

A'Saffa Foods SAOG

Director's Report for the First Half 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 Half ended 30th June 2015.

Performance Review

Sales for the 1st half ended 30 June 2015 have increased to RO 16,869,717/- as compared to RO 15,439,338/- during the same period of 2014 showing an increase of 9.26%. Net Profit after Tax(consolidated) of RO. 3,370,163/- has been achieved during 1st half of 2015 as compared to net profit of RO 3,681,040/- 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 1st half of 2015 was RO.472,965/- as compared to RO. 931,318/- for the same period of 2014. The Tax Liability for the period arose to RO.450,792/- as compared to RO.249,716/- for the same period of 2014. The net additional effect on account of feed subsidy and tax was RO. 659,429/- .

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 30th. June, 2015

Assets	Parent Company		Consolidated	
	2015 RO	2014 RO	2015 RO	2014 RO
Non Current Assets:				
Property,Plant & Equipment	17,373,889	18,361,976	22,181,136	23,367,692
Intangible Assets	433,128	-	433,128	-
Capital Advances/WIP	424,026	282,844	1,514,444	282,844
Investments.	304,000	100,000	304,000	100,000
Investment In Subsidiary	2,950,000	1,350,000	-	-
Total Non Current Assets	21,485,043	20,094,820	24,432,708	23,750,536
Current Assets:				
Biological Assets	1,043,716	1,157,076	1,043,716	1,157,076
Inventories	4,028,877	3,567,231	4,866,363	4,369,610
Recievables & Prepayments	8,886,338	7,822,737	9,020,581	7,799,189
Cash & Bank Balances	6,539,060	6,721,033	7,111,286	6,722,333
Total Current Assets	20,497,991	19,268,077	22,041,946	20,048,208
Total Assets	41,983,035	39,362,897	46,474,654	43,798,744
Share Holders Equity & Liabilities				
Shareholder's Equity:				
Share Capital	12,000,000	12,000,000	12,000,000	12,000,000
Legal Reserve	3,675,008	3,076,473	3,688,854	3,076,473
Accumulated Profit	18,647,038	15,420,289	18,709,783	15,350,154
Total Shareholder's Equity	34,322,046	30,496,762	34,398,637	30,426,627
Liabilities				
Non-Current Liabilities				
Term Loans	1,450,000	3,022,706	4,567,160	6,183,566
Deferred Taxation Payable	585,423	-	585,423	-
Employees Terminal Benefits	397,985	374,402	407,406	379,027
Total Non-Current Liabilities	2,433,408	3,397,108	5,559,989	6,562,593
Current Liabilities				
Term Loans - Current Maturity	948,003	1,492,264	1,710,577	2,099,764
Bank Borrowing	392,310	1,093,417	392,310	1,303,252
Dividend Payable	59,957	17,475	59,957	17,475
Payables & Accruals	3,827,311	2,865,871	4,353,185	3,389,033
Total Current Liabilities	5,227,581	5,469,027	6,516,029	6,809,524
Total Liabilities	7,660,989	8,866,135	12,076,017	13,372,117
Total Share Holder Equity & Liabilities	41,983,035	39,362,897	46,474,654	43,798,744

A'Saffa Foods S.A.O.G.
Income Statement
For the period Jan to June 2015

	Parent Company		Consolidated	
	2015	2014	2015	2014
	RO	RO	RO	RO
Sales (Net)	16,869,717	15,390,061	16,869,717	15,439,338
Cost Of Sales	<u>(10,485,920)</u>	<u>(8,884,831)</u>	<u>(10,183,802)</u>	<u>(8,791,517)</u>
Gross Profit	6,383,797	6,505,230	6,685,915	6,647,821
Expenses:				
Administrative Expenses	<u>(785,373)</u>	<u>(753,811)</u>	<u>(869,310)</u>	<u>(815,201)</u>
Marketing Expenses	<u>(1,899,197)</u>	<u>(1,743,458)</u>	<u>(1,899,197)</u>	<u>(1,743,458)</u>
Finance Charges (net)	<u>(12,631)</u>	<u>(68,940)</u>	<u>(96,454)</u>	<u>(158,407)</u>
Total Expenses	<u>(2,697,200)</u>	<u>(2,566,208)</u>	<u>(2,864,960)</u>	<u>(2,717,065)</u>
Profit Before Taxation	3,686,597	3,939,022	3,820,955	3,930,756
Taxation	<u>(450,792)</u>	<u>(249,716)</u>	<u>(450,792)</u>	<u>(249,716)</u>
Net Profit After Taxation	<u><u>3,235,805</u></u>	<u><u>3,689,306</u></u>	<u><u>3,370,163</u></u>	<u><u>3,681,040</u></u>

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

Operating activities	Parent Company		Consolidated	
	2015 RO	2014 RO	2015 RO	2014 RO
Net Profit For The Period	3,235,805	3,689,306	3,370,163	3,681,040
Adjustment For:				
Depreciation	593,671	602,739	620,111	740,557
Amortization	39,201		39,201	
Finance Cost (Net)	12,631	68,940	96,454	158,407
Operating Profit Before Working Capital Changes	<u>3,881,308</u>	<u>4,360,984</u>	<u>4,125,929</u>	<u>4,580,003</u>
Increase / Decrease in Working Capital				
Receivables & Prepayments	(1,073,076)	(2,040,548)	(1,457,575)	(2,022,125)
Inventories	(176,658)	(509,953)	173,185	(822,650)
Payables & Accruals	477,682	549,012	557,563	581,536
	<u>(772,052)</u>	<u>(2,001,489)</u>	<u>(726,827)</u>	<u>(2,263,239)</u>
Cash Generated From / (Absorbed By) Operations	<u>3,109,256</u>	<u>2,359,495</u>	<u>3,399,102</u>	<u>2,316,764</u>
Interest Paid	(12,631)	(68,940)	(96,454)	(158,407)
Net Cash Generated From / (Absorbed By) Operations	<u>3,096,625</u>	<u>2,290,555</u>	<u>3,302,648</u>	<u>2,158,358</u>
Investing activities				
Purchase Of Property, Plant & Equipment	(576,325)	(220,052)	(1,617,107)	(260,406)
Investment	(204,000)	(50,000)	(204,000)	(50,000)
Net Cash (Used In) Investing Activities	<u>(780,325)</u>	<u>(270,052)</u>	<u>(1,821,107)</u>	<u>(310,406)</u>
Financing activities				
Dividend Paid	(2,100,043)	(1,891,500)	(2,100,043)	(1,891,500)
Term Loans	(1,274,416)	(1,169,631)	(1,209,309)	(866,558)
Net Cash (Used By) Financing Activities	<u>(3,374,459)</u>	<u>(3,061,131)</u>	<u>(3,309,352)</u>	<u>(2,758,058)</u>
Net Increase / (Decrease) In Cash & Cash Equivalent	(1,058,159)	(1,040,628)	(1,827,811)	(910,106)
Cash & Cash Equivalent At The Beginning Of The Year	7,204,908	6,668,244	8,546,786	6,329,189
Cash & Cash Equivalent At The End Of The Year	<u>6,146,749</u>	<u>5,627,616</u>	<u>6,718,975</u>	<u>5,419,083</u>

A'Saffa Foods S.A.O.G.
Statement Of Changes In Equity
For the period Jan to June 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				3,235,805	3,235,805
Transferred To Legal Reserve			323,581	(323,581)	-
Balance As On 30th June 2015	12,000,000	-	3,675,008	18,647,038	34,322,046

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				3,370,163	3,370,163
Transferred To Legal Reserve			337,016.30	(337,016)	-
Balance As On 30th June 2015	12,000,000	-	3,688,854	18,709,783	34,398,637

A'Saffa Foods S.A.O.G.
Notes To The Balance Sheet
As at 30th. June, 2015

	Parent Company		Consolidated	
	2015 RO	2014 RO	2015 RO	2014 RO
Property , Plant & Equipment				
Property , Plant & Equipment	26,757,519	26,561,347	32,011,616	31,749,964
Intangible Assets	433,128	-	433,128	-
Work In Progress	424,026	282,844	1,514,444	282,844
Investment In Subsidiary	2,950,000	1,350,000	-	-
Accumulated Depreciation	(9,311,719)	(8,199,371)	(9,758,569)	(8,382,272)
Amortization of Intangible Assets	(71,911)	-	(71,911)	-
Total	21,181,043	19,994,820	24,128,708	23,650,536
Biological Assets				
Immature Biological Assets (Parent DOC)	362,714	395,377	362,714	395,377
Mature Biological Assets (Broiler Birds)	681,002	761,699	681,002	761,699
Total	1,043,716	1,157,076	1,043,716	1,157,076
Inventories				
Finished Products	637,053	1,237,035	662,566	1,274,425
Raw Material and Other Consumables	2,846,389	1,867,863	3,564,636	2,599,696
Hatchable Eggs	184,899	146,316	184,899	146,316
Stores & Spares	360,536	316,017	454,262	349,173
Total	4,028,877	3,567,231	4,866,363	4,369,610
Accounts & Other Recievables				
Trade Accounts Recievables	7,710,089	6,662,359	7,710,089	6,555,243
Debtors - Export	1,382,374	1,379,699	1,382,374	1,379,699
Debtors - Feed	64,139	53,977	64,139	53,977
Debtors - Local	6,263,576	5,228,683	6,263,576	5,121,567
Provision For Bad Debts	(91,855)	(86,432)	(91,855)	(86,432)
Advance In Subsidiary	40,636	162,098	-	-
Advances , Prepayments and Other Recievables	808,214	907,212	952,864	995,546
Advances To Creditors	419,255	177,500	449,484	334,832
Accounts & Other Recievables	8,886,338	7,822,737	9,020,581	7,799,189
Cash & Bank Balances				
Cash & Bank Balances	534,674	105,739	1,106,900	107,039
Term Deposits	6,004,385	6,615,294	6,004,385	6,615,294
Total	6,539,060	6,721,033	7,111,286	6,722,333
Govt Soft Loans & Other Loans				
Govt Soft Loans	1,950,000	2,450,000	1,950,000	2,450,000
Term Loans	-	1,050,263	-	1,050,263
NBO Loans	-	629,738	-	4,398,098
AL Yusr Islamic Bank (Term Finance)	448,003	-	448,003	-
Muzn Islamic Finance Lease	-	-	3,879,734	-
Loan From Related Parties	-	384,969	-	384,969
Total	2,398,003	4,514,970	6,277,737	8,283,330
Less : Current Liabilities				
Govt Soft Loans	(500,000)	(500,000)	(500,000)	(500,000)
Term Loans	-	(600,000)	-	(600,000)
NBO Loans	-	(315,164)	-	(922,664)
AL Yusr Islamic Bank (Term Finance)	(448,003)	-	(448,003)	-
Muzn Islamic Finance Lease	-	-	(762,574)	-
Loan From Related Parties	-	(77,100)	-	(77,100)
Total	(948,003)	(1,492,264)	(1,710,577)	(2,099,764)
Non Current Liabilities				
Bank Borrowing	392,310	1,093,417	392,310	1,303,252
Accounts & Other Payables				
Creditors & Other Payables	2,522,616	1,662,894	3,008,613	2,151,184
Advances From Debtors	-	33,277	-	33,277
Dividend Payable	59,957	17,475	59,957	17,475
Accruals	1,304,695	1,169,700	1,344,572	1,204,572
Total Accounts & Other Payables	3,887,267	2,883,346	4,413,141	3,406,508