

A'Saffa Foods SAOG

Director's Report for the First Half Results – Year 2013

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 30th June 2013.

Performance Review

The company further improved its operating performance during 1st half of 2013 by increasing its production and sales activities. Our Sales for six months ended 30th June 2013 have increased to RO 14,053,078/- as compared to RO 11,811,078/- during the same period of 2012 showing an increase of 19%. Net Profit of RO 2,930,408 /- has been achieved during 1st half of 2013 as compared to net profit of RO 2,191,989 /- for the same period of 2012, registering an increase of 33.68%.

Feed subsidy

The Government has approved feed subsidy on selected feed material component .We have not recognized the Feed subsidy in the H1 of 2013financials, however will account for the subsidy when received.

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 (Draft)
 As at 30June , 2013

	Consolidated		Parents Company	
	2013 RO	2012 RO	2013 RO	2012 RO
ASSETS				
Non Current Assets:				
Property, Plant & Equipment	19,276,548	15,536,914	19,259,884	15,536,914
Capital Advances/CWIP	4,158,177	5,022,112	-	3,532,388
Investment in subsidiary	-	-	1,350,000	1,000,000
Total Non Current Assets	23,434,725	20,559,026	20,609,884	20,069,302
Current Assets:				
Biological assets	1,196,402	1,035,706	1,196,402	1,035,706
Inventories	4,047,195	2,883,891	3,930,101	2,883,891
Receivables & Prepayments	7,298,746	5,279,215	7,248,362	5,298,103
Cash and bank balances	4,230,368	3,010,169	4,151,339	2,899,012
Investment	50,000	50,000	50,000	50,000
Total Current Assets	16,822,710	12,258,981	16,576,203	12,166,712
TOTAL ASSETS	40,257,436	32,818,007	37,186,088	32,236,014
SHARE HOLDERS EQUITY & LIABILITIES				
Shareholder's Equity:				
Share Capital	11,576,250	11,025,000	11,576,250	11,025,000
Legal Reserve	2,279,285	1,477,369	2,279,285	1,477,369
Accumulated Profits / (Losses)	10,535,003	5,532,897	10,560,847	5,548,604
Total Shareholder's Equity	24,390,538	18,035,266	24,416,382	18,050,972
Liabilities				
Non-Current Liabilities				
Term Loans	7,622,012	8,022,842	4,760,123	7,431,342
Employees Terminal Benefits	240,499	177,312	240,499	177,312
Total Non-current Liabilities	7,862,511	8,200,154	5,000,622	7,608,654
Current Liabilities:				
Term Loans- Current Maturity	2,438,800	2,427,132	2,438,800	2,427,132
Bank borrowing	2,195,876	1,587,235	2,156,274	1,587,235
Dividend payable	37,387	5,677	37,387	5,677
Payables & accruals	3,332,323	2,562,544	3,136,622	2,556,344
Total Current Liabilities	8,004,387	6,582,588	7,769,084	6,576,388
Total Liabilities	15,866,897	14,782,741	12,769,705	14,185,042
Total Share Holder Equity & Liabilities	40,257,436	32,818,007	37,186,088	32,236,014



A'Saffa Foods S.A.O.G
Income Statement (Draft)
For the period Jan to June 2013

		Consolidated		Parent Company	
		Jan - June 2013	Jan - June 2012	Parent Company Jan - June 2013	Parent Company Jan - June 2012
Sales Quantity	MT	<u>10,928</u>	<u>9,545</u>	<u>10,928</u>	<u>9,545</u>
		RO	RO	RO	RO
Sales (net)		14,053,078	11,811,078	14,053,078	11,811,078
Cost of Sales		<u>(8,802,598)</u>	<u>(7,652,486)</u>	<u>(8,802,598)</u>	<u>(7,652,486)</u>
Gross Profit		5,250,481	4,158,592	5,250,481	4,158,592
Expenses:					
Administrative expenses		(666,821)	(569,999)	(660,115)	(557,921)
Marketing expenses		(1,528,215)	(1,217,051)	(1,528,215)	(1,217,051)
Finance charges (net)		(125,036)	(179,553)	(125,046)	(179,778)
Total expenses		<u>(2,320,072)</u>	<u>(1,966,603)</u>	<u>(2,313,376)</u>	<u>(1,954,750)</u>
Profit before taxation		2,930,408	2,191,989	2,937,104	2,203,842
Taxation		-	-	-	-
Net profit after taxation		<u>2,930,408</u>	<u>2,191,989</u>	<u>2,937,104</u>	<u>2,203,842</u>



A'Saffa Foods S.A.O.G
Statement of Cash Flows
 For the period Jan to June 2013

	Consolidated Jan - June 2013 RO	Consolidated Jan - June 2012 RO	Parrent Co, Jan - June 2013 RO	Parrent Co Jan - June 2012 RO
OPERATING ACTIVITIES				
Net profit for the period	2,930,408	2,191,989	2,937,104	2,203,8
Adjustments for:				
Depreciation	579,276	524,216	579,276	524,2
Finance Costs (net)	125,036	179,553	125,046	179,7
Operating profit before working capital changes	3,634,721	2,895,758	3,641,427	2,907,8:
Increase / decrease in working capital:				
Receivables and prepayments	1,950,041	(977,550)	1,338,725	(992,4
Inventories	467,465	(418,777)	584,559	(418,7
Payables and accruals	230,889	164,134	313,133	160,7
	2,648,395	(1,232,193)	2,236,417	(1,250,4
Cash generated from /(absorbed by) operations	6,283,116	1,663,565	5,877,843	1,657,3
Interest paid	(125,036)	(179,553)	(125,046)	(179,7
Net cash generated from /(absorbed by) Operation	6,158,079	1,484,012	5,752,797	1,477,51
INVESTING ACTIVITIES				
Purchase of property, plant and equipments	(2,817,884)	(2,792,006)	(555,095)	(1,625,3
Investment	-	-	(350,000)	
Net Cash (used in) investing activities	(2,817,884)	(2,792,006)	(905,095)	(1,625,3
FINANCING ACTIVITIES				
Dividend Paid	(1,653,750)	(1,254,323)	(1,653,750)	(1,254,3
Term Loans	271,117	1,872,054	(1,455,052)	1,280,5
Net Cash provided / (used by) financing activities	(1,382,633)	617,731	(3,108,802)	26,2:
Net Increase/ (decrease) in cash & cash equivalent	1,957,562	(690,264)	1,738,900	(121,5
Net Cash and cash equivalents at the beginning of the year	76,929	2,113,198	256,164	1,433,3
Net Cash and cash equivalents at the end of the period	2,034,491	1,422,934	1,995,064	1,311,7:



A'Saffa Foods S.A.O.G
Statement of Changes in Equity
 For the period Jan to June 2013

Parent Company 2012

	Share Capital RO	Special Reserve RO	Legal Reserve RO	Accumulated Profits RO	Total RO
Balances as at January 1, 2012	10,500,000		1,256,985	5,350,146	17,107,131
Dividend Paid (10%)				(1,260,000)	(1,260,000)
Movement during the period	525,000		-	(525,000)	-
Profit & Loss for the period	-			7,285,897	7,285,897
Trasnfered to legal reserve			728,590	(728,590)	-
Balance as on 31-12-2012	11,025,000	-	1,985,575	10,122,453	23,133,028

Group 2012

Balances as at January 1, 2012	10,500,000		1,256,985	5,346,292	17,103,277
Dividend Paid (10%)				(1,260,000)	(1,260,000)
Movement during the period	525,000		-	(525,000)	-
Profit & Loss for the period	-			7,270,603	7,270,603
Trasnfered to legal reserve			728,590	(728,590)	-
Balance as on 31-12-2012	11,025,000	-	1,985,575	10,103,305	23,113,880

Parent Company 2013

Balances as at January 1, 2013	11,025,000		1,985,575	10,122,453	23,133,028
Movement during the period 5% Dividend	551,250			(551,250)	-
Dividend paid (15%)				(1,653,750)	(1,653,750)
Net Profit for the Period				2,937,104	2,937,104
Trasnfered to legal reserve			293,710	(293,710)	-
Balance as on 30-06-2013	11,576,250	-	2,279,285	10,560,847	24,416,382

Group 2013

Balances as at January 1, 2013	11,025,000		1,985,575	10,103,305	23,113,880
Movement during the period 5% Dividend	551,250			(551,250)	-
Dividend paid (12%)				(1,653,750)	(1,653,750)
Net Profit for the Period				2,930,408	2,930,408
Trasnfered to legal reserve			293,710	(293,710)	-
Balance as on 30-06-2013	11,576,250	-	2,279,285	10,535,003	24,390,538

	Consolidated		Parents Company	
	Jan - June 2013	Jan - June 2012	Jan - June 2013	Jan - June 2012
	RO	RO	RO	RO
<u>Property, Plant & Equipment</u>				
Property, Plant & Equipment	26,324,787	21,462,982	26,308,123	21,462,982
Capital Advances/CWIP	4,158,177	5,022,112	-	3,532,388
Accumulated Depreciation	(7,048,238)	(5,926,068)	(7,048,238)	(5,926,068)
Total	23,434,725	20,559,026	19,259,884	19,069,302
<u>Biological Assets</u>				
Immature biological assets (Parent DOC)	468,964	398,432	468,964	398,432
Mature biological assets (Broiler birds)	727,438	637,274	727,438	637,274
Total	1,196,402	1,035,706	1,196,402	1,035,706
<u>Inventories</u>				
Finished products	828,683	706,064	828,683	706,064
Raw Material and other consumables	2,951,363	1,886,344	2,834,269	1,886,344
Hatch able Eggs	140,230	156,255	140,230	156,255
Stores & Spares	126,918	135,228	126,918	135,228
Total	4,047,195	2,883,891	3,930,101	2,883,891
<u>Accounts & other receivables</u>				
Trade accounts receivables	5,717,964	4,867,672	5,717,964	4,867,672
Debtors- Exports	1,173,859	885,108	1,173,859	885,108
Debtors- Feed	22,426	22,426	22,426	22,426
Debtors- Local	4,521,678	3,960,138	4,521,678	3,960,138
Provision for Bad Debts	(87,669)	(72,129)	(87,669)	(72,129)
Advance In Subsidiary	-	-	31,140	18,888
Advances , Prepayments other Receivable	376,646	173,318	295,122	173,318
Feed Subsidy Receivable	1,182,149	-	1,182,149	-
Advances To creditors	109,656	310,355	109,656	310,355
Accounts & other receivables	7,298,746	5,279,215	7,248,362	5,298,103
<u>Cash and bank balances</u>				
Cash & Bank balances	723,229	714,554	644,200	603,397
Term deposits	3,507,138	2,295,615	3,507,138	2,295,615
Total	4,230,368	3,010,169	4,151,339	2,899,012
<u>Government soft loans and other loans</u>				
Government Soft Loan	2,950,000	3,450,000	2,950,000	3,450,000
OABTerm loans 50% Expansion	421,400	842,800	421,400	842,800
OABTerm loans 20% Expansion	1,650,000	2,400,000	1,650,000	2,400,000
EBI Term Loan	763,471	1,311,031	763,471	1,311,031
NBO Loan (Refinancing of AAAID Loan)	3,806,791	1,851,566	944,902	1,260,066
Loans from related parties	462,060	580,093	462,060	580,093
Lease Finance	7,090	14,485	7,090	14,485
Total	10,060,812	10,449,974	7,198,923	9,858,474
Less: Current liabilities:				
Government Soft loan	(500,000)	(500,000)	(500,000)	(500,000)
Term loan	(1,544,400)	(1,468,960)	(1,544,400)	(1,468,960)
NBO Loan (Refinancing of AAAID Loan)	(315,000)	(315,000)	(315,000)	(315,000)
Loans from related parties	(77,100)	(137,756)	(77,100)	(137,756)
Lease Finance	(2,300)	(5,416)	(2,300)	(5,416)
Total	(2,438,800)	(2,427,132)	(2,438,800)	(2,427,132)
<u>Non- current liabilities</u>				
Bank Borrowing	2,195,876	1,587,235	2,156,274	1,587,235
<u>Accounts & other payables</u>				
Creditors & Other payables	2,047,940	1,530,791	1,852,239	1,524,591
Advances From Debtors	33,008	68,957	33,008	68,957
Dividend payable	37,387	5,677	37,387	5,677
Accruals	1,251,375	962,796	1,251,375	962,796
Total accounts & other payables	3,369,710	2,568,221	3,174,010	2,562,021