

A'Saffa Foods SAOG

Director's Report for the First Quarter Results – Year 2014

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 2014.

Performance Review

The company further improved its operating performance during 1st Quarter of 2014 by increasing its production and sales activities. Our Sales for quarter ended 31 March 2014 have increased to RO 7,459,856/- as compared to RO 7,046,983/- during the same period of 2013 showing an increase of 5.86%. Net Profit(consolidated) of RO. 1,813,272/- has been achieved during 1st quarter of 2014 as compared to net profit of RO 1,701,052/- for the same period of 2013.

Feed subsidy

We have accounted for feed subsidy of RO. 330,476.371 during 1st Quarter on actual receipt basis.

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(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.

Eng Saleh Mohammed Al Shanfari
Chairman

A'Saffa Foods S.A.O.G.

Balance Sheet

As at 31st March, 2014

Assets	Parent Company		Consolidated	
	2014 RO	2013 RO	2014 RO	2013 RO
Non Current Assets:				
Property,Plant & Equipment	18,640,719	19,181,764	23,707,374	19,193,794
Capital Advances/WIP	278,344	-	278,344	3,526,749
Investment In Subsidiary	1,350,000	1,350,000	-	-
Total Non Current Assets	20,269,063	20,531,764	23,985,718	22,720,543
Current Assets:				
Biological Assets	1,215,647	1,027,065	1,215,647	1,027,065
Inventories	3,872,832	3,670,052	4,466,735	3,670,051
Recievables & Prepayments	6,636,292	7,950,324	6,562,390	8,010,758
Cash & Bank Balances	7,769,518	3,841,675	7,770,820	4,075,123
Investment	100,000	50,000	100,000	50,000
Total Current Assets	19,594,289	16,539,116	20,115,592	16,832,997
Total Assets	39,863,352	37,070,880	44,101,310	39,553,540
Share Holders Equity & Liabilities				
Shareholder's Equity:				
Share Capital	12,000,000	11,576,250	12,000,000	11,576,250
Legal Reserve	2,892,737	2,156,230	2,892,737	2,156,230
Accumulated Profit	13,766,668	9,453,355	13,666,124	9,428,702
Total Shareholder's Equity	28,659,405	23,185,835	28,558,861	23,161,182
Liabilities				
Non-Current Liabilities				
Term Loans	3,980,288	5,889,875	7,141,148	8,277,538
Employees Terminal Benefits	335,995	224,425	339,208	224,425
Total Non-Current Liabilities	4,316,283	6,114,300	7,480,356	8,501,963
Current Liabilities				
Term Loans - Current Maturity	1,552,964	2,469,485	2,160,464	2,469,485
Bank Borrowing	174,652	823,925	462,215	823,925
Payables & Accruals	5,160,047	4,477,335	5,439,414	4,596,985
Total Current Liabilities	6,887,663	7,770,745	8,062,093	7,890,395
Total Liabilities	11,203,946	13,885,045	15,542,449	16,392,358
Total Share Holder Equity & Liabilities	39,863,351	37,070,880	44,101,310	39,553,540

A'Saffa Foods S.A.O.G.
Income Statement
For the period Jan to March 2014

	Parent Company		Consolidated	
	2014	2013	2014	2013
	RO	RO	RO	RO
Sales (Net)	7,459,856	7,046,983	7,459,856	7,046,983
Cost Of Sales	<u>(4,315,649)</u>	<u>(4,082,627)</u>	<u>(4,284,195)</u>	<u>(4,082,627)</u>
Gross Profit	3,144,207	2,964,356	3,175,661	2,964,356
Expenses:				
Administrative Expenses	<u>(386,639)</u>	<u>(331,776)</u>	<u>(415,433)</u>	<u>(337,211)</u>
Marketing Expenses	<u>(860,110)</u>	<u>(856,675)</u>	<u>(860,110)</u>	<u>(856,675)</u>
Finance Charges (net)	<u>(28,060)</u>	<u>(69,348)</u>	<u>(69,395)</u>	<u>(69,419)</u>
Total Expenses	<u>(1,274,809)</u>	<u>(1,257,799)</u>	<u>(1,344,939)</u>	<u>(1,263,304)</u>
Profit Before Taxation	1,869,398	1,706,557	1,830,722	1,701,052
Taxation	(17,450)		(17,450)	
Net Profit After Taxation	<u><u>1,851,948</u></u>	<u><u>1,706,557</u></u>	<u><u>1,813,272</u></u>	<u><u>1,701,052</u></u>

A'Saffa Foods S.A.O.G.
Statement Of Cash Flows
For the period Jan to March 2014

Operating activities	Parent Company		Consolidated	
	2014	2013	2014	2013
	RO	RO	RO	RO
Net Profit For The Period	1,851,948	1,706,557	1,813,272	1,701,052
Adjustment For:				
Depreciation	300,847	287,181	369,755	287,181
Finance Cost (Net)	28,060	69,348	69,395	69,419
Operating Profit Before Working Capital Changes	2,180,855	2,063,086	2,252,423	2,057,651
Increase / Decrease in Working Capital				
Receivables & Prepayments	(860,103)	636,787	(850,472)	1,258,448
Inventories	(874,125)	1,013,946	(978,346)	1,013,946
Payables & Accruals	895,806	(53,390)	742,265	(232,079)
	(838,422)	1,597,343	(1,086,553)	2,040,316
Cash Generated From / (Absorbed By) Operations	1,342,433	3,660,429	1,165,870	4,097,967
Interest Paid	(28,060)	(69,348)	(69,395)	(69,419)
Net Cash Generated From / (Absorbed By) Operations	1,314,373	3,591,081	1,096,474	4,028,549
Investing activities				
Purchase Of Property, Plant & Equipment	(186,402)	(184,880)	(218,782)	(1,811,606)
Investment	(50,000)	(350,000)	(50,000)	-
Net Cash (Used In) Investing Activities	(236,402)	(534,880)	(268,782)	(1,811,606)
Financing activities				
Dividend Paid				
Term Loans	(151,349)	(294,615)	151,724	957,328
Net Cash (Used By) Financing Activities	(151,349)	(294,615)	151,724	957,328
Net Increase / (Decrease) In Cash & Cash Equivalent	926,622	2,761,586	979,416	3,174,271
Cash & Cash Equivalent At The Beginning Of The Year	6,668,244	256,164	6,329,189	76,927
Cash & Cash Equivalent At The End Of The Year	7,594,866	3,017,750	7,308,605	3,251,198

A'Saffa Foods S.A.O.G.
Statement Of Changes In Equity
For the period Jan to March 2014

Parent Company 2013	Share Capital	Special Reserve	Legal Reserve	Accumulated Profits	Total
Balance As At 1st January 2013	11,025,000		1,985,575	10,122,453	23,133,028
Dividend Paid (10%)				(1,653,750)	(1,653,750)
Movement During The Period	551,250			(551,250)	-
Profit For The Period				7,219,679	7,219,679
Transferred To Legal Reserve			721,968	(721,968)	-
Balance As On 31st Dec 2013	11,576,250	-	2,707,543	14,415,164	28,698,957

Group 2013

Balance As At 1st January 2013	11,025,000		1,985,575	10,103,305	23,113,880
Dividend Paid (10%)				(1,653,750)	(1,653,750)
Movement During The Period	551,250			(551,250)	-
Profit For The Period				7,176,959	7,176,959
Transferred To Legal Reserve			721,968	(721,968)	-
Balance As On 31st Dec 2013	11,576,250	-	2,707,543	14,353,296	28,637,089

Parent Company 2014

	Share Capital	Special Reserve	Legal Reserve	Accumulated Profits	Total
Balance As At 1st January 2014	11,576,250	-	2,707,543	14,415,164	28,698,957
Movement During The Period 3.66052% Dividend	423,750			(423,750)	-
Dividend Paid (16.3394%)				(1,891,500)	(1,891,500)
Profit For The Period				1,851,948	1,851,948
Transferred To Legal Reserve			185,195	(185,195)	-
Balance As On 31st March 2014	12,000,000	-	2,892,738	13,766,668	28,659,405

Group 2014

Balance As At 1st January 2014	11,576,250	-	2,707,543	14,353,296	28,637,089
Movement During The Period 3.66052% Dividend	423,750			(423,750)	-
Dividend Paid (16.3394%)				(1,891,500)	(1,891,500)
Profit For The Period				1,813,272	1,813,272
Transferred To Legal Reserve			185,195	(185,195)	-
Balance As On 31st March 2014	12,000,000	-	2,892,738	13,666,124	28,558,861

A'Saffa Foods S.A.O.G.
Notes To The Balance Sheet
As at 31st March, 2014

	Parent Company		Consolidated	
	2014 RO	2013 RO	2014 RO	2013 RO
Property , Plant & Equipment				
Property , Plant & Equipment	26,551,635	25,937,907	31,732,282	25,949,937
Work In Progress	278,344	-	278,344	3,526,749
Investment In Subsidiary	1,350,000	1,350,000	-	-
Accumulated Depreciation	(7,910,917)	(6,756,143)	(8,024,908)	(6,756,143)
Total	20,269,063	20,531,764	23,985,718	22,720,543
Biological Assets				
Immature Biological Assets (Parent DOC)	456,697	405,342	456,697	405,342
Mature Biological Assets (Broiler Birds)	758,950	621,723	758,950	621,723
Total	1,215,647	1,027,065	1,215,647	1,027,065
Inventories				
Finished Products	883,608	636,726	898,227	636,726
Raw Material and Other Consumables	2,554,772	2,713,385	3,118,635	2,713,385
Hatchable Eggs	164,030	172,194	164,030	172,194
Stores & Spares	270,422	147,747	285,843	147,747
Total	3,872,832	3,670,052	4,466,735	3,670,052
Accounts & Other Recievables				
Trade Accounts Recievables	6,210,664	6,218,253	6,064,575	6,218,253
Debtors - Export	1,421,516	1,219,234	1,421,516	1,219,234
Debtors - Feed	47,507	37,262	47,507	37,262
Debtors - Local	4,741,640	4,961,757	4,595,551	4,961,757
Provision For Bad Debts	(86,432)	(104,690)	(86,432)	(104,690)
Advance In Subsidiary	83,236	10,748	-	-
Advances , Prepayments and Other Recievables	304,844	1,664,281	390,870	1,735,463
Advances To Creditors	123,980	161,732	193,377	161,732
Accounts & Other Recievables	6,636,292	7,950,324	6,562,390	8,010,758
Cash & Bank Balances				
Cash & Bank Balances	1,128,590	334,537	1,129,892	567,985
Term Deposits	6,640,929	3,507,138	6,640,929	3,507,138
Total	7,769,518	3,841,675	7,770,820	4,075,123
Govt Soft Loans & Other Loans				
Govt Soft Loans	2,950,000	3,450,000	2,950,000	3,450,000
Term Loans	1,410,963	3,337,726	1,410,963	3,337,726
NBO Loans	787,320	1,102,484	4,555,680	3,490,147
Loan From Related Parties	384,969	462,060	384,969	462,060
Lease Finance	-	7,090	-	7,090
Total	5,533,252	8,359,360	9,301,612	10,747,023
Less : Current Liabilities				
Govt Soft Loans	(500,000)	(500,000)	(500,000)	(500,000)
Term Loans	(660,700)	(1,571,351)	(660,700)	(1,571,351)
NBO Loans	(315,164)	(315,164)	(922,664)	(315,164)
Loan From Related Parties	(77,100)	(77,100)	(77,100)	(77,100)
Lease Finance	-	(5,870)	-	(5,870)
Total	(1,552,964)	(2,469,485)	(2,160,464)	(2,469,485)
Non Current Liabilities	3,980,288	5,889,875	7,141,148	8,277,538
Bank Borrowing				
	174,652	823,925	462,215	823,925
Accounts & Other Payables				
Creditors & Other Payables	2,112,176	1,533,371	2,358,933	1,653,021
Advances From Debtors	26,871	26,714	26,871	26,714
Dividend Payable	1,891,500	1,653,750	1,891,500	1,653,750
Accruals	1,129,500	1,263,500	1,162,110	1,263,500
Total Accounts & Other Payables	5,160,047	4,477,335	5,439,414	4,596,985