30 September 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	-	-	-	-	18,154	28	18,182
Adjustment for previous year	-	3	-	-	(42)	(5)	(44)
Transfer to general reserve	-	179	-	-	(179)	-	-
Capital introduced	-	-	-	-	-	752	752
Dividends	-	-	-	-	(14,963)	-	(14,963)
Balance, 30 September 2017	15,750	6,030	2,500	-	48,695	2,088	75,063
Balance, 1 July 2017	15,750	6,030	2,500	-	53,159	2,084	79,523
Profit for the period	-	-	-	-	14,664	(26)	14,638
Adjustment for shares acquired	-	-	-	-	-	(4)	(4)
Dividends	-	-	-	-	(15,750)	-	(15,750)
Prior year Adjustments	-	-	-	-	(41)	(5)	(46)
Balance, 30 September 2018	15,750	6,030	2,500	-	52,032	2,049	78,361
Parent company							
Balance, 1 July 2016	15,750	5,250	2,500	482	45,687	-	69,669
Profit for the period	-	-	-	-	15,647	-	15,647
Dividends	-	-	-	-	(14,963)	-	(14,963)
Share in profit/(loss) of subsidiaries	-	-	-	2,358	-	-	2,358
Write offs	-	-	-	157	-	-	157
Balance, 30 September 2017	15,750	5,250	2,500	2,997	46,371	-	72,868
Balance, 1 July 2017	15,750	5,250	2,500	2,450	51,342	-	77,292
Profit for the period	-	-	-	-	12,401	-	12,401
Share in profit/(loss) of subsidiaries	-	-	-	2,223	-	-	2,223
Dividends	-	-	-	-	(15,750)	-	(15,750)
Prior year Adjustments	-	-	-	2	-	-	2
Balance, 30 September 2018	15,750	5,250	2,500	4,675	47,993	-	76,168

OMAN FLOUR MILLS CO. (SAOG)

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

For the fifteen months ended 30 September 2018

	Group		Parent Company	
	2018 RO '000	2017 RO '000	2018 RO '000	2017 RO '000
1. Property, plant and equipment				
Cost	90,017	80,308	49,038	48,227
Accumulated depreciation	(48,868)	(45,417)	(37,082)	(35,514)
Net book value	<u>41,149</u>	<u>34,891</u>	<u>11,956</u>	<u>12,713</u>
	-	-	-	-
2. Inventories				
Raw materials	16,180	6,532	15,110	6,073
Finished goods	1,030	934	764	793
Spares and consumables	2,002	3,213	1,322	2,013
Less: Provisions	(1,170)	(1,124)	(1,015)	(1,015)
	<u>18,042</u>	<u>9,555</u>	<u>16,181</u>	<u>7,864</u>
	-	-	-	-
Finished goods as no. of days of cost of sales	6	7	5	6
3. Trade receivables				
Trade receivables	15,590	13,667	9,473	8,682
Subsidy receivable from the government	2,692	5,344	2,692	5,344
Prepayments and other receivables	3,260	2,551	2,326	701
Less: Provisions for credit losses and adjustment of time value of money	(964)	(929)	(831)	(831)
	<u>20,578</u>	<u>20,633</u>	<u>13,660</u>	<u>13,896</u>
	-	-	-	-
4. Bank loans and overdrafts				
Bank loans	16,071	11,785	-	-
Overdrafts/Short term loans	840	-	840	-
	<u>16,911</u>	<u>11,785</u>	<u>840</u>	-
Less: Current maturities	(2,347)	(1,584)	(840)	-
Long term element of bank loans	<u>14,564</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	1,507	1,584	-	-
Due after more than a year	14,564	10,201	-	-
	<u>16,071</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	Level -2	2,826	2,160	-
Subsidiaries at fair value	Level -2	-	-	18,111
Investments available for sale	Level -2	250	250	250
		<u>3,076</u>	<u>2,410</u>	<u>18,361</u>
		-	-	<u>15,218</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 fifteen months ended 30 September 2018

Current (Un-quoted)

Investment held to maturity	Level - 2	-	-	-	-
Long term deposit	Level - 2	-	-	-	-
		-	-	-	-

Current (Quoted)

Investment at fair value through PL	Level-1	1,955	2,380	1,955	2,380
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Total		5,031	4,790	20,316	17,598
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	Group		Parent	
	2018	2017	2018	2017
	RO '000	RO '000	RO '000	RO '000
7. Investment & Other Income				
a) Investment Income				
Realised	(73)	(86)	(74)	(86)
Unrealised	(80)	(56)	(80)	(56)
Dividends	97	119	97	119
	(56)	(23)	(57)	(23)
b) Other Income				
Interest on Deposits	638	513	638	513
Miscellaneous income	650	168	135	61
	1,288	681	773	574

8. Details of Significant Investments

NIL	-	-	-	-
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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)	6,866	6,398
Goods sold to a related party	1,011	580
Services from a subsidiary	687	635

Loans, Advances, Receivables due

Subsidiaries	5,111	4,904
Related party(s)	528	136

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	928	(55)	1,124	1,997
Provided during the period	36	80	46	162
(Written off) during the period	-	-	-	-
Provisions balance as of 30 September 2018	964	25	1,170	2,159

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

Book value of assets:

Value of assets before Provisions	21,542	2,230	2,002	25,774
Provisions Balance as of 30 September 2018	(964)	(25)	(1,170)	(2,159)
Book value of assets as of 30 September 2018	20,578	2,205	832	23,615

OMAN FLOUR MILLS CO. (SAOG)

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

For the fifteen months ended 30 September 2018

b) Parent Company

Provisions for:

Beginning balance of Provisions	831	(55)	1,015	1,791
Provided during the period	-	80	-	80
Provisions balance as of 30 September 2018	<u>831</u>	<u>25</u>	<u>1,015</u>	<u>1,871</u>

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

Book value of assets:

Value of assets before Provisions	14,491	2,230	1,322	18,043
Provisions Balance as of 30 September 2018	(831)	(25)	(1,015)	(1,871)
Book value of assets as of 30 September 2018	<u>13,660</u>	<u>2,205</u>	<u>307</u>	<u>16,172</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	1,959	1,810	152	154
Motor Vehicle Expenses	778	583	8	10
Advertisement, publicity & other overheads	2,052	1,970	93	163
Depreciation	561	211	30	41
Repairs & Maintenance	48	35	10	11
Prov. Doubtful debts	-	6	-	-
	<u>5,398</u>	<u>4,615</u>	<u>293</u>	<u>379</u>
Administration & general overheads				
Staff Cost	3,602	4,051	2,282	2,637
Travelling Expenses	48	68	25	47
Rent, Utilities and insurance	358	685	63	463
Legal and professional fees	109	144	77	89
Depreciation	365	672	127	229
Directors' meeting fees & Rem.	283	274	124	138
Corporate Social Responsibility	176	105	176	102
Repairs & Maintenance	195	409	138	375
Sundry Expenses	383	665	226	360
Communication exp	126	134	23	35
	<u>5,645</u>	<u>7,207</u>	<u>3,261</u>	<u>4,475</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 fifteen months ended 30 September 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 September 2017						
External Revenue	34,656	45,940	8,827	15,986	837	106,246
Inter-segment sales	2,387	4,011	-	-	635	7,033
Total revenue	<u>37,043</u>	<u>49,951</u>	<u>8,827</u>	<u>15,986</u>	<u>1,472</u>	<u>113,279</u>
Segment gross profit	11,861	10,678	2,390	6,497	671	32,097
Expenses	(2,507)	(2,348)	(1,700)	(4,911)	(779)	(12,245)
Other income	551	-	35	70	1	657
Net profit before tax	<u>9,905</u>	<u>8,330</u>	<u>725</u>	<u>1,656</u>	<u>(107)</u>	<u>20,509</u>
Tax expense	(1,441)	(998)	(173)	111	(45)	(2,546)
Net profit after tax	8,464	7,332	552	1,767	(152)	17,963
Share in net Profit/(loss) loss of associate						219
Minority Interest (Profit)/Loss						(28)
Net profit for the period						<u>18,154</u>
For the period ended 30 September 2018						
External Revenue	31,750	48,592	9,644	16,480	1,877	108,343
Inter-segment sales	2,202	4,663	-	-	-	6,865
Total revenue	<u>33,952</u>	<u>53,255</u>	<u>9,644</u>	<u>16,480</u>	<u>1,877</u>	<u>115,208</u>
Segment gross profit	9,134	8,167	2,442	6,749	876	27,368
Expenses	(1,522)	(2,032)	(1,654)	(5,433)	(905)	(11,546)
Other income	716	-	221	260	35	1,232
Net profit before tax	<u>8,328</u>	<u>6,135</u>	<u>1,009</u>	<u>1,576</u>	<u>6</u>	<u>17,054</u>
Tax expense	(1,142)	(920)	(118)	-	(85)	(2,265)
Net profit after tax	7,186	5,215	891	1,576	(79)	14,789
Share in net Profit/(loss) loss of associate						(151)
Minority Interest (Profit)/Loss						26
Net profit for the period						<u>14,664</u>

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