

A'Saffa Foods SAOG

Chairman's Report for the 3rd 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 nine months ended 30th September 2014.

Performance Review

The company further improved its operating performance during nine months of 2014 by increasing its production and sales activities. Our consolidated Sales for nine months ended 30th September 2014 have increased to RO. 23,380,580/- as compared to RO. 21,429,959/- during the same period of 2013 showing an increase of 9.1%. Consolidated Net Profit of RO. 5,354,224/- has been achieved during nine months of 2014 as compared to net profit of RO. 5,042,238/- for the same period of 2013 registering an increase of 6.19%.

Feed Subsidy

We have accounted for feed subsidy of RO. 380,803/- during the period of nine months ended 30 September 2014 on actual receipt basis.

A'Saffa Logisitc LLC was registered on 17/09/2014 as 100% subsidiary of A'Saffa Foods SAOG with an Equity of RO. 1.6 million. Hence, the consolidated Financial Statements of the company comprise the parent company and its subsidiary.

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, 2014

Assets	Parents Company		Consolidated	
	2014 RO	2013 RO	2014 RO	2013 RO
Non Current Assets:				
Property,Plant & Equipment	18,068,652	19,124,030	23,000,870	19,218,149
Capital Advances/WIP	356,407	-	356,407	4,627,028
Investment In Subsidiary	2,950,000	1,350,000	-	-
Total Non Current Assets	21,375,059	20,474,030	23,357,277	23,845,177
Current Assets:				
Biological Assets	1,201,059	1,121,863	1,201,059	1,121,863
Inventories	3,453,601	2,253,843	4,445,659	2,767,918
Recievables & Prepayments	7,223,346	6,565,150	7,501,473	6,400,206
Cash & Bank Balances	6,376,539	6,037,230	7,977,162	6,037,390
Investment	100,000	50,000	100,000	50,000
Total Current Assets	18,354,545	16,028,086	21,225,353	16,377,377
Total Assets	39,729,604	36,502,116	44,582,630	40,222,554
Share Holders Equity & Liabilities				
Shareholder's Equity:				
Share Capital	12,000,000	11,576,250	12,000,000	11,576,250
Legal Reserve	3,242,802	2,491,907	3,242,802	2,491,907
Accumulated Profit	16,917,253	12,474,445	16,857,010	12,434,211
Total Shareholder's Equity	32,160,056	26,542,602	32,099,813	26,502,368
Liabilities				
Non-Current Liabilities				
Term Loans	2,945,770	4,429,917	6,106,630	7,741,506
Employees Terminal Benefits	373,932	254,828	380,397	254,828
Total Non-Current Liabilities	3,319,702	4,684,745	6,487,027	7,996,334
Current Liabilities				
Term Loans - Current Maturity	1,492,100	2,395,895	2,099,600	2,395,895
Bank Borrowing	-	56,039	222,144	339,644
Tax Payable	480,316	-	480,316	-
Payables & Accruals	2,277,430	2,822,835	3,193,730	2,988,313
Total Current Liabilities	4,249,846	5,274,769	5,995,790	5,723,852
Total Liabilities	7,569,548	9,959,514	12,482,817	13,720,186
Total Share Holder Equity & Liabilities	39,729,604	36,502,116	44,582,630	40,222,554

A'Saffa Foods S.A.O.G.**Income Statement**

For the period January to September 2014

	Parents Company		Consolidated	
	2014	2013	2014	2013
	RO	RO	RO	RO
Sales (Net)	23,331,051	21,429,959	23,380,580	21,429,959
Cost Of Sales	<u>(13,542,716)</u>	<u>(12,991,332)</u>	<u>(13,349,526)</u>	<u>(13,001,182)</u>
Gross Profit	9,788,336	8,438,627	10,031,055	8,428,777
Expenses:				
Administrative Expenses	(1,152,406)	(914,915)	(1,249,797)	(924,741)
Marketing Expenses	(2,708,807)	(2,287,729)	(2,708,807)	(2,287,729)
Finance Charges (net)	(94,207)	(172,660)	(237,910)	(174,070)
Total Expenses	<u>(3,955,421)</u>	<u>(3,375,304)</u>	<u>(4,196,515)</u>	<u>(3,386,540)</u>
Profit Before Taxation	5,832,915	5,063,324	5,834,540	5,042,238
Taxation	(480,316)		(480,316)	
Net Profit After Taxation	<u><u>5,352,599</u></u>	<u><u>5,063,324</u></u>	<u><u>5,354,224</u></u>	<u><u>5,042,238</u></u>

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

Statement Of Cash Flows

For the period January to September 2014

Operating activities	Parents Company		Consolidated	
	2014	2013	2014	2013
	RO	RO	RO	RO
Net Profit For The Period	5,352,599	5,063,324	5,354,224	5,042,238
Adjustment For:				
Depreciation	900,720	876,384	1,104,573	876,384
Finance Cost (Net)	94,207	172,660	237,910	174,070
Operating Profit Before Working Capital Changes	6,347,526	6,112,367	6,696,707	6,092,692
Increase / Decrease in Working Capital				
Receivables & Prepayments	(1,400,957)	2,021,985	(1,414,998)	2,586,486
Inventories	(440,306)	2,335,333	(942,682)	1,821,258
Payables & Accruals	376,741	(23,736)	535,032	125,940
	(1,464,522)	4,333,582	(1,822,648)	4,533,684
Cash Generated From / (Absorbed By) Operations	4,883,004	10,445,949	4,874,059	10,626,376
Interest Paid	(94,207)	(172,660)	(237,910)	(174,070)
Net Cash Generated From / (Absorbed By) Operations	4,788,798	10,273,289	4,636,150	10,452,306
Investing activities				
Purchase Of Property, Plant & Equipment	(292,271)	(716,349)	(325,162)	(3,525,442)
Investment	(1,650,000)	(350,000)	(50,000)	-
Net Cash (Used In) Investing Activities	(1,942,271)	(1,066,349)	(375,162)	(3,525,442)
Financing activities				
Dividend Paid	(1,891,500)	(1,653,750)	(1,891,500)	(1,653,750)
Term Loans	(1,246,731)	(1,828,163)	(943,658)	347,704
Net Cash (Used By) Financing Activities	(3,138,231)	(3,481,913)	(2,835,158)	(1,306,046)
Net Increase / (Decrease) In Cash & Cash Equivalent	(291,704)	5,725,027	1,425,830	5,620,818
Cash & Cash Equivalent At The Beginning Of The Year	6,668,244	256,165	6,329,189	76,927
Cash & Cash Equivalent At The End Of The Year	6,376,540	5,981,192	7,755,019	5,697,745

A'Saffa Foods S.A.O.G.
Statement Of Changes In Equity
For the period January to September 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				5,352,599	5,352,599
Transferred To Legal Reserve			535,260	(535,260)	-
Balance As On 30th. September 2014	12,000,000	-	3,242,803	16,917,253	32,160,056

Group 2014

Balance As At 1st January 2014	11,576,250	-	2,707,543	14,353,296	28,637,088
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				5,354,224	5,354,224
Transferred To Legal Reserve			535,260	(535,260)	-
Balance As On 30th. September 2014	12,000,000	-	3,242,803	16,857,010	32,099,813

A'Saffa Foods S.A.O.G.
Notes To The Balance Sheet
As at 30th. September, 2014

	Parents Company		Consolidated	
	2014	2013	2014	2013
	RO	RO	RO	RO
Property , Plant & Equipment				
Property , Plant & Equipment	26,566,004	26,438,445	31,747,753	26,532,564
Work In Progress	356,407		356,407	4,627,028
Investment In Subsidiary	2,950,000	1,350,000	-	-
Accumulated Depreciation	(8,497,352)	(7,314,415)	(8,746,883)	(7,314,415)
Total	21,375,059	20,474,030	23,357,277	23,845,177
Biological Assets				
Immature Biological Assets (Parent DOC)	471,467	452,045	471,467	452,045
Mature Biological Assets (Broiler Birds)	729,592	669,818	729,592	669,818
Total	1,201,059	1,121,863	1,201,059	1,121,863
Inventories				
Finished Products	1,166,147	758,078	1,205,053	758,078
Raw Material and Other Consumables	1,717,905	1,143,422	2,647,786	1,657,497
Hatchable Eggs	131,205	165,109	131,205	165,109
Stores & Spares	438,344	187,234	461,615	187,234
Total	3,453,601	2,253,843	4,445,659	2,767,918
Accounts & Other Recievables				
Trade Accounts Recievables	6,841,921	6,056,739	6,841,921	6,056,739
Debtors - Export	2,038,793	1,295,021	2,038,793	1,295,021
Debtors - Feed	45,656	33,110	45,656	33,110
Debtors - Local	4,757,472	4,728,609	4,757,472	4,728,609
Provision For Bad Debts	(86,432)	(87,669)	(86,432)	(87,669)
Advance In Subsidiary	74,330	242,361	74,330	-
Advances , Prepayments and Other Recievables	363,497	284,096	451,889	361,513
Feed Subsidy Receivable			-	-
Advances To Creditors	30,030	69,623	219,765	69,623
Accounts & Other Recievables	7,223,346	6,565,150	7,501,473	6,400,206
Cash & Bank Balances				
Cash & Bank Balances	1,372,154	168,114	2,972,777	168,273
Term Deposits	5,004,385	5,869,116	5,004,385	5,869,116
Total	6,376,539	6,037,231	7,977,162	6,037,390
Govt Soft Loans & Other Loans				
Govt Soft Loans	2,450,000	2,950,000	2,450,000	2,950,000
Term Loans	1,050,263	2,542,716	1,050,263	2,542,716
NBO Loans	629,738	944,902	4,398,098	4,256,490
Loan From Related Parties	307,860	384,960	307,860	384,960
Lease Finance	9	3,234	9	3,234
Total	4,437,870	6,825,812	8,206,230	10,137,400
Less : Current Liabilities				
Govt Soft Loans	(500,000)	(500,000)	(500,000)	(500,000)
Term Loans	(600,000)	(1,500,561)	(600,000)	(1,500,561)
NBO Loans	(315,000)	(315,000)	(922,500)	(315,000)
Loan From Related Parties	(77,100)	(77,100)	(77,100)	(77,100)
Lease Finance	-	(3,234)	-	(3,234)
Total	(1,492,100)	(2,395,895)	(2,099,600)	(2,395,895)
Non Current Liabilities				
Bank Borrowing		56,039	222,144	339,644
Accounts & Other Payables				
Creditors & Other Payables	963,367	1,536,350	1,807,732	1,701,828
Advances From Debtors	16,170	19,398	16,170	19,398
Dividend Payable	11,193		11,193	-
Accruals	1,286,700	1,267,087	1,358,635	1,267,087
Total Accounts & Other Payables	2,277,430	2,822,835	3,193,730	2,988,313