



OmanCables
الكابلات العمانية

ANNUAL REPORT

2020

Q1



Unaudited Results for three months period ended 31 March 2020

BoD Report

Oman Cables Industry (SAOG) has the pleasure in submitting the report on the performance of the parent company and the group for three months period ended 31 March 2020.

Group Performance

The Sales of the Group for the three months period ended 31 March 2020 was RO 51.9 million compared to RO 50.2 million for the same period last year. The Group Net Profit after tax, for the period is RO 1.5 million compared to RO 1.7 million during the same period in 2019. The EBITDA for the period was RO 2.7 million compared to RO 2.9 million during the same period in 2019.

Oman Cables (Parent) Performance

Sales of Oman Cables for the three months period ended 31 March 2020 was Rial Omani (RO) 40.5 million compared to RO 39.30 million in the same period last year.

The Net Profit after tax for the three months period ended 31 March 2020 was RO 1.4 million as compared to RO 1.7 million for the same period in 2019. The Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) for the period was RO 2.3 million compared to RO 2.6 million during the same period in 2019.

The results continue to be impacted due to competitive pressure on prices and decreasing market size. On top of that, decreasing oil prices and global pandemic is causing slow down or cancelations on projects which will impact following quarters. The Company is working on cost reduction plans and taking all the necessary measures to sustain the profitability.

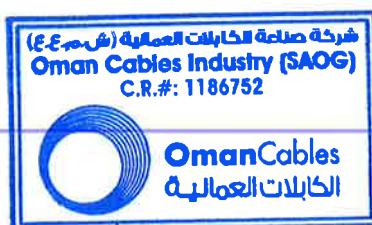
Oman Aluminum Processing Industries LLC, Sohar (OAPIL) (subsidiary) and Associated Cables Private Ltd (ACPL), India (Subsidiary)

The rod premiums levels being offered by market have improved to a better level than previous year. On the other side, OAPIL managed to increase sales volume with a better mix. As a consequence, results for the three months period ended 31 March 2020 are better compared to the same period in 2019. OAPIL continues to focus on the overhead costs.

ACPL is impacted from Covid 19 related measures, with plant closure in March 2020 due to curfew in India. Production activities restarted on 21 April 2020 with limited manpower. First quarter sales are deviating from same period in 2019 due to postponements on delivery of projects.

Oman Cables is recognizing the support extended by various Government Authorities and wish the best for our beloved Oman to further develop under the leadership of His Majesty Sultan Haitham bin Tariq.


Board of Directors
Oman Cables Industry (SAOG)



OMAN CABLES INDUSTRY (SAOG)
Unaudited Results for three months period ended 31 March 2020
UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

	As on 31 March 2020 Group RO'000	As on 31 March 2020 Parent Company RO'000	As on 31 December 2019 Group RO'000	As on 31 December 2019 Parent Company RO'000
ASSETS				
Non-current assets				
Property, plant and equipment	29,688	19,341	29,736	19,272
Right-of-use assets	1,827	1,299	1,852	1,317
Investment in subsidiaries	--	6,387	--	6,387
Investment securities	1,271	1,259	1,181	1,169
Deferred tax assets	749	749	107	--
Total non-current assets	33,535	29,035	32,876	28,145
Current assets				
Inventories	27,408	22,833	24,604	20,337
Trade and other receivables	66,277	61,179	55,513	50,191
Due from related parties	7,949	6,476	6,329	6,247
Cash and bank balances	12,351	12,302	14,671	14,504
Total current assets	113,985	102,790	101,117	91,279
Total assets	147,520	131,825	133,993	119,424
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	8,970	8,970	8,970	8,970
Share premium	978	978	978	978
Legal reserve	4,445	2,990	4,445	2,990
General reserve	14,530	13,377	14,530	13,377
Retained earnings	72,653	71,188	74,502	72,935
Cumulative changes in fair values	(2,677)	(3,200)	310	753
Total equity	98,899	94,303	103,735	100,003
Liabilities				
Non-current liabilities				
Deferred tax liability	845	395	1,194	869
Leases liability	1,717	1,253	1,737	1,234
Employees' end of service benefits	1,423	1,298	1,375	1,259
Total non-current liabilities	3,985	2,946	4,306	3,362
Current liabilities				
Trade and other payables	39,855	32,752	18,109	11,700
Due to related parties	1,005	1,216	1,584	2,822
Bank borrowings	3,064	--	4,619	--
Leases liability	157	112	157	112
Taxation	555	496	1,483	1,425
Total current liabilities	44,636	34,576	25,952	16,059
Total liabilities	48,621	37,522	30,258	19,421
Total equity and liabilities	147,520	131,825	133,993	119,424
Net assets per share (RO)	1.103	1.051	1.156	1.115

OMAN CABLES INDUSTRY (SAOG)
Unaudited Results for three months period ended 31 March 2020
UNAUDITED CONSOLIDATED INCOME STATEMENT

	3 Month ended 31 March 2020 Group RO' 000	3 Month ended 31 March 2020 Parent Company RO'000	3 Month ended 31 March 2019 Group RO'000	3 Month ended 31 March 2019 Parent Company RO'000
Sales	51,928	40,494	50,228	39,310
Cost of sales	(48,233)	(37,591)	(45,993)	(35,587)
Gross profit	3,695	2,903	4,235	3,723
Other income	23	10	42	38
Administrative expenses	(1,094)	(885)	(1,450)	(1,221)
Selling and distribution expenses	(783)	(386)	(753)	(514)
Depreciation	(45)	(38)	(34)	(25)
Operating profit	1,796	1,604	2,040	2,001
Finance costs	(110)	(55)	(52)	15
Finance income	93	92	24	14
Profit before income tax	1,779	1,641	2,012	2,030
Income tax expense	(230)	(248)	(305)	(305)
Profit for the period	1,549	1,393	1,707	1,725
Attributable to:				
Non-controlling interests	--	--	11	--
Equity holders of the parent	1,549	1,393	1,718	1,725
Basic and diluted earnings per share attributable to ordinary equity holders of the parent company (RO)	0.017	0.016	0.019	0.019
Gross profit margin	7.12%	7.17%	8.43%	9.47%
Net profit margin	2.98%	3.44%	3.40%	4.39%

OMAN CABLES INDUSTRY (SAOG)
Unaudited Results for three months period ended 31 March 2020
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 Month ended 31 March 2020 Group RO' 000	3 Month ended 31 March 2020 Parent Company RO'000	3 Month ended 31 March 2019 Group RO'000	3 Month ended 31 March 2019 Parent Company RO'000
Profit for the period	1,549	1,393	1,707	1,725
Other comprehensive (loss)/income Items that may be reclassified Subsequently to profit or loss:				
Net movement in hedging commodity future contracts, net of tax	(2,973)	(3,953)	1,061	1,649
Exchange difference on foreign currency translation of subsidiary	(14)	--	1	--
Other comprehensive (loss)/ income for the year	(2,987)	(3,953)	1,062	1,649
Total comprehensive income for the period	(1,438)	(2,560)	2,769	3,374
Attributable to:				
Equity holders of the parent	(1,438)	(2,560)	3,068	3,374
Non-controlling interests	--	--	(299)	--
	(1,438)	(2,560)	2,769	3,374

OMAN CABLES INDUSTRY (SAOG)
Unaudited Results for three months period ended 31 March 2020
UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 Month ended 31 March 2020 Group RO'000	3 Month ended 31 March 2020 Parent Company RO'000	3 Month ended 31 March 2019 Group RO'000	3 Month ended 31 March 2019 Parent Company RO'000
Cash from operations	1,147	(438)	530	(1,650)
Tax Paid	(1,358)	(1,358)	(1,727)	(1,727)
Director Remuneration	--	--	--	--
Interest paid	(77)	(32)	(49)	31
Net cash from operating activities	(288)	(1,828)	(1,246)	(3,346)
Net cash (used) / generated in investing activities	(369)	(294)	(153)	(95)
Dividend paid	--	--	(4,037)	(4,037)
Net cash generated in financing activities	(1,756)	(80)	(2,463)	--
Net increase/(decrease) in cash and cash equivalents	(2,413)	(2,202)	(7,899)	(7,478)
Cash and cash equivalents brought forward	14,671	14,504	16,821	15,865
Cash and cash equivalents carried forward	12,258	12,302	8,922	8,387
Cash and cash equivalents at the end of the period comprise:				
Current accounts	12,326	12,279	8,886	8,352
Cash in hand	24	23	36	35
	12,350	12,302	8,922	8,387
Bank Overdraft	(92)	--	--	--
Cash and cash equivalents	12,258	12,302	8,922	8,387

OMAN CABLES INDUSTRY (SAOG)
Unaudited Results for three months period ended 31 March 2020

D STATEMENT OF CHANGES IN EQUITY

Group	Attributable to the equity holders of the parent						Total RO'000	Non- controlling interests RO'000	Total Equity RO'000
	Share capital	Share premium	Legal reserve	General reserve	Retained earnings	Cumulative changes in fair values			
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000			
As at 1 January 2019	8,970	978	4,445	13,887	70,724	(715)	98,289	4,435	102,724
Profit for the year	--	--	--	--	6,972	--	6,972	251	7,223
Other comprehensive income	--	--	--	--	--	1,025	1,025	--	1,025
Total comprehensive income					6,972	1,025	7,997	251	8,248
Dividend for the year 2017	--	--	--	--	(4,037)	--	(4,037)	--	(4,037)
Transfer to general reserve	--	--	--	643	(643)	--	--	--	--
At 31 December 2019	8,970	978	4,445	14,530	74,502	310	103,735	-	103,735
As at 1 January 2020	8,970	978	4,445	14,530	74,502	310	103,735	-	103,735
Profit for the period	--	--	--	--	1,549	--	1,549	--	1,549
Other comprehensive income	--	--	--	--	--	(2,987)	(2,987)	--	(2,987)
Total comprehensive income					1,549	(2,987)	(1,438)	--	(1,438)
Increase in investment in a subsidiary (note11)	--	--	--	--	(258)	--	(258)	--	(258)
Dividend for the year 2019	--	--	--	--	(3,140)	--	(3,140)	--	(3,140)
Transfer to general reserve	--	--	--	--	--	--	--	--	--
At 31 March 2020	8,970	978	4,445	14,530	72,653	(2,677)	98,899	--	98,899

OMAN CABLES INDUSTRY (SAOG)
Unaudited Results for three months period ended 31 March 2020

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Parent Company	Share capital	Share premium	Legal reserve	General reserve	Retained earnings	Cumulative changes in fair values	Total
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
At 1 January 2019	8,970	978	2,990	12,734	71,186	(903)	95,955
Profit for the year	--	--	--	--	6,429	--	6,429
Other comprehensive income	--	--	--	--	--	1,656	1,656
Total comprehensive income	--	--	--	--	6,429	1,656	8,085
Dividend for the year 2017	--	--	--	--	(4,037)	--	(4,037)
Transfer to general reserve	--	--	--	643	643	--	--
At 31 December 2019	8,970	978	2,990	13,377	72,935	753	100,003
At 1 January 2020	8,970	978	2,990	13,377	72,935	753	100,003
Profit for the period	--	--	--	--	1,393	--	1,393
Other comprehensive income	--	--	--	--	--	(3,953)	(3,953)
Total comprehensive income	--	--	--	--	1,393	(3,953)	(2,560)
Dividend for the year 2019	--	--	--	--	(3,140)	--	(3,140)
Transfer to general reserve	--	--	--	--	--	--	--
At 31 March 2020	8,970	978	2,990	13,377	71,188	(3,200)	94,303

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

Oman Cables Industry SAOG (“the company / the parent company”) is registered in the Sultanate of Oman as a public joint stock company. The company’s principal activity is the manufacture and sale of electrical cables and conductors.

The Company holds 100% (2019: 51%) shareholding in Oman Aluminium Processing Industries LLC (“the subsidiary”) which was incorporated in the Sultanate of Oman in the year 2008 and commenced its operations from July 2010. On 5 December 2019 the “Company” acquired 49% shares making it a wholly owned subsidiary.

The Company holds 100% (2019: 100%) shares in Associated Cables Private Limited, India (“the subsidiary”) which was registered in India in July 1973.

2 SIGNIFICANT ACCOUNTING POLICIES

a) There has been a change in the Accounting policy on Inventory valuation. Earlier the parent was applying the weighted average principle of Inventory valuation. The parent has implemented a new ERP system which went live in January 2020, and the method of Inventory valuation now applied is First in First out principle. The inventory value difference due to this valuation principle change is not material, therefore no restatements are reflected in these financial statements.

b) Other than the above the accounting policies applied in these interim condensed financial statements are the same accounting policies as applied to audited Financial Statements for the company as included in the audit report issued on 23 January 2020.

c) Estimates & Judgements

The interim condensed consolidated financial statements for this period are prepared in accordance with IAS 34 which required management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2019.

3 NON-RECURRING ITEMS

During the period under review there were no non-recurring items.

4 DIVIDEND

As proposed by the Board of Directors to the shareholders, a dividend of 35% on paid up share capital, i.e. 35 baisa per share amounting to RO 3,139,500 for the year 2019, was approved by the shareholders (2018 – 45% on paid up share capital for 2018 i.e. 45 baisa per share amounting to RO 4,036,500). The dividend was paid in April 2020.

OMAN CABLES INDUSTRY (SAOG)
Unaudited Results for three months period ended 31 March 2020
5 SEGMENTAL REPORTING

The Group is engaged in one business segment which is manufacturing and sale of electrical cables and conductors as per different specifications based on market requirements. A substantial portion of the products are sold for use within Middle East and North Africa (MENA) and international markets. Accordingly, specific segmental information in respect of parent company and subsidiary is not provided.

6 STATEMENT OF COMPLIANCE

The condensed interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting'. They do not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements for the year ended 31 December 2019.

7 RELATED PARTY TRANSACTIONS

	31 March 2020 Group RO'000	31 March 2020 Parent company RO'000	31 December 2019 Group RO'000	31 December 2019 Parent company RO'000
Purchases and other expenses:				
Shareholders	701	701	4169	4169
Subsidiary	--	478	--	2915
Total	701	1,179	4,169	7,084
Sales and other income:				
Shareholders	5,408	5,408	9,807	9,807
Subsidiary	--	--	--	--
Other related party	--	--	--	--
Total	5,408	5,408	9,807	9,807

Loans, Advances, Receivables Due, Provisions and Write-offs

Loans, advances and receivables due from related parties or holders of 10% or more of the company's shares, or their family members, minus all provisions and write-offs which have been made on these accounts at any time, are further analyzed as follows:

	31 March 2020 Group RO'000	31 March 2020 Parent company RO'000	31 December 2019 Group RO'000	31 December 2019 Parent company RO'000
Due from Related party	7,949	6,476	6,329	6,247
Provisions	--	--	--	--
Write-offs	--	--	--	--
Receivable from related parties	7,949	6,476	6,329	6,247
Due to Related party	1,005	1,216	1,584	2,822
Payable to related parties	1,005	1,216	1,584	2,822

OMAN CABLES INDUSTRY (SAOG)
Unaudited Results for three months period ended 31 March 2020

8 CONTINGENT LIABILITIES

	As on 31 March 2020 Group RO' 000	As on 31 March 2020 Parent Company RO' 000	As on 31 December 2019 Group RO' 000	As on 31 December 2019 Parent Company RO' 000
Letters of credit	14,588	8,428	14,749	8,589
Letters of guarantee	13,279	12,861	12,873	12,462
	----- 27,867 =====	----- 21,289 =====	----- 27,622 =====	----- 21,051 =====

9 CAPITAL COMMITMENT

Capital Commitments authorized and contracted as on 31 March 2020 is RO 0.814 million (Parent Company RO 0.534 million) compared to RO 0.804 million (Parent Company RO 0.391 million) as on 31 December 2019.

10 BORROWINGS

The Parent Company and Group does not have any Long-term borrowings as on 31 March 2020 and also on 31 December 2019.

11 SUBSEQUENT EVENTS

No material events subsequent to the interim period, took place after 31 March 2020.

12 COMPARATIVES

Certain comparative figures have been reclassified to confirm with the presentation adopted in these financial statements.