



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

**For the six months ended 30 June 2019**



# 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 six months ended 30 June 2019.

### *Operations*

The Company's sales revenue in the six months has increased by about 10.3% in the current period as compared to the same period of previous year. The Group's net profit after tax for the six months is RO 3,838 K as compared to RO 5,759 K in the previous year. The decrease in profit as compared to the previous year is mainly due to increase in cost of materials. Increase in agri-commodities prices still persisting on account of shortage of grains in the last harvest season. The new harvest season is set to start in July / Aug 2019. It is looking very positive and prices have shown good improvement which will reflect positively on the profitability of the Parent Company in the last 4 months of 2019. The Parent company has made a net profit after tax of RO 3,788 K as compared to RO 4,951 K in the same period in previous year.

### *Subsidiaries and associates*

The performance of our subsidiaries and associate is as follows:

- Our subsidiary, Modern Poultry Farms SAOC (MPF) has made profit after tax of RO 83 K as compared to previous year profit of RO 208 K. Decrease in profit is due to higher cost of sales. MPF's production is higher than the same period in the previous year by 7.75%. The company is expected to achieve a considerable growth in 2019.
- Our associate, Sohar Poultry Co SAOC (SPC) incurred a loss of RO 354 K (previous year loss of RO 38 K). The increase in loss is due to reduction in sales prices in the UAE market as there is excessive availability of live birds in the UAE. Higher mortality of birds has also contributed to the loss. Major steps have been taken to improve sales in the local market and gain better market share. In addition the company has taken drastic measures to reduce mortality rate.
- Atiyab Bakery LLC has achieved a turnover of RO 6.45 million (previous year 6.55 million). The bakery made a profit of RO 537 K as compared to previous year profit of RO 566 K. The bakery profitability has been maintained in spite of increase in expenses like electricity, fuel and salaries. The Bakery is investing in new machinery to improve productivity and also introduced new products to improve sales and margins.
- Atiyab FoodTech LLC (AFT) made a profit after tax of RO 385 K as compared to the previous year profit of RO 143 K. AFT is expanding its operation by opening branches outside of Muscat. Which is providing a better reach to customers and positively impacting the company's profitability.





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- Atyab Technical Services LLC earned a net sponsorship fee of RO 81K as compared to RO 88 K in the previous year.
- Sohar Flour Mills LLC has commenced commercial production in March 2019 and as of June-19 it has achieved a sale revenue of RO 1.2 million. It has incurred a net loss of RO 911 K during the quarter due to the delay and slow pick up of sale.
- Oman Oilseeds Crushing Company is on schedule in implementing the project, the project will be a good addition to the Group once the project is operational. Upto 30 June 2019 the company has incurred RO 400 K in administrative expenses of which OFM Group's share is RO 120 K.

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.

Best Regards,

Salah Hilal Al Maawali  
**Chairman**

# OMAN FLOUR MILLS CO. (SAOG)



## Unaudited group statement of financial position as at 30 June 2019

	Notes	Group		Parent Company	
		2019 RO '000	2018 RO '000	2019 RO '000	2018 RO '000
<b>Non-current assets</b>					
Property, plant and equipment	1	43,497	39,145	12,562	12,176
Investment property		37	37	37	37
Investment in Subsidiaries	5 & 6	-	-	17,854	17,859
Investment in associates		2,440	2,962	-	-
Intangible assets		153	151	-	-
Biological assets	2	1,469	1,393	-	-
Right to use asset	5	168	-	75	-
Investment available for sale, non-current	6 & 8	355	250	355	250
<b>Total non-current assets</b>		<b>48,119</b>	<b>43,938</b>	<b>30,883</b>	<b>30,322</b>
<b>Current assets</b>					
Inventories, net	2	26,458	17,373	22,883	15,413
Receivables and prepayments, net	3 & 10	15,900	22,183	11,426	15,960
Amounts due from a related party and subsidiaries	9	782	534	7,112	6,006
Investments available for sale	6 & 8	1,944	1,953	1,944	1,953
Subsidy receivable from the government		-	-	-	-
Short term deposits		6,000	12,647	6,000	12,647
Cash on hand and at bank		3,001	8,555	1,529	7,260
<b>Total current assets</b>		<b>54,085</b>	<b>63,245</b>	<b>50,894</b>	<b>59,239</b>
<b>Total assets</b>		<b>102,204</b>	<b>107,183</b>	<b>81,777</b>	<b>89,561</b>
<b>Current liabilities</b>					
Payables and accruals		2,087	4,410	1,941	4,734
Payable to related parties		154	-	-	-
Taxation		819	2,044	712	1,814
Interest bearing loans and current maturities of LT loans	4	7,464	1,584	4,250	-
<b>Total current liabilities</b>		<b>10,524</b>	<b>8,038</b>	<b>6,903</b>	<b>6,548</b>
<b>Non-current liabilities</b>					
Interest bearing loans	4	13,911	13,455	-	-
Lease Liability		146	-	77	-
End of service benefits		1,043	862	430	385
Deferred tax		860	521	497	509
<b>Total non-current liabilities</b>		<b>15,960</b>	<b>14,838</b>	<b>1,004</b>	<b>894</b>
<b>Minority Interest</b>		<b>1,714</b>	<b>2,043</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>		<b>28,198</b>	<b>24,919</b>	<b>7,907</b>	<b>7,442</b>
<b>Net assets</b>		<b>74,006</b>	<b>82,264</b>	<b>73,870</b>	<b>82,119</b>
<b>Shareholders' equity</b>					
Share capital		15,750	15,750	15,750	15,750
Legal reserve		6,302	6,030	5,250	5,250
General reserve		2,500	2,500	2,500	2,500
Fair value reserve (Subsidiaries)		-	-	4,280	4,424
Retained earnings		49,454	57,984	46,090	54,195
<b>Total shareholders' equity</b>		<b>74,006</b>	<b>82,264</b>	<b>73,870</b>	<b>82,119</b>

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 30 June 2019

	Notes	Group		Parent Company	
		2019 RO '000	2018 RO '000	2019 RO '000	2018 RO '000
Revenue		<b>48,616</b>	44,088	<b>39,360</b>	35,667
Cost of sale		<b>(39,696)</b>	(33,223)	<b>(34,054)</b>	(28,778)
<b>Gross profit</b>		<b>8,920</b>	10,865	<b>5,306</b>	6,889
Selling & distribution expenses	12	<b>(2,086)</b>	(2,261)	<b>(165)</b>	(135)
Administration & general overheads	12	<b>(2,267)</b>	(2,164)	<b>(982)</b>	(1,292)
<b>Profit from operations</b>		<b>4,567</b>	6,440	<b>4,159</b>	5,462
Finance cost - net		<b>(391)</b>	(237)	-	-
Net investment income	7	<b>33</b>	(40)	<b>33</b>	(40)
Other income		<b>323</b>	411	<b>259</b>	299
<b>Net profit before tax</b>		<b>4,532</b>	6,574	<b>4,451</b>	5,721
Tax expense		<b>(758)</b>	(845)	<b>(663)</b>	(770)
<b>Net profit after tax</b>		<b>3,774</b>	5,729	<b>3,788</b>	4,951
Share in net Profit/(loss) of associates		<b>(290)</b>	(18)	-	-
Minority Interest (Profit)/Loss		<b>355</b>	48	-	-
<b>Net profit for the period</b>		<b>3,839</b>	5,759	<b>3,788</b>	4,951
Net profit margin		<b>7.89%</b>	13.06%	<b>9.62%</b>	13.88%

# OMAN FLOUR MILLS CO. (SAOG)



## Unaudited statement of changes in equity For the six months ended 30 June 2019

	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 January 2018	15,750	6,030	2,500	-	52,225	2,091	78,596
Profit for the period	-	-	-	-	5,759	(48)	5,711
Balance, 30 June 2018	15,750	6,030	2,500	-	57,984	2,043	84,307
<b>Balance, 1 January 2019</b>	<b>15,750</b>	<b>6,263</b>	<b>2,500</b>	<b>-</b>	<b>53,529</b>	<b>1,952</b>	<b>79,994</b>
Profit for the period	-	-	-	-	3,839	(355)	3,484
Transfer to general reserve	-	39	-	-	(39)	-	-
Capital introduced	-	-	-	-	-	117	117
Dividends	-	-	-	-	(7,875)	-	(7,875)
Balance, 30 June 2019	15,750	6,302	2,500	-	49,454	1,714	75,720
<b>Parent company</b>							
Balance, 1 January 2018	15,750	5,250	2,500	3,616	49,244	-	76,360
Profit for the period	-	-	-	-	4,951	-	4,951
Fair value changes during the period	-	-	-	808	-	-	808
Balance, 30 June 2018	15,750	5,250	2,500	4,424	54,195	-	82,119
<b>Balance, 1 January 2019</b>	<b>15,750</b>	<b>5,250</b>	<b>2,500</b>	<b>4,228</b>	<b>50,177</b>	<b>-</b>	<b>77,905</b>
Profit for the period	-	-	-	-	3,788	-	3,788
Fair value changes during the period	-	-	-	52	-	-	52
Dividends	-	-	-	-	(7,875)	-	(7,875)
Balance, 30 June 2019	15,750	5,250	2,500	4,280	46,090	-	73,870

# OMAN FLOUR MILLS CO. (SAOG)



## Unaudited group statement of cash flows For the six months ended 30 June 2019

	Group		Parent Company	
	2019	2018	2019	2018
	RO '000	RO '000	RO '000	RO '000
<b>Cash from operations</b>	<b>(10,278)</b>	6,269	<b>(8,316)</b>	5,726
Tax paid	(2,722)	-	(2,561)	-
Interest paid	(217)	(232)	-	-
<b>Net cash from operating activities</b>	<b>(13,217)</b>	6,037	<b>(10,877)</b>	5,726
<b>Net cash from investing activities</b>	<b>6,528</b>	(4,955)	<b>6,389</b>	(1,410)
<b>Net cash from financing activities</b>	<b>(1,495)</b>	3,163	<b>(3,615)</b>	(103)
<b>Net increase in cash and cash equivalents</b>	<b>(8,184)</b>	4,245	<b>(8,103)</b>	4,213
Cash and cash equivalents brought forward	<u>11,185</u>	<u>4,310</u>	<u>9,632</u>	<u>3,047</u>
<b>Cash and cash equivalents carried forward</b>	<b><u>3,001</u></b>	<b><u>8,555</u></b>	<b><u>1,529</u></b>	<b><u>7,260</u></b>

# 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 30 June 2019

	Group		Parent Company	
	2019 RO '000	2018 RO '000	2019 RO '000	2018 RO '000
<b>1. Property, plant and equipment</b>				
Cost	94,565	87,277	50,470	48,920
Accumulated depreciation	(51,068)	(48,132)	(37,908)	(36,744)
Net book value	<u>43,497</u>	<u>39,145</u>	<u>12,562</u>	<u>12,176</u>
	-	-	-	-
<b>2. Inventories</b>				
Raw materials	23,234	14,830	22,019	14,438
Finished goods	1,603	1,031	795	734
Biological assets	1,469	1,393	-	-
Spares and consumables	2,918	2,674	1,274	1,256
Less: Provisions	(1,297)	(1,162)	(1,205)	(1,015)
	<u>27,927</u>	<u>18,766</u>	<u>22,883</u>	<u>15,413</u>
	-	-	-	-
Finished goods as no. of days of cost of sales	7	6	4	5
<b>3. Trade receivables</b>				
Trade receivables	14,984	14,079	10,719	9,848
Subsidy receivable from the government	-	5,344	-	5,344
Prepayments and other receivables	1,951	3,717	1,115	1,599
Less: Provisions for credit losses and adjustment of time value of money	(1,035)	(957)	(408)	(831)
	<u>15,900</u>	<u>22,183</u>	<u>11,426</u>	<u>15,960</u>
	-	-	-	-
<b>4. Bank loans and overdrafts</b>				
Bank loans	17,125	15,039	-	-
Overdrafts/Short term loans	4,250	-	4,250	-
	<u>21,375</u>	<u>15,039</u>	<u>4,250</u>	<u>-</u>
Less: Current maturities	(7,464)	(1,584)	(4,250)	-
Long term element of bank loans	<u>13,911</u>	<u>13,455</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	3,214	1,584	-	-
Due after more than a year	13,911	13,455	-	-
	<u>17,125</u>	<u>15,039</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%	88.48%
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	2,440	2,962	-
Subsidiaries at fair value	Level -2	-	-	17,854
Investments available for sale	Level -2	355	250	355
		<u>2,795</u>	<u>3,212</u>	<u>18,209</u>
		-	-	18,109





# 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 30 June 2019

	Advances & Receivables	Value of Investments	Others	Total
<b>b) Parent Company</b>				
<b>Provisions for:</b>				
Beginning balance of Provisions	590	2	1,169	1,761
Provided during the period	(182)	96	35	(51)
Provisions balance as of 31 March 2019	408	98	1,204	1,710

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

<b>Book value of assets:</b>				
Value of assets before Provisions	11,834	2,397	1,274	15,505
Provisions Balance as of 31 March 2019	(408)	(98)	(1,205)	(1,711)
Book value of assets as of 31 March 2019	11,426	2,299	69	13,794

## 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:

	2019		2018	
	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	
	2019 RO '000	2018 RO '000	2019 RO '000	2018 RO '000
<b><i>Selling &amp; distribution expenses</i></b>				
Staff Cost	834	812	72	62
Motor Vehicle Expenses	310	342	2	2
Advertisement, publicity & other overheads	789	874	82	56
Depreciation	152	220	8	11
Repairs & Maintenance	1	26	1	4
Prov. Doubtful debts	-	(13)	-	-
	<u>2,086</u>	<u>2,261</u>	<u>165</u>	<u>135</u>
<b><i>Administration &amp; general overheads</i></b>				
Staff Cost	1,477	1,400	827	904
Travelling Expenses	19	20	5	4
Rent, Utilities and insurance	106	224	27	22
Legal and professional fees	45	28	34	22
Depreciation	143	139	44	47
Directors' meeting fees & Rem.	142	73	26	40
Corporate Social Responsibility	27	94	27	94
Repairs & Maintenance	134	86	45	66
Sundry Expenses	111	55	-65	83
Communication exp	63	45	12	10
	<u>2,267</u>	<u>2,164</u>	<u>982</u>	<u>1,292</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 30 June 2019

### 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.

	Flour Mill	Animal Feed Mill	Modern Poultry	Atyab Bakery	Atyab Investments	Group
<b>All values RO '000</b>						
For the period ended 30 June 2018						
External Revenue	15,738	17,146	3,869	6,556	779	44,088
Inter-segment sales	873	1,910	-	-	-	2,783
<b>Total revenue</b>	<b>16,611</b>	<b>19,056</b>	<b>3,869</b>	<b>6,556</b>	<b>779</b>	<b>46,871</b>
Segment gross profit	4,128	2,761	952	2,656	368	10,865
Expenses	(728)	(699)	(708)	(2,196)	(331)	(4,662)
Other income	259	-	-	107	5	371
<b>Net profit before tax</b>	<b>3,659</b>	<b>2,062</b>	<b>244</b>	<b>567</b>	<b>42</b>	<b>6,574</b>
Tax expense	(461)	(309)	(36)	-	(39)	(845)
<b>Net profit after tax</b>	<b>3,198</b>	<b>1,753</b>	<b>208</b>	<b>567</b>	<b>3</b>	<b>5,729</b>
Share in net Profit/(loss) loss of associate						(18)
Minority Interest (Profit)/Loss						48
<b>Net profit for the period</b>						<b>5,759</b>
For the period ended 30 June 2019						
External Revenue	16,794	19,501	3,844	6,453	2,024	48,616
Inter-segment sales	917	2,148	-	-	-	3,065
<b>Total revenue</b>	<b>17,711</b>	<b>21,649</b>	<b>3,844</b>	<b>6,453</b>	<b>2,024</b>	<b>51,681</b>
Segment gross profit	2,131	3,175	796	2,529	289	8,920
Expenses	(359)	(787)	(702)	(2,053)	(843)	(4,744)
Other income	291	-	4	61	-	356
<b>Net profit before tax</b>	<b>2,063</b>	<b>2,388</b>	<b>98</b>	<b>537</b>	<b>(554)</b>	<b>4,532</b>
Tax expense	(305)	(358)	(15)	-	(80)	(758)
<b>Net profit after tax</b>	<b>1,758</b>	<b>2,030</b>	<b>83</b>	<b>537</b>	<b>(634)</b>	<b>3,774</b>
Share in net Profit/(loss) loss of associate						(290)
Minority Interest (Profit)/Loss						355
<b>Net profit for the period</b>						<b>3,839</b>

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