

# **A'Saffa Foods SAOG**

## **Chairman's Report for the First Half Results – Year 2012**

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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 six months ended 30<sup>th</sup> June 2012.

### **Performance Review**

The company further improved its operating performance during 1<sup>st</sup> half of 2012 by increasing its production and sales activities. Our Sales for six months ended 30<sup>th</sup> June 2012 have increased to RO 11,811,078/- as compared to RO 10,334,694/- during the same period of 2011 showing an increase of 14.28%. Net Profit of RO 2,203,842/- has been achieved during 1<sup>st</sup> half of 2012 as compared to net profit of RO 1,841,285/- for the same period of 2011.

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**

As at 30th June 2012

	Consolidated		Parents Company	
	Jan - June 2012 RO	Jan-June 2011 RO	Jan - June 2012 RO	Jan - June 2011 RO
<b>ASSETS</b>				
<b>Non Current Assets:</b>				
Property, Plant & Equipment	18,959,085	16,334,975	18,959,085	16,334,230
Capital Advances/WIP	1,599,941	266,917	110,216	-
Investment in subsidiary		-	1,000,000	500,000
<b>Total Non Current Assets</b>	<b>20,559,026</b>	<b>16,601,893</b>	<b>20,069,301</b>	<b>16,834,230</b>
<b>Current Assets:</b>				
Biological assets	1,035,706	978,889	1,035,706	978,889
Inventories	2,883,891	3,106,410	2,883,891	3,106,410
Receivables & Prepayments	5,279,215	4,313,010	5,298,103	4,313,736
Cash and bank balances	3,010,169	2,697,612	2,899,012	2,464,550
Investment	50,000	50,000	50,000	50,000
<b>Total Current Assets</b>	<b>12,258,982</b>	<b>11,145,922</b>	<b>12,166,713</b>	<b>10,913,584</b>
<b>TOTAL ASSETS</b>	<b>32,818,007</b>	<b>27,747,814</b>	<b>32,236,014</b>	<b>27,747,814</b>
<b>SHARE HOLDERS EQUITY &amp; LIABILITIES</b>				
<b>Shareholder's Equity:</b>				
Share Capital	11,025,000	10,500,000	11,025,000	10,500,000
Legal Reserve	1,477,369	1,055,577	1,477,369	1,055,577
Accumulated Profits / ( Losses)	5,532,897	3,537,489	5,548,604	3,537,489
<b>Total Shareholder's Equity</b>	<b>18,035,266</b>	<b>15,093,066</b>	<b>18,050,973</b>	<b>15,093,066</b>
<b>Liabilities</b>				
<b>Non-Current Liabilities</b>				
Term Loans	8,022,842	7,456,912	7,431,342	7,456,912
Employees Terminal Benefits	411,684	133,514	411,684	133,514
<b>Total Non-current Liabilities</b>	<b>8,434,525</b>	<b>7,590,427</b>	<b>7,843,025</b>	<b>7,590,427</b>
<b>Current Liabilities:</b>				
Term Loans- Current Maturity	2,427,132	1,581,693	2,427,132	1,581,693
Bank borrowing	1,587,235	1,393,858	1,587,235	1,393,858
Tax payable	-	240,155	-	240,155
Dividend payable	5,677	-	5,677	-
Payables & accruals	2,328,173	1,848,614	2,321,973	1,848,614
<b>Total Current Liabilities</b>	<b>6,348,216</b>	<b>5,064,321</b>	<b>6,342,016</b>	<b>5,064,321</b>
<b>Total Liabilities</b>	<b>14,782,741</b>	<b>12,654,748</b>	<b>14,185,041</b>	<b>12,654,748</b>
<b>Total Share Holder Equity &amp; Liabilities</b>	<b>32,818,007</b>	<b>27,747,814</b>	<b>32,236,014</b>	<b>27,747,814</b>



# A'saffa Foods S.A.O.G

## Income Statement

As at 30th June 2012

	Consolidated		Parent Company	
	Jan - June 2012	Jan - June 2011	Jan - June 2012	Jan - June 2011
	<b>RO</b>	<b>RO</b>	<b>RO</b>	<b>RO</b>
<b>Sales (net)</b>	11,811,078	10,334,694	11,811,078	10,334,694
<b>Cost of Sales</b>	<u>(7,652,486)</u>	<u>(6,627,247)</u>	<u>(7,652,486)</u>	<u>(6,627,247)</u>
<b>Gross Profit</b>	4,158,592	3,707,447	4,158,592	3,707,447
<b>Expenses:</b>				
Administrative expenses	(569,999)	(467,452)	(557,921)	(467,452)
Marketing expenses	(1,217,051)	(1,004,331)	(1,217,051)	(1,004,331)
Finance charges (net)	(179,553)	(169,379)	(179,778)	(169,379)
<b>Total expenses</b>	<u>(1,966,603)</u>	<u>(1,641,162)</u>	<u>(1,954,750)</u>	<u>(1,641,162)</u>
<b>Profit before taxation</b>	2,191,989	2,066,285	2,203,842	2,066,285
<b>Taxation</b>	-	(225,000)		(225,000)
<b>Net profit after taxation</b>	<u>2,191,989</u>	<u>1,841,285</u>	2,203,842	<u>1,841,285</u>
<b>Basic earning per share</b>			0.020	0.018
<b>No of Shares</b>			110,250,000	105,000,000



**A'saffa Foods S.A.O.G**  
**Statement of Cash Flows**  
 As at 30th June 2012

	Consolidated		Parrents Company	
	Jan - June 2012 RO	Jan-June 2011 RO	Jan - June 2012 RO	Jan - June 2011 RO
<b>OPERATING ACTIVITIES</b>				
Net profit for the period	2,191,989	1,841,285	2,203,842	1,841,285
<b>Adjustments for:</b>				
Depreciation	524,216	496,335	524,216	496,335
Finance Costs (net)	179,553	169,379	179,778	169,379
<b>Operating profit before working capital changes</b>	<b>2,895,758</b>	<b>2,506,999</b>	<b>2,907,836</b>	<b>2,506,999</b>
<b>Increase / decrease in working capital:</b>				
Receivables and prepayments	(977,550)	(85,666)	(992,480)	(86,392)
Inventories	(418,777)	(795,967)	(418,777)	(795,967)
Payables and accruals	164,134	4,917	160,785	4,917
	(1,232,193)	(876,717)	(1,250,473)	(877,442)
<b>Cash generated from /(absorbed by) operations</b>	<b>1,663,564</b>	<b>1,630,283</b>	<b>1,657,363</b>	<b>1,629,557</b>
Interest paid	(179,553)	(169,379)	(179,778)	(169,379)
<b>Net cash generated from /(absorbed by) Operation</b>	<b>1,484,011</b>	<b>1,460,903</b>	<b>1,477,585</b>	<b>1,460,178</b>
<b>INVESTING ACTIVITIES</b>				
Purchase of property, plant and equipments	(2,792,006)	(406,821)	(1,625,348)	(139,158)
Investment	-	-	-	(500,000)
<b>Net Cash (used in) investing activities</b>	<b>(2,792,006)</b>	<b>(406,821)</b>	<b>(1,625,348)</b>	<b>(639,158)</b>
<b>FINANCING ACTIVITIES</b>				
Dividend Paid	(1,254,323)	(1,000,000)	(1,254,323)	(1,000,000)
Term Loans	1,872,054	(1,519,503)	1,280,553	(1,519,503)
			-	
<b>Net Cash provided / (used by) financing activities</b>	<b>617,730</b>	<b>(2,519,503)</b>	<b>26,230</b>	<b>(2,519,503)</b>
<b>Net Increase/ (decrease) in cash &amp; cash equivalent</b>	<b>(690,264)</b>	<b>(1,465,420)</b>	<b>(121,534)</b>	<b>(1,698,483)</b>
Cash and cash equivalents at the beginning of the year	2,113,198	2,769,175	1,433,311	2,769,175
<b>Cash and cash equivalents at the end of the period</b>	<b>1,422,934</b>	<b>1,303,754</b>	<b>1,311,777</b>	<b>1,070,692</b>



**A'saffa Foods S.A.O.G**  
**Statement of Changes in Equity**

As at 30th June 2012

<b>Parents Company 2011</b>	<b>Share Capital RO</b>	<b>Special Reserve RO</b>	<b>Legal Reserve RO</b>	<b>Accumulated Profits RO</b>	<b>Total RO</b>
Balances as at January 1, 2011	10,000,000		871,450	3,380,332	14,251,782
Dividend Paid (10%)				(1,000,000)	(1,000,000)
Movement during the period	500,000		-	(500,000)	-
Profit & Loss for the period	-			3,855,349	3,855,349
Trasnfered to legal reserve			385,535	(385,535)	-
<b>Balance as on 31-12-2011</b>	<b>10,500,000</b>	<b>-</b>	<b>1,256,985</b>	<b>5,350,146</b>	<b>17,107,131</b>

<b>Consolidated 2011</b>	<b>Share Capital RO</b>	<b>Special Reserve RO</b>	<b>Legal Reserve RO</b>	<b>Accumulated Profits RO</b>	<b>Total RO</b>
Balances as at January 1, 2011	10,000,000		871,450	3,380,332	14,251,782
Dividend Paid (10%)				(1,000,000)	(1,000,000)
Movement during the period	500,000		-	(500,000)	-
Profit & Loss for the period	-			3,851,495	3,851,495
Trasnfered to legal reserve			385,535	(385,535)	-
<b>Balance as on 31-12-2011</b>	<b>10,500,000</b>	<b>-</b>	<b>1,256,985</b>	<b>5,346,292</b>	<b>17,103,277</b>

**Parents Company 2012**

Balances as at January 1, 2012	10,500,000		1,256,985	5,350,146	17,107,131
Movement during the period 5% Dividend	525,000			(525,000)	-
Dividend paid (12%)				(1,260,000)	(1,260,000)
Net Profit for the Period				2,203,842	2,203,842
Trasnfered to legal reserve			220,384	(220,384)	-
<b>Balance as on 30-06-2012</b>	<b>11,025,000</b>	<b>-</b>	<b>1,477,369</b>	<b>5,548,604</b>	<b>18,050,973</b>

**Consolidated 2012**

Balances as at January 1, 2012	10,500,000		1,256,985	5,346,292	17,103,277
Movement during the period 5% Dividend	525,000			(525,000)	-
Dividend paid (12%)				(1,260,000)	(1,260,000)
Net Profit for the Period				2,191,989	2,191,989
Trasnfered to legal reserve			220,384	(220,384)	-
<b>Balance as on 30-06-2012</b>	<b>11,025,000</b>	<b>-</b>	<b>1,477,369</b>	<b>5,532,897</b>	<b>18,035,266</b>

	Consolidated		Parents Company	
	Jan - June 2012 RO	Jan-June 2011	Jan - June 2012 RO	Jan - June 2011 RO
<b><u>Property, Plant &amp; Equipment</u></b>				
Property, Plant & Equipment	24,885,153	21,288,943	24,885,153	21,288,197
Accumulated Depreciation	(5,926,068)	(4,953,967)	(5,926,068)	(4,953,967)
<b>Total</b>	<b>18,959,085</b>	<b>16,334,975</b>	<b>18,959,085</b>	<b>16,334,230</b>
<b><u>Biological Assets</u></b>				
Immature biological assets (Parent DOC)	398,432	375,125	398,432	375,125
Mature biological assets (Broiler birds)	637,274	603,764	637,274	603,764
<b>Total</b>	<b>1,035,706</b>	<b>978,889</b>	<b>1,035,706</b>	<b>978,889</b>
<b><u>Inventories</u></b>				
Finished products	706,064	562,492	706,064	562,492
Raw Material and other consumables	1,886,344	2,269,393	1,886,344	2,269,393
Hatch able Eggs	156,255	124,770	156,255	124,770
Stores & Spares	135,227	149,755	135,227	149,755
<b>Total</b>	<b>2,883,891</b>	<b>3,106,410</b>	<b>2,883,891</b>	<b>3,106,410</b>
<b><u>Accounts &amp; other receivables</u></b>				
Trade accounts receivables	4,867,671	4,149,444	4,867,671	4,149,444
Debtors- Exports	885,108	725,359	885,108	725,359
Debtors- Feed	22,426	26,491	22,426	26,491
Debtors- Local	3,960,138	3,397,595	3,960,138	3,397,595
Provision for Bad Debts	(72,129)	(32,129)	(72,129)	(32,129)
Advance In Subsidiary	-	-	18,888	726
Advances , Prepayments other Receivable	173,318	195,695	173,318	195,695
Advances To creditors	310,355	-	310,355	-
<b>Accounts &amp; other receivables</b>	<b>5,279,215</b>	<b>4,313,010</b>	<b>5,298,103</b>	<b>4,313,736</b>
<b><u>Cash and bank balances</u></b>				
Cash & Bank balances	714,554	689,516	603,397	456,454
Term deposits	2,295,615	2,008,096	2,295,615	2,008,096
<b>Total</b>	<b>3,010,169</b>	<b>2,697,612</b>	<b>2,899,012</b>	<b>2,464,550</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
Term loans	6,405,396	3,076,601	5,813,896	3,076,601
Loans from related parties	580,092	1,977,727	580,092	1,977,727
Lease Finance	14,485	34,278	14,485	34,278
<b>Total</b>	<b>10,449,974</b>	<b>9,038,605</b>	<b>9,858,474</b>	<b>9,038,605</b>
<b>Less: Current liabilities:</b>				
Government Soft loan	(500,000)	(500,000)	(500,000)	(500,000)
Term loan	(1,783,960)	(925,400)	(1,783,960)	(925,400)
Loans from related parties	(137,756)	(137,656)	(137,756)	(137,656)
Lease Finance	(5,416)	(18,637)	(5,416)	(18,637)
<b>Total</b>	<b>(2,427,132)</b>	<b>(1,581,693)</b>	<b>(2,427,132)</b>	<b>(1,581,693)</b>
<b>Non- current liabilities</b>				
Bank Borrowing	1,587,235	1,393,858	1,587,235	1,393,858
<b>Accounts &amp; other payables</b>				
Creditors & Other payables	1,296,420	863,706	1,290,220	863,706
Advances From Debtors	68,957	-	68,957	-
Dividend payable	5,677	-	5,677	-
Accruals	962,796	984,908	962,796	984,908
<b>Total accounts &amp; other payables</b>	<b>2,333,850</b>	<b>1,848,614</b>	<b>2,327,650</b>	<b>1,848,614</b>