

A'Saffa Foods SAOG

Director's Report for the First Quarter Results – Year 2015

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 2015.

Performance Review

Sales for the quarter ended 31 March 2015 have increased to RO 8,193,177/- as compared to RO 7,459,856/- during the same period of 2014 showing an increase of 9.83%. Net Profit(consolidated) of RO. 1,592,658/- has been achieved during 1st quarter of 2015 as compared to net profit of RO 1,813,272/- for the same period of 2014. The decrease in net profit is due to reduction in Feed Subsidy and arising of Tax Liability. The feed subsidy for Q1 2015 was RO.220,785/- as compared to RO.330,476. The Tax Liability for the period arose to RO.212,877/- as compared to RO.17,450/- for the same period of 2014. The net effect on account of feed subsidy and tax was RO 305,118/- .

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.

Chairman

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

Balance Sheet

As at 31st March, 2015

Assets	Parents Company		Consolidated	
	2015 RO	2014 RO	2015 RO	2014 RO
Non Current Assets:				
Property, Plant & Equipment	17,502,900	18,640,718	22,375,695	23,707,374
Intangible Assets	433,128		433,128	
Capital Advances/WIP	277,584	278,344	901,252	278,344
Investments.	304,000	100,000	304,000	100,000
Investment In Subsidiary	2,950,000	1,350,000		-
Total Non Current Assets	21,467,612	20,369,062	24,014,075	24,085,718
Current Assets:				
Biological Assets	1,025,967	1,215,647	1,025,967	1,215,647
Inventories	2,832,754	3,872,832	3,832,136	4,466,734
Receivables & Prepayments	8,754,591	6,636,292	8,858,951	6,562,390
Cash & Bank Balances	8,961,536	7,769,518	9,976,283	7,770,820
Total Current Assets	21,574,848	19,494,289	23,693,337	20,015,591
Total Assets	43,042,460	39,863,351	47,707,411	44,101,309
Share Holders Equity & Liabilities				
Shareholder's Equity:				
Share Capital	12,000,000	12,000,000	12,000,000	12,000,000
Legal Reserve	3,503,090	2,892,737	3,511,103	2,892,737
Accumulated Profit	17,099,782	13,766,668	17,110,029	13,666,124
Total Shareholder's Equity	32,602,873	28,659,405	32,621,131	28,558,861
Liabilities				
Non-Current Liabilities				
Term Loans	2,107,255	3,980,288	5,408,092	7,141,148
Employees Terminal Benefits	400,380	335,995	408,271	339,208
Total Non-Current Liabilities	2,507,635	4,316,283	5,816,363	7,480,356
Current Liabilities				
Term Loans - Current Maturity	1,415,164	1,552,964	1,928,954	2,160,464
Bank Borrowing	951,065	174,652	1,224,631	462,215
Dividend Payable	2,160,000	1,891,500	2,160,000	1,891,500
Payables & Accruals	3,405,723	3,268,547	3,956,332	3,547,914
Total Current Liabilities	7,931,952	6,887,663	9,269,917	8,062,093
Total Liabilities	10,439,587	11,203,946	15,086,280	15,542,449
Total Share Holder Equity & Liabilities	43,042,460	39,863,351	47,707,411	44,101,309

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

Income Statement

For the period Jan to March 2015

	Parents Company		Consolidated	
	2015	2014	2015	2014
	RO	RO	RO	RO
Sales (Net)	8,193,177	7,459,856	8,193,177	7,459,856
Cost Of Sales	<u>(5,035,989)</u>	<u>(4,315,649)</u>	<u>(4,873,164)</u>	<u>(4,284,195)</u>
Gross Profit	3,157,188	3,144,207	3,320,013	3,175,661
Expenses:				
Administrative Expenses	(431,178)	(386,639)	(474,095)	(415,433)
Marketing Expenses	(970,789)	(860,110)	(970,789)	(860,110)
Finance Charges (net)	(25,712)	(28,060)	(69,594)	(69,395)
Total Expenses	<u>(1,427,679)</u>	<u>(1,274,809)</u>	<u>(1,514,478)</u>	<u>(1,344,939)</u>
Profit Before Taxation	1,729,509	1,869,398	1,805,535	1,830,722
Taxation	(212,877)	(17,450)	(212,877)	(17,450)
Net Profit After Taxation	<u>1,516,632</u>	<u>1,851,948</u>	<u>1,592,658</u>	<u>1,813,272</u>

A'Saffa Foods S.A.O.G.
Statement Of Cash Flows
For the period Jan to March 2015

Operating activities	Parents Company		Consolidated	
	2015 RO	2014 RO	2015 RO	2014 RO
Net Profit For The Period	1,516,632	1,851,948	1,592,658	1,813,272
Adjustment For:				
Depreciation	290,314	255,720	303,873	314,292
Amortization	17,604		17,604	
Finance Cost (Net)	25,712	28,060	69,594	69,395
Operating Profit Before Working Capital Changes	<u>1,850,262</u>	<u>2,135,728</u>	<u>1,983,729</u>	<u>2,196,960</u>
Increase / Decrease in Working Capital				
Receivables & Prepayments	(1,116,327)	(860,103)	(1,470,945)	(850,472)
Inventories	1,037,214	(874,125)	1,225,161	(978,346)
Payables & Accruals	(351,934)	895,806	(248,848)	742,265
	<u>(431,047)</u>	<u>(838,422)</u>	<u>(494,632)</u>	<u>(1,086,553)</u>
Cash Generated From / (Absorbed By) Operations	<u>1,419,215</u>	<u>1,297,306</u>	<u>1,489,097</u>	<u>1,110,407</u>
Interest Paid	(25,712)	(28,060)	(69,594)	(69,395)
Net Cash Generated From / (Absorbed By) Operations	<u>1,393,503</u>	<u>1,269,246</u>	<u>1,419,503</u>	<u>1,041,011</u>
Investing activities				
Purchase Of Property, Plant & Equipment	(233,940)	(186,402)	(860,637)	(218,782)
Investment	(204,000)	(50,000)	(204,000)	(50,000)
Net Cash (Used In) Investing Activities	<u>(437,940)</u>	<u>(236,402)</u>	<u>(1,064,637)</u>	<u>(268,782)</u>
Financing activities				
Dividend Paid				
Term Loans	(150,000)	(151,349)	(150,000)	151,724
Net Cash (Used By) Financing Activities	<u>(150,000)</u>	<u>(151,349)</u>	<u>(150,000)</u>	<u>151,724</u>
Net Increase / (Decrease) In Cash & Cash Equivalent	805,563	926,622	204,866	923,953
Cash & Cash Equivalent At The Beginning Of The Year	<u>7,204,908</u>	<u>6,668,244</u>	<u>8,546,786</u>	<u>6,329,189</u>
Cash & Cash Equivalent At The End Of The Year	<u>8,010,471</u>	<u>7,594,866</u>	<u>8,751,652</u>	<u>7,253,142</u>

A'Saffa Foods S.A.O.G.
Statement Of Changes In Equity
For the period Jan to March 2015

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
Dividend Paid (10%)				(1,891,559)	(1,891,559)
Movement During The Period	423,750			(423,750)	-
Profit For The Period				6,438,843	6,438,843
Transferred To Legal Reserve			643,884	(643,884)	-
Balance As On 31st Dec 2014	12,000,000	-	3,351,427	17,894,814	33,246,241

Group 2014

Balance As At 1st January 2014	11,576,250		2,707,543	14,353,296	28,637,089
Dividend Paid (16.34%)				(1,891,559)	(1,891,559)
Movement During The Period 3.66% Dividend	423,750			(423,750)	-
Profit For The Period				6,442,944	6,442,944
Transferred To Legal Reserve			644,294	(644,294)	-
Balance As On 31st Dec 2014	12,000,000	-	3,351,837	17,836,637	33,188,474

Parent Company 2015

	Share Capital	Special Reserve	Legal Reserve	Accumulated Profits	Total
Balance As At 1st January 2015	12,000,000	-	3,351,427	17,894,814	33,246,241
Dividend Paid (18%)				(2,160,000)	(2,160,000)
Profit For The Period				1,516,632	1,516,632
Transferred To Legal Reserve			151,663	(151,663)	-
Balance As On 31st March 2015	12,000,000	-	3,503,090	17,099,782	32,602,873

Group 2015

Balance As At 1st January 2015	12,000,000	-	3,351,837	17,836,637	33,188,474
Dividend Paid (18%)				(2,160,000)	(2,160,000)
Profit For The Period				1,592,658	1,592,658
Transferred To Legal Reserve			159,265.78	(159,266)	-
Balance As On 31st March 2015	12,000,000	-	3,511,103	17,110,029	32,621,131

A'Saffa Foods S.A.O.G.
Notes To The Balance Sheet
As at 31st March, 2015

	Parents Company		Consolidated	
	2015 RO	2014 RO	2015 RO	2014 RO
Property , Plant & Equipment				
Property , Plant & Equipment	26,607,924	26,551,635	31,860,946	31,732,282
Intangible Assets	433,128		433,128	
Work In Progress	277,584	278,344	901,252	278,344
Investment In Subsidiary	2,950,000	1,350,000	-	-
Accumulated Depreciation	(9,054,710)	(7,910,917)	(9,434,937)	(8,024,908)
Amortization of Intangible Assets	(50,314)		(50,314)	
Total	21,163,612	20,269,063	23,710,075	23,985,718
Biological Assets				
Immature Biological Assets (Parent DOC)	375,770	456,697	375,770	456,697
Mature Biological Assets (Broiler Birds)	650,197	758,950	650,197	758,950
Total	1,025,967	1,215,647	1,025,967	1,215,647
Inventories				
Finished Products	798,973	883,608	843,872	898,227
Raw Material and Other Consumables	1,558,004	2,554,772	2,365,431	3,118,635
Hatchable Eggs	183,078	164,030	183,078	164,030
Stores & Spares	292,699	270,422	439,755	285,843
Total	2,832,754	3,872,832	3,832,136	4,466,735
Accounts & Other Recievables				
Trade Accounts Recievables	7,436,604	6,210,664	7,491,330	6,064,575
Debtors - Export	1,752,902	1,421,516	1,752,902	1,421,516
Debtors - Feed	37,166	47,507	37,166	47,507
Debtors - Local	5,646,536	4,741,640	5,701,262	4,595,551
Provision For Bad Debts	(91,855)	(86,432)	(91,855)	(86,432)
Advance In Subsidiary	40,638	83,236	40,638	-
Advances , Prepayments and Other Recievables	842,348	304,844	872,167	390,870
Advances To Creditors	526,856	123,980	546,670	193,377
Accounts & Other Recievables	8,754,591	6,636,292	8,858,951	6,562,390
Cash & Bank Balances				
Cash & Bank Balances	3,957,151	1,128,590	4,971,898	1,129,892
Term Deposits	5,004,385	6,640,929	5,004,385	6,640,929
Total	8,961,536	7,769,518	9,976,283	7,770,820
Govt Soft Loans & Other Loans				
Govt Soft Loans	2,450,000	2,950,000	2,450,000	2,950,000
Term Loans	600,263	1,410,963	600,263	1,410,963
NBO Loans	472,156	787,320	472,156	4,555,680
Muzn Islamic Finance Lease			3,814,627	
Loan From Related Parties	-	384,969	-	384,969
Total	3,522,419	5,533,252	7,337,046	9,301,612
Less : Current Liabilities				
Govt Soft Loans	(500,000)	(500,000)	(500,000)	(500,000)
Term Loans	(600,000)	(660,700)	(600,000)	(660,700)
NBO Loans	(315,164)	(315,164)	(315,164)	(922,664)
Muzn Islamic Finance Lease			(513,790)	
Loan From Related Parties	-	(77,100)	-	(77,100)
Total	(1,415,164)	(1,552,964)	(1,928,954)	(2,160,464)
Non Current Liabilities	2,107,255	3,980,288	5,408,092	7,141,148
Bank Borrowing	951,065	174,652	1,224,631	462,215
Accounts & Other Payables				
Creditors & Other Payables	2,196,756	2,112,176	2,690,704	2,358,933
Advances From Debtors	58,544	26,871	58,544	26,871
Dividend Payable	2,160,000	1,891,500	2,160,000	1,891,500
Accruals	1,150,423	1,129,500	1,207,085	1,162,110
Total Accounts & Other Payables	5,565,723	5,160,047	6,116,332	5,439,414