

# **A'Saffa Foods SAOG**

## **Chairman's Report for the 3<sup>rd</sup> Quarter – 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 the 3<sup>rd</sup> Quarter ended 30<sup>th</sup> September 2012.

### **Performance Review**

The company further improved its operating performance during 3<sup>rd</sup> Quarter of 2012 by increasing its production and sales activities. Our Sales for nine months ended 30<sup>th</sup> September 2012 have increased to RO 18,300,993/- as compared to RO 15,943,815/- during the same period of 2011 showing an increase of 14.78%. Net Profit of RO 3,449,380/- has been achieved during 3<sup>rd</sup> Quarter of 2012 as compared to net profit of RO 2,576,183/- 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**  
**Un-audited Balance Sheet**  
 As at 30th September 2012

	Group		Parent Company	
	Jan - Sept 2012	Jan-Sept 2011	Jan - Sept 2012	Jan - Sept 2011
	RO	RO	RO	RO
<b>ASSETS</b>				
<b>Non Current Assets:</b>				
Property, Plant & Equipment	19,113,868	16,527,482	19,113,868	16,526,736
Capital Advances/WIP	1,759,253	502,198	89,440	230,588
Investment in subsidiary	-	-	1,000,000	750,000
<b>Total Non Current Assets</b>	<b>20,873,121</b>	<b>17,029,680</b>	<b>20,203,308</b>	<b>17,507,324</b>
<b>Current Assets:</b>				
Biological assets	1,063,078	964,562	1,063,078	964,562
Inventories	3,489,933	1,935,984	3,489,933	1,935,984
Receivables & Prepayments	6,008,479	4,678,939	5,973,746	4,679,665
Cash and bank balances	2,325,995	3,782,260	2,238,466	3,303,890
Investment	50,000	50,000	50,000	50,000
<b>Total Current Assets</b>	<b>12,937,485</b>	<b>11,411,745</b>	<b>12,815,223</b>	<b>10,934,101</b>
<b>TOTAL ASSETS</b>	<b>33,810,606</b>	<b>28,441,425</b>	<b>33,018,531</b>	<b>28,441,425</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	1,601,923	1,129,068	1,601,923	1,129,068
Accumulated Profits / ( Losses)	6,639,955	4,198,897	6,669,588	4,198,897
<b>Total Shareholder's Equity</b>	<b>19,266,878</b>	<b>15,827,966</b>	<b>19,296,511</b>	<b>15,827,966</b>
<b>Liabilities</b>				
<b>Non-Current Liabilities</b>				
Term Loans	7,757,955	7,326,637	6,983,481	7,326,637
Employees Terminal Benefits	196,314	148,107	196,314	148,107
<b>Total Non-current Liabilities</b>	<b>7,954,269</b>	<b>7,474,744</b>	<b>7,179,795</b>	<b>7,474,744</b>
<b>Current Liabilities:</b>				
Term Loans- Current Maturity	2,440,933	1,579,284	2,440,933	1,579,284
Bank borrowing	1,646,246	928,017	1,631,148	928,017
Tax payable	-	365,155	-	365,155
Payables & accruals	2,502,280	2,266,259	2,470,144	2,266,259
<b>Total Current Liabilities</b>	<b>6,589,459</b>	<b>5,138,715</b>	<b>6,542,225</b>	<b>5,138,715</b>
<b>Total Liabilities</b>	<b>14,543,728</b>	<b>12,613,460</b>	<b>13,722,020</b>	<b>12,613,460</b>
<b>Total Share Holder Equity &amp; Liabilities</b>	<b>33,810,606</b>	<b>28,441,425</b>	<b>33,018,531</b>	<b>28,441,425</b>



**A'Saffa Foods S.A.O.G**  
**Un-audited Income Statement**  
For The Period Ended 30th September 2012

	Group		Parent Company	
	Jan - Sept 2012	Jan - Sept 2011	Jan - Sept 2012	Jan - Sept 2011
	<b>RO</b>	<b>RO</b>	<b>RO</b>	<b>RO</b>
Sales (net)	18,300,993	15,943,815	18,300,993	15,943,815
Cost of Sales	<u>(11,867,921)</u>	<u>(10,398,023)</u>	<u>(11,863,468)</u>	<u>(10,398,023)</u>
Gross Profit	6,433,072	5,545,793	6,437,525	5,545,793
Expenses:				
Administrative expenses	<u>(830,410)</u>	<u>(722,267)</u>	<u>(823,172)</u>	<u>(722,267)</u>
Marketing expenses	<u>(1,898,362)</u>	<u>(1,621,830)</u>	<u>(1,897,962)</u>	<u>(1,621,830)</u>
Finance charges (net)	<u>(280,698)</u>	<u>(275,512)</u>	<u>(267,011)</u>	<u>(275,512)</u>
Total expenses	<u>(3,009,470)</u>	<u>(2,619,609)</u>	<u>(2,988,145)</u>	<u>(2,619,609)</u>
Profit before taxation	3,423,601	2,926,183	3,449,380	2,926,183
Taxation	-	350,000	-	350,000
Net profit after taxation	<u><u>3,423,601</u></u>	<u><u>2,576,183</u></u>	<u><u>3,449,380</u></u>	<u><u>2,576,183</u></u>
Basic earning per share	0.031	0.028	0.031	0.028
No of Shares	110,250,000	105,000,000	110,250,000	105,000,000



**A'Saffa Foods S.A.O.G**  
**Statement of Cash Flows**  
For The Period Ended 30th September 2012

	Group		Parent Company	
	Jan - Sept 2012 RO	Jan-Sept 2011 RO	Jan - Sept 2012 RO	Jan - Sept 2011 RO
<b>OPERATING ACTIVITIES</b>				
Net profit for the period	3,423,601	2,576,183	3,449,380	2,576,183
<b>Adjustments for:</b>				
Depreciation	811,386	744,871	811,386	744,871
Finance Costs (net)	280,698	275,512	267,011	275,512
<b>Operating profit before working capital changes</b>	<u>4,515,686</u>	<u>3,596,566</u>	<u>4,527,777</u>	<u>3,596,566</u>
<b>Increase / decrease in working capital:</b>				
Receivables and prepayments	(1,706,814)	(451,595)	(1,668,123)	(452,321)
Inventories	(1,052,191)	388,786	(1,052,191)	388,786
Payables and accruals	122,872	562,154	93,586	562,154
	<u>(2,636,133)</u>	<u>499,345</u>	<u>(2,626,727)</u>	<u>498,619</u>
<b>Cash generated from /(absorbed by) operations</b>	<u>1,879,553</u>	<u>4,095,911</u>	<u>1,901,049</u>	<u>4,095,186</u>
Interest paid	(280,698)	(275,512)	(267,011)	(275,512)
<b>Net cash generated from /(absorbed by) Operation</b>	<u>1,598,855</u>	<u>3,820,399</u>	<u>1,634,039</u>	<u>3,819,674</u>
<b>INVESTING ACTIVITIES</b>				
Purchase of property, plant and equipments	(3,393,271)	(1,083,144)	(2,046,525)	(810,788)
Investment	-	-	-	(750,000)
<b>Net Cash (used in) investing activities</b>	<u>(3,393,271)</u>	<u>(1,083,144)</u>	<u>(2,046,525)</u>	<u>(1,560,788)</u>
<b>FINANCING ACTIVITIES</b>				
Dividend Paid	(1,260,000)	(1,000,000)	(1,260,000)	(1,000,000)
Term Loans	1,620,968	(1,652,187)	846,494	(1,652,187)
	<u>360,968</u>	<u>(2,652,187)</u>	<u>(413,506)</u>	<u>(2,652,187)</u>
<b>Net Cash provided / (used by) financing activities</b>	<u>360,968</u>	<u>(2,652,187)</u>	<u>(413,506)</u>	<u>(2,652,187)</u>
<b>Net Increase/ (decrease) in cash &amp; cash equivalent</b>	(1,433,449)	85,068	(825,993)	(393,302)
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>	<u>679,749</u>	<u>2,854,243</u>	<u>607,318</u>	<u>2,375,873</u>



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

As at 30th September 2012

**Parent Company 2011**

	Share Capital RO	Special Reserve RO	Legal Reserve RO	Accumulated Profits RO	Total RO
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>

**Group 2011**

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>

**Parent 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				3,449,380	3,449,380
Trasnfered to legal reserve			344,938	(344,938)	-
<b>Balance as on 30-09-2012</b>	<b>11,025,000</b>	<b>-</b>	<b>1,601,923</b>	<b>6,669,588</b>	<b>19,296,511</b>

**Group 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				3,423,601	3,423,601
Trasnfered to legal reserve			344,938	(344,938)	-
<b>Balance as on 30-09-2012</b>	<b>11,025,000</b>	<b>-</b>	<b>1,601,923</b>	<b>6,639,955</b>	<b>19,266,878</b>



**A'Saffa Foods S.A.O.G**  
**Notes to the Balance Sheet**  
 As at 30th September 2012

	Group		Parent Company	
	Jan - Sept 2012	Jan-Sept 2011	Jan - Sept 2012	Jan - Sept 2011
	<b>RO</b>		<b>RO</b>	<b>RO</b>
<b><u>Property, Plant &amp; Equipment</u></b>				
Property, Plant & Equipment	25,327,106	21,312,690	25,327,106	21,311,945
Work in progress	-	417,295		417,295
Investment In Subsidiary	-	-	1,000,000	-
Accumulated Depreciation	(6,213,238)	(5,202,503)	(6,213,238)	(5,202,503)
<b>Total</b>	<b>19,113,868</b>	<b>16,527,482</b>	<b>20,113,868</b>	<b>16,526,736</b>
<b><u>Biological Assets</u></b>				
Immature biological assets (Parent DOC)	407,878	366,585	407,878	366,585
Mature biological assets (Broiler birds)	655,200	597,977	655,200	597,977
<b>Total</b>	<b>1,063,078</b>	<b>964,562</b>	<b>1,063,078</b>	<b>964,562</b>
<b><u>Inventories</u></b>				
Finished products	991,811	570,219	991,811	570,219
Raw Material and other consumables	2,122,140	1,110,024	2,122,140	1,110,024
Hatch able Eggs	192,876	115,101	192,876	115,101
Stores & Spares	183,106	140,639	183,106	140,639
<b>Total</b>	<b>3,489,933</b>	<b>1,935,984</b>	<b>3,489,933</b>	<b>1,935,984</b>
<b><u>Accounts &amp; other receivables</u></b>				
Trade accounts receivables	5,521,009	4,419,773	5,521,009	4,419,773
Debtors- Exports	1,121,522	659,855	1,121,522	659,855
Debtors- Feed	24,146	20,560	24,146	20,560
Debtors- Local	4,375,340	3,739,359	4,375,340	3,739,359
Provision for Bad Debts	(72,129)	(32,129)	(72,129)	(32,129)
Advance In Subsidiary		-	7,302	726
Advances , Prepayments other Receivable	200,373	172,796	200,373	172,796
Advances To creditors	317,191	118,498	317,191	118,498
Accounts & other receivables	<b>5,966,444</b>	<b>4,678,939</b>	<b>5,973,746</b>	<b>4,679,665</b>
<b><u>Cash and bank balances</u></b>				
Cash & Bank balances	130,649	1,775,122	130,649	1,296,752
Term deposits	2,107,817	2,007,138	2,107,817	2,007,138
<b>Total</b>	<b>2,238,466</b>	<b>3,782,260</b>	<b>2,238,466</b>	<b>3,303,890</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	4,122,206	2,950,241	4,122,206	2,950,241
NBO Loan <i>(Refinancing of AAAID Loan)</i>	1,260,065	-	1,260,065	-
Loans from related parties	580,092	1,977,727	580,092	1,977,727
Lease Finance	12,051	27,953	12,051	27,953
<b>Total</b>	<b>9,424,414</b>	<b>8,905,921</b>	<b>9,424,414</b>	<b>8,905,921</b>
<b>Less: Current liabilities:</b>				
Government Soft loan	(500,000)	(500,000)	(500,000)	(500,000)
Term loan	(1,479,490)	(925,400)	(1,479,490)	(925,400)
NBO Loan <i>(Refinancing of AAAID Loan)</i>	(315,000)	-	(315,000)	-
Loans from related parties	(137,756)	(137,323)	(137,756)	(137,323)
Lease Finance	(8,687)	(16,561)	(8,687)	(16,561)
<b>Total</b>	<b>(2,440,933)</b>	<b>(1,579,284)</b>	<b>(2,440,933)</b>	<b>(1,579,284)</b>
<b>Non- current liabilities</b>				
Bank Borrowing	1,631,148	928,017	1,631,148	928,017
<b><u>Accounts &amp; other payables</u></b>				
Creditors & Other payables	1,323,545	1,139,584	1,323,545	1,139,584
Advances From Debtors	125,581	91,987	125,581	91,987
Accruals	1,021,018	1,034,688	1,021,018	1,034,688
<b>Total accounts &amp; other payables</b>	<b>2,470,144</b>	<b>2,266,259</b>	<b>2,470,144</b>	<b>2,266,259</b>