



OmanCables
الكابلات العمانية

ANNUAL REPORT

2020

Q3

OMAN CABLES INDUSTRY (SAOG)
Unaudited Results for nine months period ended 30 September 2020

Board of Directors Report

Oman Cables Industry (SAOG) "Oman Cables" has the pleasure in submitting the report on the performance of the parent company and the group for nine months period ended 30 September 2020.

Group Performance

The Sales of the Group for the nine months period ended 30 September 2020 was Rial Omani (RO) 129.890 million compared to RO 155.727 million for the same period last year. The Group Net Profit after tax, for the period is RO 2.201 million compared to RO 4.744 million during the same period in 2019. The EBITDA for the period was RO 5.385 million compared to RO 8.670 million during the same period in 2019. The Group is executing several plans aimed at protecting the health and safety of the employees by engaging into extensive testing and sanitization programs under medical support during the current circumstances of Covid19.

Oman Cables (Parent) Performance

Sales of Oman Cables for the nine months period ended 30 September 2020 was RO 99.116 million compared to RO 121.757 million in the same period last year.

The Net Profit after tax for the nine months period ended 30 September 2020 was RO 1.944 million as compared to RO 4.480 million for the same period in 2019. The Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) for the period was RO 4.160 million compared to RO 7.057 million during the same period in 2019.

The results are impacted by recent global developments. Decreasing oil prices and pandemic is causing slow down of projects. The Company is working on cost reduction plans and taking all the necessary measures to minimize the impact.

**Oman Aluminum Processing Industries SPC, 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 was less impacted due to Covid 19 and was able to improve their sales volume and had a more profitable mix. As a consequence, results for the nine months period ended 30 September 2020 are better compared to the same period in 2019. OAPIL continues to focus on the overhead costs.

ACPL is severely impacted from Covid 19 and related measures, with plant closure due to curfew in India. Uncertain situation has affected the cable market. Sales for this period are deviating from same period last year due to postponements on delivery of projects and absence of new 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 nine months period ended 30 September 2020
UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

	As on 30 September 2020 Group RO'000	As on 30 September 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	28,236	18,273	29,736	19,272
Right-of-use assets	1,778	1,265	1,852	1,317
Investment in subsidiaries	--	6,387	--	6,387
Investment securities	1,274	1,259	1,181	1,169
Deferred tax assets	--	--	107	--
Total non-current assets	31,288	27,184	32,876	28,145
Current assets				
Inventories	22,121	18,090	24,604	20,337
Trade and other receivables	57,280	52,748	55,513	50,191
Due from related parties	4,732	4,424	6,329	6,247
Cash and bank balances	15,458	15,087	14,671	14,504
Total current assets	99,591	90,349	101,117	91,279
Total assets	130,879	117,533	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	73,307	71,739	74,502	72,935
Cumulative changes in fair values	1,819	1,873	310	753
Total equity	104,049	99,927	103,735	100,003
Liabilities				
Non-current liabilities				
Deferred tax liability	795	483	1,194	869
Leases liability	1,767	1,289	1,737	1,234
Employees' end of service benefits	1,397	1,267	1,375	1,259
Total non-current liabilities	3,959	3,039	4,306	3,362
Current liabilities				
Trade and other payables	17,922	12,727	18,109	11,700
Due to related parties	595	1,078	1,584	2,822
Bank borrowings	3,492	--	4,619	--
Leases liability	157	112	157	112
Taxation	705	650	1,483	1,425
Total current liabilities	22,871	14,567	25,952	16,059
Total liabilities	26,830	17,606	30,258	19,421
Total equity and liabilities	130,879	117,533	133,993	119,424
Net assets per share (RO)	1.160	1.114	1.156	1.115

OMAN CABLES INDUSTRY (SAOG)
Unaudited Results for nine months period ended 30 September 2020
UNAUDITED CONSOLIDATED INCOME STATEMENT

	9 Month ended 30 September 2020 Group RO' 000	9 Month ended 30 September 2020 Parent Company RO'000	9 Month ended 30 September 2019 Group RO'000	9 Month ended 30 September 2019 Parent Company RO'000
Sales	129,890	99,116	155,727	121,757
Cost of sales	(120,990)	(92,259)	(143,081)	(111,099)
Gross profit	8,900	6,857	12,646	10,658
Other income	228	187	532	99
Administrative expenses	(3,704)	(3,062)	(4,556)	(3,788)
Selling and distribution expenses	(2,648)	(1,575)	(2,532)	(1,631)
Depreciation	(138)	(113)	(95)	(72)
Operating profit	2,638	2,294	5,995	5,266
Finance costs	(341)	(183)	(251)	(84)
Finance income	186	176	114	97
Profit before income tax	2,483	2,287	5,858	5,279
Income tax expense	(282)	(343)	(891)	(799)
Profit for the period	2,201	1,944	4,967	4,480
Attributable to:				
Non-controlling interests	--	--	(223)	--
Equity holders of the parent	2,201	1,944	4,744	4,480
Basic and diluted earnings per share attributable to ordinary equity holders of the parent company (RO)	0.025	0.022	0.053	0.050
Gross profit margin	6.85%	6.92%	8.12%	8.75%
Net profit margin	1.69%	1.96%	3.19%	3.68%

OMAN CABLES INDUSTRY (SAOG)
Unaudited Results for nine months period ended 30 September 2020
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	9 Month ended 30 September 2020 Group RO' 000	9 Month ended 30 September 2020 Parent Company RO'000	9 Month ended 30 September 2019 Group RO'000	9 Month ended 30 September 2019 Parent Company RO'000
Profit for the period	2,201	1,944	4,967	4,480
Other comprehensive (loss)/income Items that may be reclassified Subsequently to profit or loss:				
Net movement in hedging commodity future contracts, net of tax	1,512	1,120	268	503
Exchange difference on foreign currency translation of subsidiary	(3)	--	(4)	--
Other comprehensive (loss)/ income for the period	1,509	1,120	264	503
Total comprehensive income for the period	3,710	3,064	5,231	4,983
Attributable to:				
Equity holders of the parent	3,710	3,064	5,123	4,983
Non-controlling interests	--	--	108	--
	3,710	3,064	5,231	4,983

OMAN CABLES INDUSTRY (SAOG)
Unaudited Results for nine months period ended 30 September 2020

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

	9 Month ended 30 September 2020 Group RO'000	9 Month ended 30 September 2020 Parent Company RO'000	9 Month ended 30 September 2019 Group RO'000	9 Month ended 30 September 2019 Parent Company RO'000
Cash from operations	8,430	5,881	2,906	2,721
Tax Paid	(1,358)	(1,358)	(1,727)	(1,727)
Director Remuneration	(117)	(117)	(117)	(117)
Interest paid	(234)	(97)	(114)	(38)
Net cash from operating activities	6,721	4,309	948	839
Net cash (used) / generated in investing activities	(770)	(404)	(110)	(185)
Dividend paid	(3,140)	(3,140)	(4,037)	(4,037)
Net cash generated in financing activities	(2,024)	(182)	(1,983)	--
Net increase/(decrease) in cash and cash equivalents	787	583	(5,182)	(3,383)
Cash and cash equivalents brought forward	14,671	14,504	16,821	15,865
Cash and cash equivalents carried forward	15,458	15,087	11,639	12,482
Cash and cash equivalents at the end of the period comprise:				
Current accounts	15,436	15,067	11,607	12,449
Cash in hand	22	20	32	33
Cash and cash equivalents	15,458	15,087	11,639	12,482

OMAN CABLES INDUSTRY (SAOG)
Unaudited Results for nine months period ended 30 September 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
Increase in investment in a subsidiary (note11)	--	--	--	--	1,486	--	1,486	(4,686)	(3,200)
Dividend for the year 2018	--	--	--	--	(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	--	--	--	--	2,201	--	2,201	--	2,201
Other comprehensive income	--	--	--	--	--	1,509	1,509	--	1,509
Total comprehensive income					2,201	1,509	3,710	--	3,710
Increase in investment in a subsidiary (note11)	--	--	--	--	(256)	--	(256)	--	(256)
Dividend for the year 2019	--	--	--	--	(3,140)	--	(3,140)	--	(3,140)
Transfer to general reserve	--	--	--	--	--	--	--	--	--
At 30 September 2020	8,970	978	4,445	14,530	73,307	1,819	104,049	--	104,049

OMAN CABLES INDUSTRY (SAOG)
Unaudited Results for nine months period ended 30 September 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 2018	--	--	--	--	(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	--	--	--	--	1,944	--	1,944
Other comprehensive income	--	--	--	--	--	1,120	1,120
Total comprehensive income	--	--	--	--	1,944	1,120	3,064
Dividend for the year 2019	--	--	--	--	(3,140)	--	(3,140)
Transfer to general reserve	--	--	--	--	--	--	--
At 30 September 2020	8,970	978	2,990	13,377	71,739	1,873	99,927

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 nine months period ended 30 September 2020
5 SEGMENTAL REPORTING

Management has determined the operating segments based on the reports reviewed by the key decision makers (Board of directors) that are used to make strategic decisions. 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.

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

	30 September 2020 Group RO'000	30 September 2020 Parent company RO'000	31 December 2019 Group RO'000	31 December 2019 Parent company RO'000
Purchases and other expenses:				
Shareholders	1,831	1,831	4169	4169
Subsidiaries	--	2,856	--	2915
Total	1,831	4,687	4,169	7,084
Sales and other income:				
Shareholders	10,717	10,717	9,807	9,807
Subsidiaries	--	68	--	--
Other related party	--	--	--	--
Total	10,717	10,785	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:

	30 September 2020 Group RO'000	30 September 2020 Parent company RO'000	31 December 2019 Group RO'000	31 December 2019 Parent company RO'000
Due from Related party	4,732	4,424	6,329	6,247
Provisions	--	--	--	--
Write-offs	--	--	--	--
Receivable from related parties	4,732	4,424	6,329	6,247
Due to Related party	595	1,078	1,584	2,822
Payable to related parties	595	1,078	1,584	2,822

OMAN CABLES INDUSTRY (SAOG)
Unaudited Results for nine months period ended 30 September 2020
8 CONTINGENT LIABILITIES

	As on 30 September 2020 Group RO' 000	As on 30 September 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	11,203	5,043	14,749	8,589
Letters of guarantee	12,445	12,217	12,873	12,462
	----- 23,648 =====	----- 17,260 =====	----- 27,622 =====	----- 21,051 =====

9 CAPITAL COMMITMENT

Capital Commitments authorized and contracted as on 30 September 2020 is RO 0.392 million (Parent Company RO 0.144 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 30 September 2020 and also on 31 December 2019.

11 SUBSEQUENT EVENTS

No material events subsequent to the interim period, took place after 30 September 2020.

12 COMPARATIVES

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