

# **A'Saffa Foods SAOG**

## **Director's Report for the First Quarter Results – Year 2013**

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**Dear Shareholders,**

On behalf of the Board of Directors of A'Saffa Foods SAOG, I have pleasure in presenting the financial results for 1<sup>st</sup> Quarter ended 31<sup>st</sup> March 2013.

### **Performance Review**

The company further improved its operating performance during 1<sup>st</sup> Quarter of 2013 by increasing its production and sales activities. Our Sales for quarter ended 31 March 2013 have increased to RO 7,046,984/- as compared to RO 5,841,102/- during the same period of 2012 showing an increase of 20.64%. Net Profit of RO 1,479,799/- has been achieved during 1<sup>st</sup> quarter of 2013 as compared to net profit of RO 1,061,279/- for the same period of 2012.

### **Feed subsidy**

The Government has approved feed subsidy on selected feed material component. We have not recognized the Feed subsidy in the Q1 of 2013 financials, however we will account for the subsidy when received.

We would like to express our sincere gratitude to His Majesty Sultan Qaboos Bin Said for the encouragement and support given by his Government and pray to Almighty ALLAH to provide Oman and its people peace and prosperity under His Majesty's wise leadership.

We also take this opportunity to thank all customers, shareholders and staff for their continued support and confidence in the Company.

Eng Saleh Mohammed Al Shanfari  
Chairman



**A'Saffa Foods S.A.O.G**  
**Balance Sheet ( Draft)**  
 As at 31 March , 2013

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**Consolidated**

**Parents Company**

<b>ASSETS</b>	Jan - March 2013	Jan - March 2012	Jan - March 2013	Jan - March 2012
	RO	RO	RO	RO
<b>Non Current Assets:</b>				
Property, Plant & Equipment	19,193,794	18,652,179	19,181,764	18,652,179
Capital Advances/CWIP	3,526,749	655,720	-	233,770
Investment in subsidiary	-	-	1,350,000	1,000,000
<b>Total Non Current Assets</b>	<b>22,720,543</b>	<b>19,307,899</b>	<b>20,531,764</b>	<b>19,885,949</b>
<b>Current Assets:</b>				
Biological assets	1,027,065	1,023,845	1,027,065	1,023,845
Inventories	3,670,051	2,420,645	3,670,051	2,420,645
Receivables & Prepayments	7,784,001	5,457,219	7,723,566	5,460,577
Cash and bank balances	4,075,123	4,344,005	3,841,675	3,749,607
Investment	50,000	50,000	50,000	50,000
<b>Total Current Assets</b>	<b>16,606,239</b>	<b>13,295,715</b>	<b>16,312,358</b>	<b>12,704,675</b>
<b>TOTAL ASSETS</b>	<b>39,326,782</b>	<b>32,603,614</b>	<b>36,844,122</b>	<b>32,590,624</b>
<b>SHARE HOLDERS EQUITY &amp; LIABILITIES</b>				
<b>Shareholder's Equity:</b>				
Share Capital	11,576,250	11,025,000	11,576,250	11,025,000
Legal Reserve	2,133,555	1,363,144	2,133,555	1,363,144
Accumulated Profits / ( Losses)	9,224,620	4,516,414	9,249,273	4,520,582
<b>Total Shareholder's Equity</b>	<b>22,934,424</b>	<b>16,904,558</b>	<b>22,959,077</b>	<b>16,908,726</b>
<b>Liabilities</b>				
<b>Non-Current Liabilities</b>				
Term Loans	8,277,538	8,393,918	5,889,875	8,393,918
Employees Terminal Benefits	224,425	178,299	224,425	178,299
<b>Total Non-current Liabilities</b>	<b>8,501,963</b>	<b>8,572,218</b>	<b>6,114,300</b>	<b>8,572,218</b>
<b>Current Liabilities:</b>				
Term Loans- Current Maturity	2,469,485	1,747,012	2,469,485	1,747,012
Bank borrowing	823,925	1,598,678	823,925	1,598,678
Tax payable	-	-	-	-
Dividend payable	1,653,750	1,260,000	1,653,750	1,260,000
Payables & accruals	2,943,235	2,521,148	2,823,585	2,503,990
<b>Total Current Liabilities</b>	<b>7,890,395</b>	<b>7,126,839</b>	<b>7,770,745</b>	<b>7,109,680</b>
<b>Total Liabilities</b>	<b>16,392,358</b>	<b>15,699,056</b>	<b>13,885,045</b>	<b>15,681,898</b>
<b>Total Share Holder Equity &amp; Liabilities</b>	<b>39,326,782</b>	<b>32,603,614</b>	<b>36,844,122</b>	<b>32,590,624</b>



**A'Saffa Foods S.A.O.G**  
**Income Statement (Draft)**  
For the period Jan to March 2013

	Consolidated		Parent Company	
	Jan - March 2013	Jan - March 2012	Parent Company Jan - March 2013	Parent Company Jan - March 2012
	RO	RO	RO	RO
<b>Sales (net)</b>	7,046,984	5,841,102	7,046,984	5,841,102
<b>Cost of Sales</b>	<u>(4,309,385)</u>	<u>(3,867,369)</u>	<u>(4,309,385)</u>	<u>(3,867,369)</u>
<b>Gross Profit</b>	2,737,598	1,973,732	2,737,598	1,973,732
<b>Expenses:</b>				
Administrative expenses	(337,298)	(282,207)	(331,776)	(281,728)
Marketing expenses	(856,675)	(551,969)	(856,675)	(551,969)
Finance charges (net)	(69,331)	(78,278)	(69,348)	(78,441)
<b>Total expenses</b>	<u>(1,263,304)</u>	<u>(912,454)</u>	<u>(1,257,799)</u>	<u>(912,138)</u>
<b>Profit before taxation</b>	1,474,294	1,061,279	1,479,799	1,061,594
<b>Taxation</b>	-	-	-	-
<b>Net profit after taxation</b>	<u>1,474,294</u>	<u>1,061,279</u>	<u>1,479,799</u>	<u>1,061,594</u>
<b>Basic earning per share</b>			0.013	0.009



**A'Saffa Foods S.A.O.G**  
**Statement of Cash Flows**  
For the period Jan to March 2013

	Consolidated Jan - March 2013 RO	Consolidated Jan - March 2012 RO	Parrent Co, Jan - March 2013 RO	Parrent Co, Jan - March 2012 RO
<b>OPERATING ACTIVITIES</b>				
Net profit for the period	1,474,294	1,061,279	1,479,799	1,061,594
<b>Adjustments for:</b>				
Depreciation	287,181	247,060	287,181	247,060
Finance Costs (net)	69,331	78,278	69,348	78,441
<b>Operating profit before working capital changes</b>	<b>1,830,806</b>	<b>1,386,617</b>	<b>1,836,329</b>	<b>1,387,096</b>
<b>Increase / decrease in working capital:</b>				
Receivables and prepayments	1,485,205	(1,155,554)	863,545	(1,154,953)
Inventories	1,013,946	56,330	1,013,946	56,330
Payables and accruals	(232,079)	1,383,727	(53,390)	1,369,417
	<u>2,267,073</u>	<u>284,503</u>	<u>1,824,101</u>	<u>270,794</u>
<b>Cash generated from /(absorbed by) operations</b>	<b>4,097,879</b>	<b>1,671,120</b>	<b>3,660,429</b>	<b>1,657,890</b>
Interest paid	(69,331)	(78,278)	(69,348)	(78,441)
<b>Net cash generated from /(absorbed by) Operation</b>	<b>4,028,548</b>	<b>1,592,842</b>	<b>3,591,081</b>	<b>1,579,448</b>
<b>INVESTING ACTIVITIES</b>				
Purchase of property, plant and equipments	(1,811,606)	(1,263,723)	(184,880)	(1,164,840)
Investment	-	-	(350,000)	-
<b>Net Cash (used in) investing activities</b>	<b>(1,811,606)</b>	<b>(1,263,723)</b>	<b>(534,880)</b>	<b>(1,164,840)</b>
<b>FINANCING ACTIVITIES</b>				
Dividend Paid		(1,260,000)		(1,260,000)
Term Loans	957,328	1,563,010	(294,615)	1,563,010
<b>Net Cash provided / (used by) financing activities</b>	<b>957,328</b>	<b>303,010</b>	<b>(294,615)</b>	<b>303,010</b>
<b>Net Increase/ (decrease) in cash &amp; cash equivalent</b>	<b>3,174,270</b>	<b>632,129</b>	<b>2,761,586</b>	<b>717,618</b>
Net Cash and cash equivalents at the beginning of the year	76,927	2,113,198	256,164	1,433,311
<b>Net Cash and cash equivalents at the end of the period</b>	<b>3,251,197</b>	<b>2,745,327</b>	<b>3,017,750</b>	<b>2,150,929</b>

## Parent Company 2012

	Share Capital RO	Special Reserve RO	Legal Reserve RO	Accumulated Profits RO	Total RO
Balances as at January 1, 2012	10,500,000		1,256,985	5,350,146	17,107,131
Dividend Paid (10%)				(1,260,000)	(1,260,000)
Movement during the period	525,000		-	(525,000)	-
Profit & Loss for the period	-			7,285,897	7,285,897
Trasnfered to legal reserve			728,590	(728,590)	-
<b>Balance as on 31-12-2012</b>	<b>11,025,000</b>	<b>-</b>	<b>1,985,575</b>	<b>10,122,453</b>	<b>23,133,028</b>

## Group 2012

Balances as at January 1, 2012	10,500,000		1,256,985	5,346,292	17,103,277
Dividend Paid (10%)				(1,260,000)	(1,260,000)
Movement during the period	525,000		-	(525,000)	-
Profit & Loss for the period	-			7,270,603	7,270,603
Trasnfered to legal reserve			728,590	(728,590)	-
<b>Balance as on 31-12-2012</b>	<b>11,025,000</b>	<b>-</b>	<b>1,985,575</b>	<b>10,103,305</b>	<b>23,113,880</b>

## Parent Company 2013

Balances as at January 1, 2013	11,025,000		1,985,575	10,122,453	23,133,028
Movement during the period 5% Dividend	551,250			(551,250)	-
Dividend paid (15%)				(1,653,750)	(1,653,750)
Net Profit for the Period				1,479,799	1,479,799
Trasnfered to legal reserve			147,980	(147,980)	-
<b>Balance as on 31-03-2013</b>	<b>11,576,250</b>	<b>-</b>	<b>2,133,555</b>	<b>9,249,273</b>	<b>22,959,077</b>

## Group 2013

Balances as at January 1, 2013	11,025,000		1,985,575	10,103,305	23,113,880
Movement during the period 5% Dividend	551,250			(551,250)	-
Dividend paid (12%)				(1,653,750)	(1,653,750)
Net Profit for the Period				1,474,294	1,474,294
Trasnfered to legal reserve			147,980	(147,980)	-
<b>Balance as on 31-03-2013</b>	<b>11,576,250</b>	<b>-</b>	<b>2,133,555</b>	<b>9,224,620</b>	<b>22,934,424</b>



**A'Saffa Foods S.A.O.G**  
**Notes to the Balance Sheet**  
 As at 31 March , 2013

	Consolidated		Parents Company	
	Jan - March 2013	Jan - March 2012	Jan - March 2013	Jan - March 2012
	RO	RO	RO	RO
<b><u>Property, Plant &amp; Equipment</u></b>				
Property, Plant & Equipment	25,949,938	24,314,148	25,937,908	21,402,444
Capital Advances/CWIP	3,526,749	655,720		2,911,704
Accumulated Depreciation	(6,756,143)	(5,661,969)	(6,756,143)	(5,661,969)
<b>Total</b>	<b>22,720,543</b>	<b>19,307,899</b>	<b>19,181,764</b>	<b>18,652,179</b>
<b><u>Biological Assets</u></b>				
Immature biological assets (Parent DOC)	405,342	379,135	405,342	379,135
Mature biological assets (Broiler birds)	621,723	644,710	621,723	644,710
<b>Total</b>	<b>1,027,065</b>	<b>1,023,845</b>	<b>1,027,065</b>	<b>1,023,845</b>
<b><u>Inventories</u></b>				
Finished products	636,726	510,073	636,726	510,073
Raw Material and other consumables	2,713,385	1,648,877	2,713,385	1,648,877
Hatch able Eggs	172,194	159,657	172,194	159,657
Stores & Spares	147,747	102,038	147,747	102,038
<b>Total</b>	<b>3,670,051</b>	<b>2,420,645</b>	<b>3,670,051</b>	<b>2,420,645</b>
<b><u>Accounts &amp; other receivables</u></b>				
Trade accounts receivables	6,218,252	5,176,565	6,218,252	5,176,565
Debtors- Exports	1,219,234	760,875	1,219,234	760,875
Debtors- Feed	37,262	14,623	37,262	14,623
Debtors- Local	4,961,757	4,401,067	4,961,757	4,401,067
Provision for Bad Debts	(104,690)	(72,129)	(104,690)	(72,129)
Advance In Subsidiary	-	-	10,748	3,358
Advances , Prepayments other Receivable	326,592	185,529	255,410	185,529
Feed Subsidy Receivable	1,182,113	-	1,182,113	-
Advances To creditors	161,733	167,255	161,733	167,255
<b>Accounts &amp; other receivables</b>	<b>7,784,001</b>	<b>5,457,219</b>	<b>7,723,566</b>	<b>5,460,577</b>
<b><u>Cash and bank balances</u></b>				
Cash & Bank balances	567,985	2,341,253	334,537	1,746,855
Term deposits	3,507,138	2,002,753	3,507,138	2,002,753
<b>Total</b>	<b>4,075,123</b>	<b>4,344,005</b>	<b>3,841,675</b>	<b>3,749,607</b>
<b><u>Government soft loans and other loans</u></b>				
Government Soft Loan	3,450,000	3,950,000	3,450,000	3,950,000
OABTerm loans 50% Expansion	632,100	1,053,500	632,100	1,053,500
OABTerm loans 20% Expansion	1,800,000	1,700,000	1,800,000	1,700,000
EBI Term Loan	905,626	1,442,656	905,626	1,442,656
NBO Loan <i>(Refinancing of AAAID Loan)</i>	3,490,147	1,260,065	1,102,484	1,260,065
Loans from related parties	462,060	717,848	462,060	717,848
Lease Finance	7,090	16,861	7,090	16,861
<b>Total</b>	<b>10,747,023</b>	<b>10,140,930</b>	<b>8,359,360</b>	<b>10,140,930</b>
<b>Less: Current liabilities:</b>				
Government Soft loan	(500,000)	(500,000)	(500,000)	(500,000)
Term loan	(1,571,351)	(946,256)	(1,571,351)	(946,256)
NBO Loan <i>(Refinancing of AAAID Loan)</i>	(315,164)	(157,500)	(315,164)	(157,500)
Loans from related parties	(77,100)	(137,756)	(77,100)	(137,756)
Lease Finance	(5,870)	(5,500)	(5,870)	(5,500)
<b>Total</b>	<b>(2,469,485)</b>	<b>(1,747,012)</b>	<b>(2,469,485)</b>	<b>(1,747,012)</b>
<b>Non- current liabilities</b>				
Bank Borrowing	823,925	1,598,678	823,925	1,598,678
<b>Accounts &amp; other payables</b>				
Creditors & Other payables	1,653,021	1,621,574	1,533,371	1,604,416
Advances From Debtors	26,714	130,474	26,714	130,474
Dividend payable	1,653,750	1,260,000	1,653,750	1,260,000
Accruals	1,263,500	769,100	1,263,500	769,100
<b>Total accounts &amp; other payables</b>	<b>4,596,985</b>	<b>3,781,148</b>	<b>4,477,335</b>	<b>3,763,990</b>