

A'Saffa Foods SAOG

Director's Report for the First Quarter Results – Year 2021

Dear Shareholders,

On behalf of the Board of Directors of A'Saffa Foods SAOG, I have pleasure in presenting the financial results for 1st Quarter ended 31st March 2021.

Performance Review

Sales for the quarter ended 31st March 2021 was RO.7,811,966/- as compared to RO. 8,097,959/- during the same period of 2020. Net Profit (consolidated) of RO.422,413/- has been achieved during 1st quarter of 2021 as compared to Net Profit of RO.461,312/- for the same period of last year.

We would like to express our sincere gratitude to His Majesty Sultan Haitham bin Tariq Al Said for the encouragement and support given by his Government and pray to Almighty ALLAH(swt) 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.

Chairman

A'SAFFA FOODS SAOG
STATEMENT OF FINANCIAL POSITION
 At 31st.March 2021

	Note	Parent Company		Group	
		2021 RO	2020 RO	2021 RO	2020 RO
ASSETS					
Non-current assets					
Property, plant and equipment	12	58,069,692	14,873,717	66,343,619	22,687,062
ROU Assets		1,438,582	1,160,291	2,035,031	1,611,610
Capital Advances		-	38,342,548	-	38,367,529
Intangible assets	13	-	4,282	13,370	31,254
Investments in subsidiaries	14	2,950,000	2,950,000	-	-
Investment in associates	15	9,175,299	6,395,130	9,175,299	6,395,130
Investment	16	47,671	47,671	47,671	47,671
		<u>71,681,244</u>	<u>63,773,639</u>	<u>77,614,989</u>	<u>69,140,256</u>
Current assets					
Inventories	17	7,882,470	4,344,675	8,785,278	5,290,513
Biological assets	18	2,703,663	1,390,260	2,703,663	1,390,260
Trade and other receivables	19	9,925,096	10,540,415	10,905,530	10,152,827
Term deposits	21	2,000,000	2,000,000	2,000,000	2,000,000
Cash and bank balances	20	345,797	240,475	533,300	338,190
		<u>22,857,026</u>	<u>18,515,825</u>	<u>24,927,771</u>	<u>19,171,790</u>
TOTAL ASSETS		<u>94,538,270</u>	<u>82,289,464</u>	<u>102,542,760</u>	<u>88,312,046</u>
EQUITY AND LIABILITIES					
Equity					
Share capital		12,000,000	12,000,000	12,000,000	12,000,000
Legal reserves		4,000,000	4,000,000	4,337,809	4,248,133
Retained earnings		24,959,600	23,453,452	27,803,676	25,584,160
TOTAL EQUITY		<u>40,959,600</u>	<u>39,453,452</u>	<u>44,141,485</u>	<u>41,832,293</u>
LIABILITIES					
Non-current liabilities					
Term Loan	22	34,773,955	29,148,417	35,783,018	30,232,063
Lease Liability (IFRS 16)	23	1,245,748	942,173	1,928,786	1,370,643
End of service benefits		960,141	837,820	1,029,606	890,518
Deferred tax liabilities		633,677	632,438	828,047	826,807
		<u>37,613,521</u>	<u>31,560,848</u>	<u>39,569,456</u>	<u>33,320,031</u>
Current liabilities					
Borrowings	22	8,458,530	4,782,339	9,576,119	5,935,866
Lease Liability (IFRS 16)	23	264,044	251,606	285,425	266,357
Trade and other payables	24	7,242,576	6,241,219	8,970,276	6,957,499
		<u>15,965,150</u>	<u>11,275,164</u>	<u>18,831,820</u>	<u>13,159,722</u>
TOTAL LIABILITIES		<u>53,578,670</u>	<u>42,836,012</u>	<u>58,401,276</u>	<u>46,479,753</u>
TOTAL EQUITY AND LIABILITIES		<u>94,538,270</u>	<u>82,289,464</u>	<u>102,542,760</u>	<u>88,312,046</u>
Net assets per share (RO)	25	<u>0.341</u>	<u>0.329</u>	<u>0.368</u>	<u>0.349</u>

A'SAFFA FOODS SAOG

STATEMENT OF COMPREHENSIVE INCOME

For the Period 01 January To 31 March 2021

	Note	Parent Company		Group	
		2021 RO	2020 RO	2021 RO	2020 RO
Revenue From Contracts with Customers		7,811,966	8,097,959	7,895,739	8,246,816
Cost of sales	4	<u>(5,142,349)</u>	<u>(5,813,733)</u>	<u>(4,853,133)</u>	<u>(5,626,491)</u>
Gross profit		2,669,617	2,284,226	3,042,606	2,620,325
Selling and distribution expenses	5	<u>(1,613,155)</u>	<u>(1,376,038)</u>	<u>(1,613,155)</u>	<u>(1,376,038)</u>
General and administrative expenses	6	<u>(494,108)</u>	<u>(482,756)</u>	<u>(578,725)</u>	<u>(589,342)</u>
Other income	7	<u>-</u>	<u>16,502</u>	<u>1,050</u>	<u>17,727</u>
Profit before interest & tax		562,354	441,934	851,776	672,672
Finance income	9	<u>12,832</u>	<u>14,959</u>	<u>12,832</u>	<u>14,959</u>
Finance cost	9	<u>(299,887)</u>	<u>(104,634)</u>	<u>(333,816)</u>	<u>(137,560)</u>
Finance cost (net)	9	<u>(287,055)</u>	<u>(89,675)</u>	<u>(320,984)</u>	<u>(122,601)</u>
		-	-	-	-
Share of loss from associates	15	<u>(33,975)</u>	<u>(7,349)</u>	<u>(33,975)</u>	<u>(7,349)</u>
Profit before tax		241,324	344,910	496,817	542,722
Taxation					
Current Tax	10	<u>(36,095)</u>	<u>(51,737)</u>	<u>(74,404)</u>	<u>(81,410)</u>
Profit and total comprehensive income .		205,229	293,173	422,413	461,312
Basic earnings per share (RO)	11	0.002	0.002	0.004	0.004

A'SAFFA FOODS SAOG
STATEMENT OF CASH FLOWS
As on 31 March 2021

	Note	Parent Company		Group	
		2021 RO	2020 RO	2021 RO	2020 RO
OPERATING ACTIVITIES					
Net cash generated from operating activities	26	(3,136,823)	(1,546,210)	(2,660,841)	(1,416,014)
Net Finance Cost	9	(287,055)	(89,675)	(320,984)	(122,601)
Net cash generated from operating activities		(3,423,878)	(1,635,885)	(2,981,825)	(1,538,615)
Cash flow from investing activities					
Purchase of property, plant and equipment		(1,199,921)	(3,056,568)	(1,524,752)	(2,883,631)
Net cash used in investing activities		(1,199,921)	(3,056,568)	(1,524,752)	(2,883,631)
Cash flow from financing activities					
Net movement in term loan		3,237,643	4,620,346	3,121,054	4,342,039
Dividend paid		-	-	-	-
Net cash used in financing activities		3,237,643	4,620,346	3,121,054	4,342,039
Net change in cash & cash equivalents		(1,386,156)	(72,107)	(1,385,523)	(80,207)
Cash and cash equivalents at beginning of the year		(820,096)	(796,298)	(1,133,226)	(1,242,680)
CASH AND CASH EQUIVALENTS AT 31 March 2021		(2,206,252)	(868,405)	(2,518,749)	(1,322,887)
Cash and cash equivalents comprise of following:					
Bank overdrafts	22	(2,552,049)	(3,108,880)	(3,052,049)	(3,661,077)
Cash and bank balances	20	345,797	2,240,475	533,300	2,338,190
		(2,206,252)	(868,405)	(2,518,749)	(1,322,887)

A'SAFFA FOODS SAOG

STATEMENT OF CHANGES IN EQUITY

As on 31 March 2021

	Share capital RO	Legal reserves RO	Retained earning RO	Total RO
Parent Company:				
As at 1 January 2020	12,000,000	4,000,000	23,160,279	39,160,279
Profit and total comprehensive income for the year	-	-	293,173	293,173
Dividend paid	-	-	-	-
At 31 March 2020	12,000,000	4,000,000	23,453,452	39,453,452
Group:				
As at 1 January 2020	12,000,000	4,231,319	25,139,662	41,370,981
Profit and total comprehensive income for the year	-	-	461,312	461,312
Dividend paid	-	-	-	-
Transfer to legal reserve	-	16,814	(16,814)	-
At 31 March 2020	12,000,000	4,248,133	25,584,160	41,832,293
Parent company:				
As at 1 January 2021	12,000,000	4,000,000	24,754,371	40,754,371
Profit and total comprehensive income for the year			205,229	205,229
Dividend paid				-
At 31 March 2021	12,000,000	4,000,000	24,959,600	40,959,600
Group:				
As at 1 January 2021	12,000,000	4,316,101	27,403,071	43,719,172
Profit and total comprehensive income for the year			422,413	422,413
Dividend paid				-
Transfer to legal reserve		21,718	(21,718)	-
At 31 March 2021	12,000,000	4,337,819	27,803,766	44,141,585

A'SAFFA FOODS SAOG

NOTES TO THE FINANCIAL STATEMENTS

From January To March 2021

4 COST OF SALES

	Parent Company		Group	
	2021 RO	2020 RO	2021 RO	2020 RO
Cost of materials consumed	2,951,007	3,783,363	2,217,430	3,154,646
Employee related costs (note 8)	1,127,023	1,109,248	1,325,418	1,311,138
Depreciation (note 12)	392,334	263,609	493,315	356,832
Fuel expenses	400,344	220,528	453,220	265,197
Amortisation (note 13)	155	3,284	3,509	6,166
Depreciation on ROU	9,534	8,942	19,255	12,630
Other direct expenses	261,952	424,759	340,986	519,882
	5,142,349	5,813,733	4,853,133	5,626,491

5 SELLING AND DISTRIBUTION EXPENSES

	Parent Company		Group	
	2021 RO	2020 RO	2021 RO	2020 RO
Transportation costs	301,975	324,771	301,975	324,771
Employee related costs (note 8)	478,158	476,546	478,158	476,546
Rent and storage expenses	537,989	291,792	537,989	291,792
Advertisement and sales promotion	139,202	124,590	139,202	124,590
Insurance	29,186	30,108	29,186	30,108
Communication	6,386	5,550	6,386	5,550
Depreciation on property plant & equipment (note 11)	8,855	6,202	8,855	6,202
Depreciation on ROU	81,205	72,057	81,205	72,057
Amortisation (note 13)	155	77	155	77
Miscellaneous	30,044	44,345	30,044	44,345
	1,613,155	1,376,038	1,613,155	1,376,038

6 GENERAL AND ADMINISTRATIVE EXPENSES

	Parent Company		Group	
	2021 RO	2020 RO	2021 RO	2020 RO
Employee related costs (note 8)	258,322	254,192	324,654	322,675
Depreciation (note 12)	41,557	40,316	50,432	56,646
Rent	27,129	28,936	27,129	28,936
Directors' remuneration (note 32d)	30,434	35,000	30,434	35,000
Printing and stationery	298	1,770	366	1,956
Contributions for social causes	12,500	12,500	12,500	12,500
Business travel and meeting expenses	5,133	10,110	5,133	10,470
Professional and consultancy fees	39,880	34,159	45,195	39,202
Amortisation (note 13)	155	502	155	1,011
Directors' meeting attendance fees (note 32d)	9,100	11,510	9,950	13,460
Provision for expected credit losses (note 19)	-	(11,610)	-	(11,610)
Communication	7,081	6,989	7,081	6,989
Registration and renewals	14,654	15,084	15,065	18,133
Repairs and maintenance	3,272	2,586	3,272	2,586
Vehicle expenses	8,025	4,845	8,025	4,845
Miscellaneous	36,568	33,209	39,334	42,705
	494,108	480,098	578,725	585,504

7 OTHER OPERATING INCOME

	Parent Company		Group	
	2021 RO	2020 RO	2021 RO	2020 RO
Miscellaneous	-	16,502	1,050	17,727
	<u>-</u>	<u>16,502</u>	<u>1,050</u>	<u>17,727</u>

8 EMPLOYEE RELATED COSTS

	Parent Company		Group	
	2021 RO	2020 RO	2021 RO	2020 RO
Salaries, wages and other benefits	1,700,458	1,606,894	1,878,729	1,859,994
Leave salary	113,000	130,000	120,260	141,904
Air passage	20,945	33,092	22,752	35,247
End of service benefits	29,100	70,000	32,072	73,213
	<u>1,863,503</u>	<u>1,839,986</u>	<u>2,053,813</u>	<u>2,110,358</u>

	Parent Company		Group	
	2021 RO	2020 RO	2021 RO	2020 RO
Cost of sales (note 4)	1,127,023	1,109,248	1,283,077	1,311,138
Selling and distribution expenses (note 5)	478,158	476,546	478,158	476,546
General and administrative expenses (note 6)	258,322	254,192	292,578	322,675
	<u>1,863,503</u>	<u>1,839,986</u>	<u>2,053,813</u>	<u>2,110,359</u>

9 FINANCE INCOME / (COSTS) - NET

	Parent Company		Group	
	2021 RO	2020 RO	2021 RO	2020 RO
(a) Interest expenses:				
- on bank overdraft	18,919	23,424	29,723	31,065
	<u>18,919</u>	<u>23,424</u>	<u>29,723</u>	<u>31,065</u>
Financing cost on Islamic	238,678	-	238,678	-
Financing cost on Islamic finance lease		81,210	12,812	100,136
Foreign exchange loss	15,970	2,658	15,970	2,658
On lease liabilities (note 23) IFRS 16	26,320	-	36,633	6,359
Interest expenses - net	<u>299,887</u>	<u>107,292</u>	<u>333,816</u>	<u>140,218</u>
(b) Interest Income:				
Interest income on deposits	(12,832)	(14,959)	(12,832)	(14,959)
Interest income	<u>(12,832)</u>	<u>(14,959)</u>	<u>(12,832)</u>	<u>(14,959)</u>
Finance income /(costs) - net	<u>287,055</u>	<u>92,333</u>	<u>320,984</u>	<u>125,259</u>

10 TAXATION

	Parent Company		Group	
	2021 RO	2020 RO	2021 RO	2020 RO
Current tax	36,095	51,737	65,275	81,410
	<u>36,095</u>	<u>51,737</u>	<u>65,275</u>	<u>81,410</u>

11 BASIC EARNINGS PER SHARE

	Parent Company		Group	
	2021 RO	2020 RO	2021 RO	2020 RO
Profit attributable to shareholders (RO)	205,229	299,421	422,413	467,560
Weighted average number of shares outstanding	120,000,000	120,000,000	120,000,000	120,000,000
Basic earnings per share (RO)	0.002	0.002	0.004	0.004

12 PROPERTY, PLANT AND EQUIPMENT

(a) Depreciation is allocated as follows:

	Parent Company		Group	
	2021 RO	2020 RO	2021 RO	2020 RO
Cost of Sales (note 4)	392,489	263,609	637,055	356,832
General & Administrative expenses (note 6)	41,712	40,316	50,587	56,646
Selling and distribution expenses (note 5)	9,010	6,202	9,010	6,202
	443,212	310,127	696,653	419,680

13 INTANGIBLE ASSETS

	Parent Company		Group	
	2021 RO	2020 RO	2021 RO	2020 RO
Cost				
At 1 January	510,819	510,819	578,827	575,977
Addition for the year	-	-	-	2,850
At 31 March	510,819	510,819	578,827	578,827
Accumulated amortisation				
At 1 January	510,353	502,674	560,191	530,074
Charge for the year	466	3,863	5,266	17,499
At 31 March	510,819	506,537	565,457	547,573
Net book amount				
At 31 March	-	4,282	13,370	31,254

	Parent Company		Group	
	2021 RO	2020 RO	2021 RO	2020 RO
Cost of sales (note 4)	155	3,284	4,955	6,166
Selling and distribution expenses (note 5)	155	77	155	77
General and administrative expenses (note 6)	156	502	156	1,011
	466	3,863	5,266	7,254

14 INVESTMENT IN SUBSIDIARIES

	% holding	Year of incorporation	Parent Company	
			2021 RO	2020 RO
A'Saffa Food Processing LLC	100%	2011	1,350,000	1,350,000
A'Saffa Logistics LLC	100%	2014	1,600,000	1,600,000
			<u>2,950,000</u>	<u>2,950,000</u>

15 INVESTMENT IN ASSOCIATES

	2021		2020	
	%	RO	%	RO
Osool Poultry SAOC	26.27%	6,726,944	20%	4,131,046
A'Namaa Poultry Co. SAOC	6.5%	2,482,330	6.5%	2,271,434
Share of losses from associate		(33,975)		(7,350)
		<u>9,175,299</u>		<u>6,395,130</u>

16 INVESTMENT

	Parent Company		Group	
	2021 RO	2020 RO	2021 RO	2020 RO
Unquoted local investment	<u>47,671</u>	<u>47,671</u>	<u>47,671</u>	<u>47,671</u>

17 INVENTORIES

	Parent Company		Group	
	2021 RO	2020 RO	2021 RO	2020 RO
Raw materials and consumables	2,456,136	2,523,525	3,147,401	3,181,056
Finished products	4,415,934	918,900	4,428,264	1,015,320
Stores and spares	1,010,400	902,250	1,209,613	1,094,137
	<u>7,882,470</u>	<u>4,344,675</u>	<u>8,785,278</u>	<u>5,290,513</u>

18 BIOLOGICAL ASSETS

	Parent and Group		Parent and Group	
	2021 RO	2020 RO	2021 RO	2020 RO
Mature biological assets (Broiler birds)	1,535,651	719,970	1,535,651	719,970
Immature biological assets (Parent day old chicks)	430,234	390,925	430,234	390,925
Hatchable eggs	737,778	279,365	737,778	279,365
	<u>2,703,663</u>	<u>1,390,260</u>	<u>2,703,663</u>	<u>1,390,260</u>

19 TRADE AND OTHER RECEIVABLES

	Parent Company		Group	
	2021 RO	2020 RO	2021 RO	2020 RO
Trade receivables	6,930,723	7,677,921	7,663,311	8,398,641
Less: allowance for expected credit losses	(369,794)	(396,770)	(419,071)	(446,047)
	<u>6,560,929</u>	<u>7,281,151</u>	<u>7,244,240</u>	<u>7,952,594</u>
Due from a related party	21,430	1,674,000	21,430	73,531
Advance to staff and suppliers	3,010,585	1,059,830	3,285,743	1,505,005
Prepayments	197,900	525,434	219,865	621,697
Other receivables	134,252	-	134,252	-
	<u>9,925,096</u>	<u>10,540,415</u>	<u>10,905,530</u>	<u>10,152,827</u>

20 CASH AND BANK BALANCES

	Parent Company		Group	
	2021 RO	2020 RO	2021 RO	2020 RO
Cash on hand	66,672	75,153	70,424	77,260
Cash at bank	279,125	165,322	462,877	260,930
	<u>345,797</u>	<u>240,475</u>	<u>533,300</u>	<u>338,190</u>

21 TERM DEPOSITS

	Parent Company		Group	
	2021 RO	2020 RO	2021 RO	2020 RO
Non-current:				
(a) Long term deposit	-	-	-	-
Current				
(b) Short term deposits	2,000,000	2,000,000	2,000,000	2,000,000

22 Term loan

	Parent Company		Group	
	2021 RO	2020 RO	2021 RO	2020 RO
Non-current:				
Term loans from commercial banks:				
Term loan	36,405,205	30,821,876	38,031,857	32,506,852
	<u>36,405,205</u>	<u>30,821,876</u>	<u>38,031,857</u>	<u>32,506,852</u>
Less: current portion of term loans	(1,631,250)	(1,673,459)	(2,248,839)	(2,274,789)
	<u>34,773,955</u>	<u>29,148,417</u>	<u>35,783,018</u>	<u>30,232,063</u>
Current portion of term loans				
Current portion of term loans	1,631,250	-	2,248,839	-
Short Term loan	4,275,231	1,673,459	4,275,231	2,274,789
Bank overdrafts (d)	2,552,049	3,108,880	3,052,049	3,661,077
	<u>8,458,530</u>	<u>4,782,339</u>	<u>9,576,119</u>	<u>5,935,866</u>

23 LEASE LIABILITIES

	Parent Company		Group	
	2021 RO	2020 RO	2021 RO	2020 RO
Land	795,353	798,859	1,424,960	757,104
Vehicle	714,438	394,920	714,438	394,920
Building		-	74,812	484,976
Total	<u>1,509,791</u>	<u>1,193,779</u>	<u>2,214,210</u>	<u>1,637,000</u>
Current	264,044	251,606	285,425	266,357
Non-current	1,245,748	942,173	1,928,786	1,370,643
Total	<u>1,509,791</u>	<u>1,193,779</u>	<u>2,214,210</u>	<u>1,637,000</u>

24 TRADE AND OTHER PAYABLES

	Parent Company		Group	
	2021 RO	2020 RO	2021 RO	2020 RO
Trade payables	3,690,013	3,305,536	4,930,654	3,610,367
Accruals	172,125	341,886	202,453	395,370
Tax payable (note 10)	29,777	117,360	219,182	176,126
Other payables	2,262,779	1,260,871	2,530,105	1,558,764
Retentions payable	1,087,882	1,215,566	1,087,882	1,216,872
Total	<u>7,242,576</u>	<u>6,241,219</u>	<u>8,970,276</u>	<u>6,957,499</u>

25 NET ASSETS PER SHARE

	Parent Company		Group	
	2021 RO	2020 RO	2021 RO	2020 RO
Net assets (RO)	40,959,600	39,453,452	47,186,903	41,832,293
Number of shares at 31 December	120,000,000	120,000,000	120,000,000	120,000,000
Net assets per share (RO)	<u>0.341</u>	<u>0.329</u>	<u>0.393</u>	<u>0.349</u>

26 CASH GENERATED FROM OPERATIONS

	Parent Company		Group	
	2021 RO	2020 RO	2021 RO	2020 RO
Operating activities				
Profit after taxation	205,229	293,173	496,817	461,312
Adjustment for:				
Depreciation on Property, plant and equipment	442,746	310,127	552,602	419,680
Amortization	465	3,863	3,819	7,254
Net Finance Cost	287,055	89,675	320,984	122,601
Share of loss from associates	33,975	7,349	33,975	7,349
	<u>969,470</u>	<u>704,187</u>	<u>1,408,197</u>	<u>1,018,196</u>
Working capital changes:				
Inventories & Biological Assets	(3,649,125)	208,077	(3,795,738)	233,744
Trade and other receivables	(2,797,341)	(456,315)	(3,524,975)	(464,949)
Trade and other payables	2,340,173	(2,002,159)	3,251,675	(2,203,005)
Cash generated from operations	<u>(3,136,823)</u>	<u>(1,546,210)</u>	<u>(2,660,841)</u>	<u>(1,416,014)</u>