

A'Saffa Foods SAOG

Chairman's Report for the 3rd 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 nine months ended 30th September 2015.

Performance Review

The company further improved its operating performance during nine months of year 2015 by increasing its production and sales activities. Our consolidated Sales for nine months ended 30th September 2015 have increased to RO. 24,220,889/- as compared to RO. 23,331,051/- during the same period of 2014 showing an increase of 3.81%. Net Profit after Tax (consolidated) of RO. 4,813,047/- has been achieved during nine months of year 2015 as compared to net profit of RO. 5,354,224/- for the same period of 2014. The decrease in net profit is due to reduction in Feed Subsidy and increase in Tax Liability. The feed subsidy for nine months was RO. 615,547/- as compared to RO. 1,312,119/- for the same period of year 2014. The Tax liability for the period increased to RO. 646,262/- as compared to RO. 480,316/- for the same period of year 2014. The net additional effect on account of feed subsidy and tax was RO. 862,518/-

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. Sep, 2015

Assets	Parent Company		Consolidated	
	2015 RO	2014 RO	2015 RO	2014 RO
Non Current Assets:				
Property,Plant & Equipment	17,179,983	18,068,652	21,919,872	23,000,870
Intangible Assets	339,382	-	339,382	-
Capital Advances/WIP	952,206	356,407	2,490,059	356,407
Investments.	304,000	100,000	304,000	100,000
Investment In Subsidiary	2,950,000	2,950,000	-	-
Total Non Current Assets	21,725,571	21,475,059	25,053,313	23,457,277
Current Assets:				
Biological Assets	1,044,910	1,201,059	1,044,910	1,201,059
Inventories	3,024,370	3,453,601	3,712,069	4,445,659
Recievables & Prepayments	8,314,277	7,223,346	8,167,022	7,427,143
Term Deposit, Cash & Bank Balances	8,843,309	6,376,539	9,585,238	7,977,162
Total Current Assets	21,226,866	18,254,545	22,509,239	21,051,023
Total Assets	42,952,437	39,729,604	47,562,552	44,508,300
Share Holders Equity & Liabilities				
Shareholder's Equity:				
Share Capital	12,000,000	12,000,000	12,000,000	12,000,000
Legal Reserve	3,813,353	3,242,802	3,833,142	3,242,802
Accumulated Profit	19,892,142	16,917,253	20,008,379	16,857,010
Total Shareholder's Equity	35,705,495	32,160,055	35,841,521	32,099,812
Liabilities				
Non-Current Liabilities				
Term Loans	1,450,000	2,945,770	5,045,152	6,106,630
Deferred Taxation Payable	585,423	-	585,423	-
Employees Terminal Benefits	415,159	373,932	425,895	380,398
Total Non-Current Liabilities	2,450,583	3,319,702	6,056,471	6,487,028
Current Liabilities				
Term Loans - Current Maturity	948,003	1,492,100	1,717,421	2,099,600
Bank Borrowing	187,766	-	187,766	222,144
Tax Payable	645,719	480,316	645,719	480,316
Dividend Payable	36,321	11,193	36,321	11,193
Payables & Accruals	2,978,550	2,266,238	3,077,333	3,108,207
Total Current Liabilities	4,796,359	4,249,847	5,664,560	5,921,460
Total Liabilities	7,246,942	7,569,549	11,721,031	12,408,488
Total Share Holder Equity & Liabilities	42,952,437	39,729,604	47,562,552	44,508,300

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

	Parent Company		Consolidated	
	2015	2014	2015	2014
	RO	RO	RO	RO
Sales (Net)	24,220,889	23,331,051	24,272,509	23,380,580
Cost Of Sales	<u>(15,022,690)</u>	<u>(13,542,715)</u>	<u>(14,648,152)</u>	<u>(13,349,526)</u>
Gross Profit	9,198,198	9,788,336	9,624,356	10,031,055
Expenses:				
Administrative Expenses	<u>(1,046,868)</u>	<u>(1,152,406)</u>	<u>(1,164,610)</u>	<u>(1,249,797)</u>
Marketing Expenses	<u>(2,847,368)</u>	<u>(2,708,807)</u>	<u>(2,847,368)</u>	<u>(2,708,807)</u>
Finance Charges (net)	<u>(38,446)</u>	<u>(94,207)</u>	<u>(153,069)</u>	<u>(237,910)</u>
Total Expenses	<u>(3,932,683)</u>	<u>(3,955,420)</u>	<u>(4,165,048)</u>	<u>(4,196,514)</u>
Profit Before Taxation	5,265,516	5,832,916	5,459,309	5,834,540
Taxation	<u>(646,262)</u>	<u>(480,316)</u>	<u>(646,262)</u>	<u>(480,316)</u>
Net Profit After Taxation	<u><u>4,619,254</u></u>	<u><u>5,352,599</u></u>	<u><u>4,813,047</u></u>	<u><u>5,354,224</u></u>

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

	Parent Company		Consolidated	
	2015 RO	2014 RO	2015 RO	2014 RO
Operating activities				
Net Profit For The Period	4,619,254	5,352,599	4,813,047	5,354,224
Adjustment For:				
Depreciation	892,782	900,720	937,837	1,104,573
Amortization	61,035		61,035	
Finance Cost (Net)	38,446	94,207	153,069	237,910
Operating Profit Before Working Capital Changes	<u>5,611,518</u>	<u>6,347,526</u>	<u>5,964,989</u>	<u>6,696,707</u>
Increase / Decrease in Working Capital				
Receivables & Prepayments	(926,013)	(1,400,957)	(1,279,274)	(1,414,998)
Inventories	826,655	(440,306)	1,326,285	(942,682)
Payables & Accruals	716,814	376,741	621,177	535,032
	<u>617,456</u>	<u>(1,464,521)</u>	<u>668,188</u>	<u>(1,822,648)</u>
Cash Generated From / (Absorbed By) Operations	<u>6,228,974</u>	<u>4,883,005</u>	<u>6,633,177</u>	<u>4,874,059</u>
Interest Paid	(38,446)	(94,207)	(153,069)	(237,910)
Net Cash Generated From / (Absorbed By) Operations	<u>6,190,527</u>	<u>4,788,798</u>	<u>6,480,108</u>	<u>4,636,149</u>
Investing activities				
Purchase Of Property, Plant & Equipment	(1,137,798)	(292,271)	(2,577,271)	(325,162)
Investment	(204,000)	(1,650,000)	(204,000)	(50,000)
Net Cash (Used In) Investing Activities	<u>(1,341,798)</u>	<u>(1,942,271)</u>	<u>(2,781,271)</u>	<u>(375,162)</u>
Financing activities				
Dividend Paid	(2,123,679)	(1,891,500)	(2,123,679)	(1,891,500)
Term Loans	(1,274,416)	(1,246,731)	(724,473)	(943,658)
Net Cash (Used By) Financing Activities	<u>(3,398,095)</u>	<u>(3,138,231)</u>	<u>(2,848,152)</u>	<u>(2,835,158)</u>
Net Increase / (Decrease) In Cash & Cash Equivalent	1,450,634	(291,704)	850,685	1,425,829
Cash & Cash Equivalent At The Beginning Of The Year	7,204,908	6,668,244	8,546,786	6,329,190
Cash & Cash Equivalent At The End Of The Year	<u>8,655,542</u>	<u>6,376,540</u>	<u>9,397,471</u>	<u>7,755,019</u>

A'Saffa Foods S.A.O.G.
Statement Of Changes In Equity
For the period Jan to Sep 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 (16.34%)				(1,891,559)	(1,891,559)
Movement During The Period 3.66% Dividend	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				4,619,254	4,619,254
Transferred To Legal Reserve			461,925	(461,925)	-
Balance As On 30th Sep 2015	12,000,000	-	3,813,353	19,892,142	35,705,495

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				4,813,047	4,813,047
Transferred To Legal Reserve			481,305	(481,305)	-
Balance As On 30th Sep 2015	12,000,000	-	3,833,142	20,008,379	35,841,521

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

	Parent Company		Consolidated	
	2015 RO	2014 RO	2015 RO	2014 RO
Property , Plant & Equipment				
Property , Plant & Equipment	26,748,684	26,566,004	32,002,780	31,747,753
Intangible Assets	433,128		433,128	-
Work In Progress	952,206	356,407	2,490,059	356,407
Investment In Subsidiary	2,950,000	2,950,000		-
Accumulated Depreciation	(9,568,701)	(8,497,352)	(10,082,908)	(8,746,883)
Amortization of Intangible Assets	(93,745)	-	(93,745)	-
Total	21,421,571	21,375,059	24,749,313	23,357,277
Biological Assets				
Immature Biological Assets (Parent DOC)	353,717	471,467	353,717	471,467
Mature Biological Assets (Broiler Birds)	691,193	729,592	691,193	729,592
Total	1,044,910	1,201,059	1,044,910	1,201,059
Inventories				
Finished Products	680,807	1,166,147	683,507	1,205,053
Raw Material and Other Consumables	1,606,041	1,717,905	2,173,240	2,647,786
Hatchable Eggs	143,877	131,205	143,877	131,205
Stores & Spares	593,645	438,344	711,445	461,615
Total	3,024,370	3,453,601	3,712,069	4,445,659
Accounts & Other Recievables				
Trade Accounts Recievables	7,349,211	6,841,921	7,349,211	6,841,921
Debtors - Export	2,546,982	2,038,793	2,546,982	2,038,793
Debtors - Feed	43,842	45,656	43,842	45,656
Debtors - Local	4,758,387	4,757,472	4,758,387	4,757,472
Provision For Bad Debts	(91,855)	(86,432)	(91,855)	(86,432)
Advance In Subsidiary	250,258	74,330		
Advances , Prepayments and Other Recievables	742,043	363,497	769,938	451,889
Advances To Creditors	64,621	30,030	139,729	219,765
Accounts & Other Recievables	8,314,277	7,223,346	8,167,022	7,427,143
Cash & Bank Balances				
Cash & Bank Balances	2,843,309	1,372,154	3,285,238	2,974,777
Term Deposits	6,000,000	5,004,385	6,300,000	5,004,385
Total	8,843,309	6,376,539	9,585,238	7,979,162
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	-	-	3,691,460	-
Alizz Isamic Bank	-	-	673,110	-
Loan From Related Parties	-	307,869	-	307,869
Total	2,398,003	4,437,870	6,762,573	8,206,230
Less : Current Liabilities				
Govt Soft Loans	(500,000)	(500,000)	(500,000)	(500,000)
Term Loans	-	(600,000)	-	(600,000)
NBO Loans	-	(315,000)	-	(922,500)
AL Yusr Islamic Bank (Term Finance)	(448,003)	-	(448,003)	-
Muzn Islamic Finance Lease	-	-	(769,418)	-
Alizz Isamic Bank	-	-	-	-
Loan From Related Parties	-	(77,100)	-	(77,100)
Total	(948,003)	(1,492,100)	(1,717,421)	(2,099,600)
Non Current Liabilities	1,450,000	2,945,770	5,045,152	6,106,630
Bank Borrowing	187,766	-	187,766	222,144
Accounts & Other Payables				
Creditors & Other Payables	1,533,765	963,367	1,610,928	1,733,402
Advances From Debtors		16,170	-	16,170
Dividend Payable	36,321	11,193	36,321	11,193
Accruals	1,444,785	1,286,701	1,466,405	1,358,635
Total Accounts & Other Payables	3,014,871	2,277,431	3,113,654	3,119,400