



# شركة صناعة الكابلات العمانية (ش.م.ع.ع.) OMAN CABLES INDUSTRY (S.A.O.G)

*Truly Omani... Trusted Globally*

## REPORT OF THE BOARD OF DIRECTORS

Oman Cables Industry (SAOG) has the pleasure in submitting the report on the performance of the parent and the group for the three months ended 31 March 2011.

The Sales of the Group for the three months ended 31 March 2011 was Rial Omani 69.8 million and Net Profit was Rial Omani 1.0 million.

### Sales

Sales of the parent Company for the three months ended 31 March 2011 showed an increase of 52.0% (Group: 69.2%) over the same period last year. The increase was driven by increased volume and commodity prices. The demand in the domestic market continues to remain positive due the Government's investment on infrastructure programs. Sales in the selected international markets has increased in line with OCI's strategy. We are also pleased to state that the order book has favourably increased compared to the earlier period.

### Production

Plant utilization has improved during this quarter for certain product lines, production capacity enhancement initiatives are in place in line with the expected demand. The project of installing additional capacity for the expansion of the Company's Medium and High Voltage operations is on stream and will be completed within the second quarter.

### Profitability

The Net Profit of the parent Company for the period under review is Rial Omani 1.1 million (Group: Rial Omani 1.0 million) compared to Rial Omani 1.8 million (Group: Rial Omani 1.7 million) during the same period in 2010 a decrease of 38.3% (Group: -39.2%). The Earnings before Interest, Depreciation, Tax and Amortization (EBIDTA) for the period is Rial Omani 1.9 million (Group: Rial Omani 2.0 million) compared to Rial Omani 2.7 million (Group: Rial Omani 2.7 million) during the same period in 2010.

The Net Profit of the Parent for the current period is lower, due to intense competition from the increased number of manufacturers in the region, which is putting pressure on the Sales prices. The margins were further impacted by steep price increases on Raw materials. However the rise in the price of Copper / Aluminium could be passed on to the Customer.

The management is actively working to maintain OCI's cost leadership and profitability.

### Future outlook:

As mentioned the positive growth that was witnessed in the Order book going forward, gives the management confidence on its strategies to build selective new markets.

### Oman Aluminium Processing Industries LLC (OAPIL)

OAPIL operations in the last quarter were impacted by the situation in Sohar, which resulted in loss of production and sales for a few days. This contributed to the negative result during the quarter. We are pleased that the productivity meanwhile has returned to the normal level. OAPIL is well positioned for the year with a healthy order book. The Management expects OAPIL to positively contribute to the Group's performance in the near future.

### Board of Directors

Oman Cables Industry (SAOG)

## UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

	As on 31 Mar 2011 Group RO'000	As on 31 Mar 2011 Parent Company RO'000	As on 31 Dec 2010 Group RO'000	As on 31 Dec 2010 Parent Company RO'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	33,221	20,299	33,079	20,218
Investment in a subsidiary	--	2,227	--	2,227
Investment in an associate	720	720	713	713
Available for sale investments	564	564	523	523
Held to maturity investments	1,251	1,251	1,251	1,251
Capital advances	--	--	--	--
<b>Total non-current assets</b>	<b>35,756</b>	<b>25,061</b>	<b>35,566</b>	<b>24,932</b>
<b>Current assets</b>				
Inventories	46,779	43,645	42,408	40,256
Trade and other receivables	58,120	54,992	49,945	46,456
Due from related parties	2,631	2,132	1,664	1,366
Cash and bank balances	3,978	3,128	2,463	1,969
<b>Total current assets</b>	<b>111,508</b>	<b>103,897</b>	<b>96,480</b>	<b>90,047</b>
<b>Total assets</b>	<b>147,264</b>	<b>128,958</b>	<b>132,046</b>	<b>114,979</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	8,970	8,970	8,970	8,970
Share premium	978	978	978	978
Legal reserve	2,990	2,990	2,990	2,990
General reserve	2,620	2,620	2,620	2,620
Retained earnings	27,837	28,037	30,376	30,542
Cumulative changes in fair values	397	553	(891)	(761)
Equity attributable to equity holders of the parent	43,792	44,148	45,043	45,339
Non-controlling interests	1,797	--	1,856	--
<b>Total equity</b>	<b>45,589</b>	<b>44,148</b>	<b>46,899</b>	<b>45,339</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Term loans	10,247	496	10,247	496
Deferred government grant	7	7	7	7
Deferred tax liability	796	796	812	812
<b>Total non-current liabilities</b>	<b>11,050</b>	<b>1,299</b>	<b>11,066</b>	<b>1,315</b>
<b>Current liabilities</b>				
Trade and other payables	33,172	28,780	31,405	24,316
Due to related parties	274	1,564	75	1,408
Bank borrowings	56,275	52,263	40,200	40,200
Current maturities of term loans	743	743	1,244	1,244
Taxation	161	161	1,157	1,157
<b>Total current liabilities</b>	<b>90,625</b>	<b>83,511</b>	<b>74,081</b>	<b>68,325</b>
<b>Total liabilities</b>	<b>101,675</b>	<b>84,810</b>	<b>85,147</b>	<b>69,640</b>
<b>Total equity and liabilities</b>	<b>147,264</b>	<b>128,958</b>	<b>132,046</b>	<b>114,979</b>
<b>Net assets value per share</b>	<b>0.488</b>	<b>0.492</b>	<b>0.502</b>	<b>0.505</b>

## UNAUDITED CONSOLIDATED INCOME STATEMENT

	3 Months ended 31 March 2011 Group RO' 000	3 Months ended 31 March 2011 Parent Company RO'000	3 Months ended 31 March 2010 Group RO'000	3 Months ended 31 March 2010 Parent Company RO'000
<b>Sales</b>	69,771	62,710	41,230	41,251
Cost of sales	(66,492)	(59,796)	(37,705)	(37,712)
<b>Gross profit</b>	<b>3,279</b>	<b>2,914</b>	<b>3,525</b>	<b>3,539</b>
Other income	5	5	55	55
Administrative expenses	(975)	(832)	(881)	(844)
Selling and distribution expenses	(751)	(576)	(453)	(453)
Depreciation	(37)	(26)	(35)	(33)
<b>Operating profit</b>	<b>1,521</b>	<b>1,485</b>	<b>2,211</b>	<b>2,264</b>
Finance costs	(401)	(297)	(281)	(281)
Finance income	32	32	29	29
Share of results/fair value changes of an associate	8	8	(19)	(19)
Profit before income tax	1,160	1,228	1,940	1,993
Income tax expense	(145)	(145)	(239)	(239)
<b>Profit for the period</b>	<b>1,015</b>	<b>1,083</b>	<b>1,701</b>	<b>1,754</b>
Loss/(Profit) for the year attributable to Non-controlling interests	34	--	25	--
<b>Profit for the year Attributable to Shareholders of the parent company</b>	<b>1,049</b>	<b>1,083</b>	<b>1,726</b>	<b>1,754</b>
<b>Basic earnings per share attributable to ordinary equity holders of the parent company</b>	<b>0.011</b>	<b>0.012</b>	<b>0.019</b>	<b>0.020</b>
<b>Gross profit margin</b>	<b>4.70%</b>	<b>4.65%</b>	<b>8.55%</b>	<b>8.58%</b>
<b>Net profit margin</b>	<b>1.45%</b>	<b>1.73%</b>	<b>4.13%</b>	<b>4.25%</b>

## UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 Months ended 31 March 2011 Group RO' 000	3 Months ended 31 March 2011 Parent Company RO'000	3 Months ended 31 March 2010 Group RO'000	3 Months ended 31 March 2010 Parent Company RO'000
<b>Profit for the period</b>	<b>1,015</b>	<b>1,083</b>	<b>1,701</b>	<b>1,754</b>
<b>Other comprehensive income</b>				
Net movement in commodity and currency future contracts	1,264	1,315	584	714
Net movement in available for sale investments	(1)	(1)	--	--
Exchange difference on foreign currency translation of associate	--	--	--	--
<b>Other comprehensive income for the period</b>	<b>1,263</b>	<b>1,314</b>	<b>584</b>	<b>714</b>
<b>Total comprehensive income for the period</b>	<b>2,278</b>	<b>2,397</b>	<b>2,285</b>	<b>2,468</b>
<b>Attributable to:</b>				
Equity holders of the parent	2,337	2,397	2,435	2,468
Non-controlling interests	(59)	--	(150)	--
	<b>2,278</b>	<b>2,397</b>	<b>2,285</b>	<b>2,468</b>

The complete accounts in either Arabic or English will be made available by mail within seven (7) days to any shareholder who requests for them.