

A'Saffa Foods SAOG

Chairman's Report for the 3rd Quarter 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 nine months ended 30th September 2013.

Performance Review

The company further improved its operating performance during nine months of 2013 by increasing its production and sales activities. Our consolidated Sales for nine months ended 30th September 2013 have increased to RO 21,480,881/- as compared to RO 18,300,993/- during the same period of 2012 showing an increase of 17.37%. Consolidated Net Profit of RO 5,042,238/- has been achieved during nine months of 2013 as compared to net profit of RO. 3,423,601/- for the same period of 2012 registering an increase of 47.27%.

Feed Subsidy

We have accounted for feed subsidy of RO.558,690/- during the period of nine months ended 30 September 2013 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 30th September, 2013

	Consolidated		Parent Company	
	2013 RO	2012 RO	2013 RO	2012 RO
Assets				
Non Current Assets:				
Property,Plant & Equipment	19,218,149	19,113,868	19,124,030	19,113,868
Capital Advances/WIP	4,627,028	1,759,253	-	89,440
Investment In Subsidiary	-	-	1,350,000	1,000,000
Total Non Current Assets	23,845,177	20,873,121	20,474,030	20,203,308
Current Assets:				
Biological Assets	1,121,863	1,063,078	1,121,863	1,063,078
Inventories	2,767,918	3,489,933	2,253,843	3,489,933
Recievables & Prepayments	6,451,126	6,008,479	6,565,150	5,973,746
Cash & Bank Balances	6,037,390	2,325,995	6,037,231	2,238,466
Investment	50,000	50,000	50,000	50,000
Total Current Assets	16,428,296	12,937,485	16,028,086	12,815,223
Total Assets	40,273,473	33,810,606	36,502,116	33,018,531
Share Holders Equity & Liabilities				
Shareholder's Equity:				
Share Capital	11,576,250	11,025,000	11,576,250	11,025,000
Legal Reserve	2,491,907	1,601,923	2,491,907	1,601,923
Accumulated Profit	12,434,211	6,639,955	12,474,445	6,669,588
Total Shareholder's Equity	26,502,368	19,266,878	26,542,602	19,296,511
Liabilities				
Non-Current Liabilities				
Term Loans	7,741,505	7,757,955	4,429,917	6,983,481
Employees Terminal Benefits	254,828	196,314	254,828	196,314
Total Non-Current Liabilities	7,996,333	7,954,269	4,684,745	7,179,795
Current Liabilities				
Term Loans - Current Maturity	2,395,895	2,440,933	2,395,895	2,440,933
Bank Borrowing	339,644	1,646,246	56,039	1,631,148
Payables & Accruals	3,039,233	2,502,280	2,822,835	2,470,144
Total Current Liabilities	5,774,772	6,589,459	5,274,769	6,542,225
Total Liabilities	13,771,105	14,543,728	9,959,514	13,722,020
Total Share Holder Equity & Liabilities	40,273,473	33,810,606	36,502,116	33,018,531

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

Income Statement

For the period Jan to September 2013

	Consolidated		Parent Company	
	Jan-Sept 2013	Jan-Sept 2012	Jan-Sept 2013	Jan-Sept 2012
	RO	RO	RO	RO
Sales (Net)	21,480,881	18,300,993	21,429,961	18,300,993
Cost Of Sales	<u>(13,052,101)</u>	<u>(11,867,921)</u>	<u>(12,991,332)</u>	<u>(11,863,468)</u>
Gross Profit	8,428,779	6,433,072	8,438,628	6,437,525
Expenses:				
Administrative Expenses	<u>(924,742)</u>	<u>(830,410)</u>	<u>(914,915)</u>	<u>(823,172)</u>
Marketing Expenses	<u>(2,287,729)</u>	<u>(1,898,362)</u>	<u>(2,287,729)</u>	<u>(1,897,962)</u>
Finance Charges (net)	<u>(174,070)</u>	<u>(280,699)</u>	<u>(172,660)</u>	<u>(267,011)</u>
Total Expenses	<u>(3,386,541)</u>	<u>(3,009,471)</u>	<u>(3,375,304)</u>	<u>(2,988,145)</u>
Profit Before Taxation	5,042,238	3,423,601	5,063,324	3,449,380
Net Profit After Taxation	<u>5,042,238</u>	<u>3,423,601</u>	<u>5,063,324</u>	<u>3,449,380</u>
Basic Earning Per Share			0.044	0.030

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

	Consolidated		Parents Company	
	Jan-Sept 2013 RO	Jan-Sept 2012 RO	Jan-Sept 2013 RO	Jan-Sept 2012 RO
Operating activities				
Net Profit For The Period	5,042,238	3,423,601	5,063,324	3,449,380
Adjustment For:				
Depreciation	876,384	811,386	876,384	811,386
Finance Cost (Net)	174,070	280,699	172,660	267,011
Operating Profit Before Working Capital Changes	<u>6,092,692</u>	<u>4,515,686</u>	<u>6,112,368</u>	<u>4,527,777</u>
Increase / Decrease in Working Capital				
Receivables & Prepayments	2,586,486	(1,706,814)	2,021,985	(1,668,123)
Inventories	1,821,258	(1,052,191)	2,335,333	(1,052,191)
Payables & Accruals	125,940	122,872	(23,736)	93,587
	<u>4,533,684</u>	<u>(2,636,133)</u>	<u>4,333,582</u>	<u>(2,626,727)</u>
Cash Generated From / (Absorbed By) Operations	<u>10,626,376</u>	<u>1,879,553</u>	<u>10,445,950</u>	<u>1,901,050</u>
Interest Paid	(174,070)	(280,699)	(172,660)	(267,011)
Net Cash Generated From / (Absorbed By) Operations	<u>10,452,306</u>	<u>1,598,854</u>	<u>10,273,290</u>	<u>1,634,039</u>
Investing activities				
Purchase Of Property, Plant & Equipment	(3,525,442)	(3,393,271)	(716,349)	(2,046,525)
Investment	-	-	(350,000)	-
Net Cash (Used In) Investing Activities	<u>(3,525,442)</u>	<u>(3,393,271)</u>	<u>(1,066,349)</u>	<u>(2,046,525)</u>
Financing activities				
Dividend Paid	(1,653,750)	(1,260,000)	(1,653,750)	(1,260,000)
Term Loans	347,704	1,620,968	(1,828,163)	846,493
Net Cash (Used By) Financing Activities	<u>(1,306,046)</u>	<u>360,968</u>	<u>(3,481,913)</u>	<u>(413,507)</u>
Net Increase / (Decrease) In Cash & Cash Equivalent	5,620,818	(1,433,449)	5,725,028	(825,993)
Cash & Cash Equivalent At The Beginning Of The Year	76,927	2,113,198	256,164	1,433,311
Cash & Cash Equivalent At The End Of The Year	<u>5,697,745</u>	<u>679,749</u>	<u>5,981,192</u>	<u>607,318</u>

A'Saffa Foods S.A.O.G.
Statement Of Changes In Equity
For the period Jan to September 2013

Parent Company 2012	Share Capital	Special Reserve	Legal Reserve	Accumulated Profits	Total
Balance As At 1st January 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 For The Period				7,285,897	7,285,897
Transferred To Legal Reserve			728,590	(728,590)	-
Balance As On 31st December 2012	11,025,000	-	1,985,575	10,122,453	23,133,028

Group 2012

Balance As At 1st January 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 For The Period				7,270,603	7,270,603
Transferred To Legal Reserve			728,590	(728,590)	-
Balance As On 31st December 2012	11,025,000	-	1,985,575	10,103,305	23,113,880

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
Movement During The Period 5% Dividend	551,250			(551,250)	-
Dividend Paid (15%)				(1,653,750)	(1,653,750)
Profit For The Period				5,063,324	5,063,324
Transferred To Legal Reserve			506,332	(506,332)	-
AS at 30th Sep 2013	11,576,250	-	2,491,907	12,474,445	26,542,602

Group 2013

Balance As At 1st January 2012	11,025,000	-	1,985,575	10,103,305	23,113,880
Movement During The Period 5% Dividend	551,250			(551,250)	-
Dividend Paid (15%)				(1,653,750)	(1,653,750)
Profit For The Period				5,042,238	5,042,238
Transferred To Legal Reserve			506,332	(506,332)	-
AS at 30th Sep 2013	11,576,250	-	2,491,907	12,434,211	26,502,368

A'Saffa Foods S.A.O.G.
Notes To The Balance Sheet
As at 30th September, 2013

	Consolidated		Parents Company	
	Jan-Sept 2013 RO	Jan-Sept 2012 RO	Jan-Sept 2013 RO	Jan-Sept 2012 RO
Property , Plant & Equipment				
Property , Plant & Equipment	26,532,564	25,327,106	26,438,445	25,327,106
Work In Progress	4,627,028	-	-	-
Investment In Subsidiary	-	-	1,350,000	1,000,000
Accumulated Depreciation	(7,314,415)	(6,213,238)	(7,314,415)	(6,213,238)
Total	23,845,177	19,113,868	20,474,030	20,113,868
Biological Assets				
Immature Biological Assets (Parent DOC)	669,818	407,878	669,818	407,878
Mature Biological Assets (Broiler Birds)	452,045	655,200	452,045	655,200
Total	1,121,863	1,063,078	1,121,863	1,063,078
Inventories				
Finished Products	758,078	991,811	758,078	991,811
Raw Material and Other Consumables	1,657,497	2,122,140	1,143,422	2,122,140
Hatchable Eggs	165,109	192,876	165,109	192,876
Stores & Spares	187,234	183,106	187,234	183,106
Total	2,767,918	3,489,933	2,253,843	3,489,933
Accounts & Other Recievables				
Trade Accounts Recievables	6,056,739	5,521,009	6,056,739	5,521,009
Debtors - Export	1,295,021	1,121,522	1,295,021	1,121,522
Debtors - Feed	33,110	24,146	33,110	24,146
Debtors - Local	4,728,609	4,375,340	4,728,609	4,375,340
Provision For Bad Debts	(87,669)	(72,129)	(87,669)	(72,129)
Advance In Subsidiary	-	-	242,361	7,302
Advances , Prepayments and Other Recievables	412,433	242,408	284,096	200,373
Feed Subsidy Receivable	-	-	-	-
Advances To Creditors	69,623	317,191	69,623	317,191
Accounts & Other Recievables	6,451,126	6,008,479	6,565,150	5,973,746
Cash & Bank Balances				
Cash & Bank Balances	168,273	130,649	168,114	130,649
Term Deposits	5,869,116	2,107,817	5,869,116	2,107,817
Total	6,037,390	2,238,466	6,037,231	2,238,466
Govt Soft Loans & Other Loans				
Govt Soft Loans	2,950,000	3,450,000	2,950,000	3,450,000
Term Loans	2,542,716	4,122,206	2,542,716	4,122,206
NBO Loans	4,256,490	2,034,539	944,902	1,260,065
Loan From Related Parties	384,960	580,092	384,960	580,092
Lease Finance	3,234	12,051	3,234	12,051
Total	10,137,400	10,198,888	6,825,812	9,424,414
Less : Current Liabilities				
Govt Soft Loans	(500,000)	(500,000)	(500,000)	(500,000)
Term Loans	(1,500,561)	(1,479,490)	(1,500,561)	(1,479,490)
NBO Loans (<i>Refinancing of AAAID</i>)	(315,000)	(315,000)	(315,000)	(315,000)
Loan From Related Parties	(77,100)	(137,756)	(77,100)	(137,756)
Lease Finance	(3,234)	(8,687)	(3,234)	(8,687)
Total	(2,395,895)	(2,440,933)	(2,395,895)	(2,440,933)
Non Current Liabilities				
Bank Borrowing	339,644	1,631,148	56,039	1,631,148
Accounts & Other Payables				
Creditors & Other Payables	1,752,748	1,323,545	1,536,350	1,323,545
Advances From Debtors	19,398	125,581	19,398	125,581
Accruals	1,267,087	1,021,018	1,267,087	1,021,018
Total Accounts & Other Payables	3,039,233	2,470,144	2,822,835	2,470,144