A'Saffa Foods SAOG

Director's Report for the First Quarter Results – Year 2019

Dear Shareholders,

On behalf of the Board of Directors of A'Saffa Foods SAOG, I have pleasure in presenting the financial results for 1st Quarter ended 31st March 2019.

Performance Review

Sales for the quarter ended 31st March 2019 was RO.7,912,090/- as compared to RO.8,338,558/- during the same period of 2018. Net Profit (consolidated) of RO.604,883/- has been achieved during 1st quarter of 2019 as compared to Net Profit of RO.1,311,841/- for the same period of last year. The decrease in Net Profit was due to less production and increase of input cost.

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 SAOG

STATEMENT OF FINANCIAL POSITION

At 31 March 2019

		Parent Company		Group	
		2019	*2018*	***2019***	*2018*
	Notes	***RO***	*RO*	***RO***	*RO*
ASSETS					
Non-current assets					
Property, plant and equipment		**15,385,756**	16,483,541	**23,551,475**	24,829,233
Lease assets (ROU)		**986,549**	-	**1,023,044**	-
Capital Advances/CWIP		**17,670,727**	2,049,910	**17,670,727**	2,088,550
Intangible assets	13	**56,164**	158,327	**93,922**	208,627
Investments in subsidiaries	14	**2,950,000**	2,950,000	**-**	-
Investment in fair value through profit and loss account	16	**47,671**	47,671	**47,671**	47,671
Investment in associates	15	**4,128,777**	3,950,200	**4,128,777**	3,950,200
Term deposits	21	**-**	5,150,000	**-**	5,150,000
Total non-current assets		**41,225,644**	30,789,649	**46,515,616**	36,274,281
Current assets					
Inventories	17	**3,575,543**	4,397,584	**4,358,757**	5,446,518
Biological assets	18	**1,288,681**	1,280,026	**1,288,681**	1,280,026
Trade and other receivables	19	**11,362,109**	9,528,864	**11,343,060**	9,152,974
Cash and bank balances	20	**164,630**	812,497	**298,622**	1,068,797
Term deposits	21	**2,000,000**	2,000,000	**2,000,000**	2,000,000
Total current assets		**18,390,963**	18,018,971	**19,289,120**	18,948,315
TOTAL ASSETS		**59,616,607**	48,808,620	**65,804,736**	55,222,596
EQUITY AND LIABILITIES					
Equity					
Share capital		**12,000,000**	12,000,000	**12,000,000**	12,000,000
Legal reserves		**4,000,000**	4,000,000	**4,221,676**	4,115,819
Retained earnings		**24,542,588**	23,203,575	**26,128,408**	24,145,155
Total equity		**40,542,588**	39,203,575	**42,350,084**	40,260,974
LIABILITIES					
Non-current liabilities					
Borrowings	25	**8,247,629**	450,000	**9,447,629**	2,130,000
Finance lease liabilities	26	**-**	-	**358,593**	922,029
Lease liability (ROU)		**924,749**		**942,218**	
End of service benefits		**677,570**	602,437	**718,734**	633,371
Deferred taxation	10	**565,139**	565,139	**735,888**	715,595
Total non-current liabilities		**10,415,087**	1,617,576	**12,203,062**	4,400,995
Current liabilities					
Borrowings	25	**3,274,600**	1,847,884	**3,754,600**	2,327,884
Finance lease liabilities	26	**-**	-	**706,825**	868,810
Lease liability (ROU)		**73,216**		**98,216**	
Trade and other payables	27	**5,311,116**	6,139,585	**6,691,949**	7,363,933
Total current liabilities		**8,658,932**	7,987,469	**11,251,590**	10,560,627
TOTAL LIABILITIES		**19,074,019**	9,605,045	**23,454,652**	14,961,622
TOTAL EQUITY AND LIABILITIES		**59,616,607**	48,808,620	**65,804,736**	55,222,596
Net assets per share (RO)	28	**0.338**	0.327	**0.353**	0.336

A'SAFFA FOODS SAOG

STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 March 2019

		Parent Company		Group	
	Notes	***2019 RO***	*2018 RO*	***2019 RO***	*2018 RO*
Revenue		**7,912,090**	8,338,558	**8,037,213**	8,445,932
Cost of sales	4	**(5,632,181)**	(5,109,714)	**(5,280,902)**	(4,815,772)
Gross profit		**2,279,909**	3,228,844	**2,756,311**	3,630,160
Selling and distribution expenses	5	**(1,367,357)**	(1,433,409)	**(1,367,357)**	(1,433,409)
General and administrative expenses	6	**(492,571)**	(522,054)	**(581,523)**	(600,052)
Other operating income	7	**-**	-	**-**	-
Operating profit		**419,981**	1,273,381	**807,431**	1,596,699
Finance income / (cost) – net	9	**2,116**	40,286	**(36,606)**	(16,845)
Share of loss from associates	15	**(59,198)**	(36,512)	**(59,198)**	(36,512)
Profit before tax		**362,899**	1,277,155	**711,627**	1,543,342
Taxation					
- Current tax	10	**(54,427)**	(191,573)	**(106,744)**	(231,501)
		(54,427)	(191,573)	**(106,744)**	(231,501)
Profit and total comprehensive income for the year		**308,472**	1,085,582	**604,883**	1,311,841
Basic earnings per share (RO)	11	**0.003**	0.009	**0.005**	0.011

STATEMENT OF CASH FLOWS
Year ended 31 March 2019

		Parent Company		Group	
		2019	*2018*	***2019***	*2018*
	Notes	***RO***	*RO*	***RO***	*RO*
OPERATING ACTIVITIES					
Cash generated from operations	33	**4,060,875**	1,975,172	**4,481,412**	2,358,510
Net Finance Cost	9	**(989)**	40,286	**(40,803)**	(16,845)
Net cash generated from operating activities		**4,059,886**	2,015,458	**4,440,609**	2,341,665
INVESTING ACTIVITIES					
Purchase of property, plant and equipment	12	**(12,730,957)**	(698,323)	**(12,733,019)**	(709,744)
Investment in associates	15	**-**	(1,387,200)	**-**	(1,387,200)
Term deposits	21	**-**	(650,000)	**-**	(650,000)
				-	-
Net cash generated (used in) /		**(12,730,957)**	(2,735,523)	**(12,733,019)**	(2,746,944)
FINANCING ACTIVITIES					
Finance lease repaid		**-**	-	**(354,792)**	(210,728)
Long term loans received & repaid		**8,247,629**	-	**8,247,629**	(120,000)
Dividend paid	22	**-**	-	**-**	-
Net cash used in financing activities		**8,247,629**	-	**7,892,837**	(330,728)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(423,442)**	**(720,065)**	**(399,573)**	**(736,007)**
Cash and cash equivalents at beginning of the year		**(236,528)**	2,184,678	**(126,405)**	2,456,920
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**(659,970)**	1,464,613	**(525,978)**	1,720,913

A'SAFFA FOODS SAOG

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2019

	Share capital RO	*Legal reserves RO*	*Retained earning RO*	*Total RO*
Parent Company				
As at 1 January 2018	12,000,000	4,000,000	24,517,993	40,517,993
Profit and total comprehensive income for the year	-	-	1,085,582	1,085,582
Dividend paid (note 22c)	-	-	(2,400,000)	(2,400,000)
At 31 March 2018	12,000,000	4,000,000	23,203,575	39,203,575
Group				
As at 1 January 2018	12,000,000	4,093,193	25,255,940	41,349,133
Profit and total comprehensive income for the year	-	-	1,311,841	1,311,841
Dividend paid (note 22c)	-	-	(2,400,000)	(2,400,000)
Transfer to legal reserve	-	22,626	(22,626)	-
At 31 March 2018	12,000,000	4,115,819	24,145,155	40,260,974
Parent Company				
As at 1 January 2019	**12,000,000**	**4,000,000**	**24,234,116**	**40,234,116**
Profit and total comprehensive income for the year	**-**	**-**	**308,472**	**308,472**
Dividend paid (note 22c)	**-**	**-**	**-**	**-**
At 31 March 2019	**12,000,000**	**4,000,000**	**24,542,588**	**40,542,588**
Group				
As at 1 January 2019	**12,000,000**	**4,161,188**	**25,584,013**	**41,745,201**
Profit and total comprehensive income for the year	**-**	**-**	**604,883**	**604,883**
Dividend paid (note 22c)	**-**	**-**	**-**	**-**
Transfer to legal reserve	**-**	**60,488**	**(60,488)**	**-**
At 31 March 2019	**12,000,000**	**4,221,676**	**26,128,408**	**42,350,084**

1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

A'Saffa Foods SAOG ("the Company" or "Parent Company") is an Omani joint stock company registered in the Sultanate of Oman on 30 December 2001 under the commercial registration no. 2/16733/6. The Company commenced commercial operations on 1 July 2004. The Company is engaged in manufacturing and distribution of poultry meat.

On 25 May 2011, the Parent Company incorporated a company in Sultanate of Oman, A'Saffa Food Processing LLC ('A'Saffa Processing') with a registered share capital of RO 1,350,000. A'Saffa Processing registered in Sultanate of Oman as a limited liability company, is a wholly owned subsidiary of the Company. A'Saffa Processing is engaged in manufacturing and distribution of meat, vegetables and fish products and it started its operations in 2013.

On 17 September 2014, the Parent Company incorporated a company in Sultanate of Oman, A'Saffa Logistics LLC ('A'Saffa Logistics') with an initial registered share capital of RO 1,600,000. A'Saffa Logistics registered in Sultanate of Oman as a limited liability company, is a wholly owned subsidiary of the Company. A'Saffa Logistics is engaged in storage and transportation.

These consolidated financial statements comprise the Parent company and its subsidiaries (together referred to as the Group), the details of which are set out above. The separate financial statements represent the financial statements of the Parent company on a standalone basis. The consolidated and separate financial statements are collectively referred to as 'the financial statements'.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the relevant requirements of the Commercial Companies Law of 1974, as amended and the Capital Market Authority.

b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for investment in associates and investment in security has been measured at fair value.

c) Functional currency

These financial statements are presented in Rial Omani, which is the Company's functional currency.

d) Standards, amendments and interpretation effective in 2018

For the year ended 31 December 2018, the Group has adopted all of the following new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for periods beginning on 1 January 2018.

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers

The adoption of these standards and interpretations has not resulted in any significant changes to the Group's accounting policies and has not affected the amounts reported for the current year, which is detailed out below:

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

d) Standards, amendments and interpretation effective in 2018 (continued)

IFRS 9 — Financial Instruments
The Group has adopted IFRS 9 - Financial Instruments issued in July 2014 with a date of initial application of 1 January 2018. The requirements of IFRS 9 represent a significant change from IAS 39 Financial Instruments: Recognition and Measurement. The new standard brings fundamental changes to the

Transition
Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below:

a) Comparative periods have not been restated. Differences in the carrying amounts of financial assets resulting from the adoption of IFRS 9 has not been recognised in retained earning as at 1 January 2018. The provision on expected credit losses was not materialy different from provision at 1 January 2018, hence no restatement of opening retained earning has been done.

b) The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:
- The determination of the business model within which a financial asset is held.
- The designation and revocation of previous designations of certain financial assets as measured at FVOCI.

Classification of financial assets on the date of initial application of IFRS 9

The following table shows reconciliation of original measurement categories and carrying value in accordance with IAS 39 (loan and receivables) and the new measurement categories under IFRS 9 (amortised cost) for the Company's financial assets as at 1 January 2018.

Financial asset (Group)	***Original carrying amount (RO)***	***Re-measurement - ECL (RO)***	***New carrying amount (RO)***
Cash and bank balances	**1,068,797**	**-**	**1,068,797**
Term deposit	**7,150,000**	**-**	**7,150,000**
Trade and other receivables	**9,152,974**	**-**	**9,152,974**
Total Financial assets	**17,371,771**	**-**	**17,371,771**

Financial asset (Parent)	***Original carrying amount (RO)***	***Re-measurement - ECL (RO)***	***New carrying amount (RO)***
Cash and bank balances	**812,497**	**-**	**812,497**
Term deposit	**7,150,000**	**-**	**7,150,000**
Trade and other receivables	**9,528,864**	**-**	**9,528,864**
Total Financial assets	**17,491,361**	**-**	**17,491,361**

Adoption of IFRS 9 did not result in any change in classification or remeasurement of financial liabilities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

d) Standards, amendments and interpretation effective in 2018 (continued)

IFRS 15 — Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and is effective for annual periods commencing on or after 1 January 2018. IFRS 15 outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue guidance, which is found currently across several Standards and Interpretations within IFRS. It established a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The Group's adoption of IFRS 15 under modified retrospective method had no material impact on the financial statements of the Group.

e) Standards issued but not yet effective

IFRS 16 Leases

The IASB issued IFRS 16 Leases (IFRS 16), which requires lessees to recognise assets and liabilities for most leases. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). For lessors, there is little change to the existing accounting in IAS 17 Leases. The Group will perform a detailed assessment in the future to determine the extent. The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, IFRS 15, has been applied, or is applied at the same date as IFRS 16. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17. While the Group is in process of assessing the impact of the initial application. Management believes that the most significant impact will be that the Company will need to recognise a right of use assets and lease liability for land on which their depots, office and bulk storage facilities are constructed, currently treated as an operating lease. This will mean that the nature of the expense of the above cost will change from being an operating lease expense to depreciation and interest expense. Future minimum lease commitments under non-cancellable operating lease are disclosed in note 31.

2.2 Consolidation

(a) Basis of consolidation

The financial statements comprise the financial statements of the Group and its subsidiary as at 31 December 2018. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Consolidation (continued)

(a) Basis of consolidation (continued)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the Parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary
- derecognises the carrying amount of any non-controlling interests
- derecognises the cumulative translation differences recorded in equity
- recognises the fair value of the consideration received
- recognises the fair value of any investment retained
- recognises any surplus or deficit in profit or loss
- reclassifies the Parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

(b) Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence or joint control is similar to those necessary to determine control over subsidiaries. The Group's investments in its associates are accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Consolidation (continued)

(b) Investment in associates (continued)

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss as 'Share of results of associates' in the statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

(c) Investment in subsidiaries

Investment in subsidiaries in the Parent Company financial statements are carried at cost.

2.3 Revenue recognition (Policy before 1 January 2018)

The Group's contracts with customers for the sale of goods generally includes one performance obligation. The Group has concluded that revenue from the sale of goods should be recognised at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Therefore, the adoption of IFRS 15 did not have any impact on revenue recognition.

2.3.1 Revenue recognition (Policy applicable from 1 January 2018)

Revenue from contracts with customers
The Group's principal activity is manufacturing and selling Fuel, lubricants and petroleum products.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Sale and distribution of poultry meat.
Revenue from sale and distribution of poultry meat and poultry products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products. The normal credit terms are 30 to 90 days upon delivery/receipt.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of products, the Group considers the effects of variable consideration.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3.1 Revenue recognition (Policy applicable from 1 January 2018) (continued)

Volume Rebate

The Group provides proivdes retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the future expected rebates, the group applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consderation is primarily driven by the number of volume thresholds contained in the contract. The Group then applies the requirements on constraining estimated of variable consideration and recognises a refund liability for the expected future rebates.

2.4 Interest income and expense

Interest income and expense are accounted for on the accrual basis using an effective interest rate method.

2.5 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased asset and the present value of the minimum lease payments.

Minimum lease payment made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. The property, plant and equipment acquired under finance leases are depreciated in accordance with the policy on property, plant and equipment as relevant to the applicable asset.

2.6 Foreign currency

Items included in the financial statements of the Group are measured using Rial Omani which is the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Rial Omani which is the Group's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

2.7 Income tax

Income tax on the results for the year comprises current tax.

Current tax recognised in the statement of comprehensive income is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Income tax (continued)

Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred taxation. Deferred tax assets are recognised to the extent that it is probable that future tax profits will be available against which tax losses or temporary differences can be utilised. Deferred income tax assets and liabilities are offset as there is a legally enforceable right to offset these in Oman.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised and is subsequently reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.8 Earning per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period.

2.9 Directors' remuneration

The Directors' remuneration is governed as set out by the Commercial Companies Law and the rules prescribed by the Capital Market Authority.

The Annual General Meeting shall approve the remuneration and the sitting fees for the Board of Directors provided that such fees shall not exceed 5% of the annual net profit after deduction of the legal reserve and the optional reserve and the distribution of dividends to the shareholders. Such fees shall not exceed RO 200,000 in one year. The sitting fees for each Director shall not exceed RO 10,000 in one year.

2.10 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any identified impairment loss. The cost of property, plant and equipment is their purchase price together with any incidental expenses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of items of property, plant and equipment. The estimated useful lives are as follows:

Buildings	20 - 30 years
Motor vehicles	5 years
Bore wells	20 years
Plant and machinery	20 years
Furniture and fittings	3 years
Office equipment	6.5 years
Porta cabins	20 years

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

Where the carrying amount of an asset is greater than its estimated recoverable amount it is written down immediately to its recoverable amount.

Gains and losses on disposals of property, plant and equipment are determined by reference to their carrying amounts are recognised within 'other operating income' and are taken into account in determining operating profit.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Property, plant and equipment (continued)

Land is not depreciated as it is deemed to have an indefinite life.

Capital work-in-progress is stated at cost. When commissioned, capital work-in-progress is transferred to the appropriate property, plant and equipment category and depreciated in accordance with the Group's policy.

Interest costs on borrowings to finance the construction of the qualifying assets are capitalised, during the period that is required to complete and prepare the asset for its intended use.

2.11 Intangible assets

Acquired computer software are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Intangible assets have a finite useful life and are carried at cost less accumulated amortisation. Costs are amortised over their estimated useful life of five years.

2.12 Financial assets (Applicalbe to 2017 only)

The Group classifies its financial assets in the following categories: available-for-sale financial assets and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Available-for-sale financial assets

(i) Classification

Available-for-sale financial assets are non-derivatives and are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. Management determines the appropriate classification of its investments at the time of the purchase.

(ii) Valuation

Investments are initially recognised at fair value (which includes transaction costs). Available-for-sale financial assets are subsequently carried at fair value. Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in the fair value reserve in the year in which they arise. When the available-for-sale financial assets are disposed of or impaired, the related accumulated fair value adjustments are included in the income statement as gains and losses from investments.

All purchases and sales of investments are recognised on the trade date, which is the date that the Group commits to purchase or sell the investment.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position (notes 2.16 and 2.17).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12.1 FINANCIAL ASSETS (Applicable from 2018)

Initial recognition and measurement

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are ‘solely payments of principal and interest (SPPI)’ on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Group’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group’s financial assets at amortised cost includes trade receivables and cash and cash equivalents.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12.1 FINANCIAL ASSETS (Applicable from 2018) (continued)

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of comprehensive income and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss. The Group does not have any such instruments.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Group does not have any such instruments.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss. The Group does not any such instruments.

Impairment of financial assets (Applicable from 2018)

The adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Group to record an allowance for ECLs for all debt financial assets not held at FVTPL. The Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience as adjusted for forward-looking factors.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12.1 FINANCIAL ASSETS (Applicable from 2018) (continued)

Impairment of financial assets (Applicable from 2018) (continued)

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The Group considers a financial asset in default when contractual payment is 365 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

2.13 Biological assets

Parent chicken is stated at cost less accumulated depreciation less any accumulated impairment losses. The estimated life of the parent chicken is approximately nine months from the month it starts laying eggs. The cost of the parent chickens, determined on the basis of monthly average expenditure, comprises purchase price of the day old chickens ("DOC") and all expenses incurred in bringing the DOCs to the farm from overseas, together with costs such as feed costs, incurred in rearing and maintaining the flock until the egg production commences. Purchased eggs which are for hatching, are stated at cost which comprises the purchase price and all expenses incurred in bringing the eggs to the farm from overseas. Hatching eggs produced by the parent chicken are stated at cost. The costs comprise the proportion of the costs incurred for rearing and maintaining the parent flock until the date of laying of the egg. Broiler chicken is stated at cost less any accumulated impairment losses. The cost of broiler chicken comprises a proportion of the cost of the egg produced by the parent chicken or purchased, and feed, vaccine and medicines consumed by the flock during the time of its breeding. Net realisable value is the price at which biological assets can be sold in the normal course of business after allowing for the costs of realisation.

2.14 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on the weighted average basis and consists of the direct cost of goods and related direct expenses. The cost of finished goods includes an appropriate portion of direct labour and related production overheads. Net realisable value is the price at which stock can be sold in the normal course of business after allowing for the costs of realisation. Provision is made where necessary for slow moving items.

2.15 Trade and other receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

2.16 Cash and cash equivalents

For the purposes of the statement of cash flows, all bank balances, including short-term deposits with a maturity of three months or less from the date of placement, and bank overdrafts are considered to be cash equivalents.

2.17 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 End of service benefits and leave entitlements

End of service benefits are accrued in accordance with the terms of employment of the Group's employees at the reporting date, having regard to the requirements of the Oman Labour Law 2003 and its amendment and IAS-19 'Employee benefits' as amended. Employee entitlements to annual leave and Air passage are recognised when they accrue to employees and an accrual is made for the estimated liability arising as a result of services rendered by employees up to the reporting date. These accruals are included in current liabilities, while that relating to end of service benefits is disclosed as a non-current liability.

Contributions to a defined contribution retirement plan and occupational hazard insurance for Omani employees in accordance with the Omani Social Insurances Law of 1991 are recognised as an expense in the statement of comprehensive income as incurred.

2.19 Deferred Government grant

Interest subsidy is recognised in the statement of financial position initially as a deferred Government grant when there is reasonable assurance that it will be received and that the Group will comply with the conditions attached to it. This deferred Government grant is amortised over the life of the loans to which it relates on a systematic basis in the same periods in which the interest expense is incurred. Amortisation of the deferred Government grant is recognised in the statement of comprehensive income.

2.20 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Liabilities are recognised for amounts to be paid for goods and services received, whether or not billed to the Group.

2.21 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event which it is probable will result in an outflow of economic benefits that can be reasonably estimated.

2.22 Foreign currency

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

2.23 Fair Value

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on a number of accounting policies and methods. Where applicable, information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.24 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors (‘Board’) that makes strategic decisions.

2.25 Dividend distribution

The Board adopts a prudent dividend policy, which complies with regulatory requirements applicable in the Sultanate of Oman. Dividend shall be distributed in accordance with Group’s Memorandum of Association and shall be subject to the approval of shareholders.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions concerning the future. Estimates are regularly evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below:

(a) Useful lives of property, plant and equipment (Applicable to 2017 and 2018)

The Group's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

(b) Valuation of biological assets (Applicable to 2017 and 2018)

The valuation of biological assets requires the use of estimates by the management. Management uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date.

(c) Inventories (Applicable to 2017 and 2018)

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

(d) Classification of financial assets (Applicable from 1 January 2018)

Assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.

(e) Impairment of financial assets at amortised cost (Applicable from 1 January 2018)

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group’s past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(f) Impairment of trade receivables (Applicable to 2017)

An estimate of the collectible amount of trade receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates (note 19).

(f.1) Impairment of trade receivables (Applicable to 2018)

On 1 January 2018 IFRS 9 “Financial Instruments” replaced the ‘incurred loss’ impairment model in IAS 39 “Financial Instruments: Recognition and Measurement” with an ‘expected credit loss’ (ECL) impairment model. The new impairment model requires forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. It also requires management to assign probability of default to various categories of receivables. Probability of default constitutes a key input in measuring an ECL and entails considerable judgement; it is an estimate of the likelihood of default over a given time horizon, the calculation of which involves historical data, assumptions and expectation of future conditions. In the previous year, the impairment review of trade receivables was performed only for receivables for which management had an indication for impairment. That also entailed significant judgement. It was determined by reference to past default experience of a counterparty and an analysis of the counterparty’s financial situation, but the “incurred loss” model disregarded entirely the current and expected future conditions. As a result , it is expected that under the new impairment model credit losses will be recognised earlier.

(g) Taxes (Applicable to 2017 and 2018)

Uncertainties exist with respect to the interpretation of tax regulations and the amount and timing of future taxable income. Given the wide range of business relationships and nature of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of finalization of tax assessments of the Group. The amount of such provisions is based on various factors, such as experience of previous tax assessments and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

4 COST OF SALES

	Parent Company		Group	
	2019	*2018*	***2019***	*2018*
	RO	*RO*	***RO***	*RO*
Cost of materials consumed	**3,758,359**	3,325,655	**2,990,746**	2,597,506
Less: Government subsidy	**-**	(20,693)	**-**	(20,693)
	3,758,359	3,304,962	**2,990,746**	2,576,813
Employee related costs (note 8)	**1,034,341**	913,583	**1,238,568**	1,125,803
Depreciation (note 12)	**265,295**	268,250	**354,401**	361,255
Fuel expenses	**247,417**	226,439	**294,318**	269,669
Amortisation (note 13)	**21,412**	21,412	**24,143**	24,325
Lease Depreciation	**10,947**	-	**16,921**	-
Other direct expenses	**294,410**	375,068	**361,805**	457,907
	5,632,181	5,109,714	**5,280,902**	4,815,772

5 SELLING AND DISTRIBUTION EXPENSES

	Parent Company		Group	
	2019	*2018*	***2019***	*2018*
	RO	*RO*	***RO***	*RO*
Transportation costs	**419,865**	537,453	**419,865**	537,453
Employee related costs (note 8)	**425,634**	403,577	**425,634**	403,577
Rent and storage expenses	**311,511**	289,692	**311,511**	289,692
Advertisement and sales promotion	**132,701**	133,756	**132,701**	133,756
Insurance	**23,516**	17,492	**23,516**	17,492
Communication	**4,138**	6,728	**4,138**	6,728
Depreciation (note 12)	**6,242**	6,312	**6,242**	6,312
Amortisation (note 13)	**503**	504	**503**	504
Miscellaneous	**43,247**	37,895	**43,247**	37,895
	1,367,357	1,433,409	**1,367,357**	1,433,409

6 GENERAL AND ADMINSTRATIVE EXPENSES

	Parent Company		Group	
	2019	*2018*	***2019***	*2018*
	RO	*RO*	***RO***	*RO*
Employee related costs (note 8)	**210,832**	274,115	**269,526**	327,165
Depreciation (note 12)	**40,576**	41,026	**56,301**	49,943
Rent	**37,568**	43,830	**37,568**	43,830
Directors' remuneration (note 34d)	**35,000**	35,000	**35,000**	35,000
Printing and stationery	**926**	1,648	**926**	1,648
Contributions for social causes	**12,500**	25,000	**12,500**	25,000
Business travel and meeting expenses	**12,085**	8,920	**12,085**	8,920
Professional and consultancy fees	**25,795**	11,920	**29,570**	13,495
Amortisation (note 13)	**3,276**	3,275	**3,758**	3,575
Directors' meeting attendance fees (note 34d)	**-** **8,269**	12,600	**9,369**	14,550
Provision for expected credit losses (note 19)	**-**	-		-
Communication	**4,247**	8,233	**4,247**	8,233
Registration and renewals	**14,679**	15,431	**15,423**	16,214
Repairs and maintenance	**3,803**	5,446	**3,803**	5,446
Vehicle expenses	**3,287**	12,201	**3,287**	12,201
Foreign exchange loss	**3,105**	(21,848)	**4,197**	(17,310)
Miscellaneous	**76,623**	45,257	**83,963**	52,142

	492,571	522,054	**581,523**	600,052

7 OTHER OPERATING INCOME

	Parent Company		Group	
	2019	*2018*	***2019***	*2018*
	RO	*RO*	***RO***	*RO*
Profit on disposal of property, plant and equipment	**-**	-	**-**	-
Consultancy charges	**-**	-	**-**	-
Miscellaneous	**-**	-	**-**	-
	-	-	**-**	-

8 EMPLOYEE RELATED COSTS

Salaries wages and related costs included under cost of sales, selling and distribution expenses and general and administrative expenses comprise:

	Parent Company		Group	
	2019	*2018*	***2019***	*2018*
	RO	*RO*	***RO***	*RO*
Salaries, wages and other benefits	**1,484,019**	1,463,817	**1,728,751**	1,705,049
Leave salary	**121,800**	74,346	**133,793**	92,567
Air passage	**37,988**	28,121	**40,853**	31,104
End of service benefits	**27,000**	24,991	**30,331**	27,825
	1,670,807	1,591,275	**1,933,728**	1,856,545

Staff costs are included in the statement of comprehensive income as follows:

	Parent Company		Group	
	2019	*2018*	***2019***	*2018*
	RO	*RO*	***RO***	*RO*
Cost of sales (note 4)	**1,034,341**	913,583	**1,238,568**	1,125,803
Selling and distribution expenses (note 5)	**425,634**	403,577	**425,634**	403,577
General and administrative expenses (note 6)	**210,832**	274,115	**269,526**	327,165
	1,670,807	1,591,275	**1,933,728**	1,856,545

9 FINANCE COSTS / (INCOME) - NET

	Parent Company		Group	
	2019	*2018*	***2019***	*2018*
	RO	*RO*	***RO***	*RO*
a) Interest expenses:				
- on government soft loan	**(3,330)**	(7,028)	**(3,330)**	(7,028)
- on bank overdraft	**(11,366)**	(2,968)	**(11,954)**	(4,463)
	(14,696)	(9,996)	**(15,284)**	(11,491)
Financing cost on Islamic overdraft	**-**	(1,973)	**-**	(1,973)
Financing cost on Islamic finance lease	**(7,321)**	-	**(45,338)**	(55,636)
Interest on land lease	**(469)**	-	**(586)**	
Government soft loan - release of grant	**-**	-	**-**	-
Interest expenses	**(22,486)**	(11,969)	**(61,208)**	(69,100)
b) Interest Income:				
Profit on deposits	**-**	-	**-**	-
Interest income on deposits	**24,602**	52,255	**24,602**	52,255
Interest income	**24,602**	52,255	**24,602**	52,255

Finance costs	**2,116**	40,286	**(36,606)**	(16,845)

10 TAXATION

Statement of comprehensive income:

	Parent Company		Group	
	2019	*2018*	***2019***	*2018*
	RO	*RO*	***RO***	*RO*
Current tax	**54,427**	191,573	**106,744**	231,501
	54,427	191,573	**106,744**	231,501

11 BASIC EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year.

	Parent Company		Group	
	2019	*2018*	***2019***	*2018*
	RO	*RO*	***RO***	*RO*
Profit attributable to shareholders (RO)	**308,473**	1,085,582	**604,883**	1,311,841
Weighted average number of shares	**120,000,000**	120,000,000	**120,000,000**	120,000,000
Basic earnings per share (RO)	**0.003**	0.009	**0.005**	0.011

No figure for diluted earnings per share has been presented because the Parent Company and Group has not issued any instruments which would have an impact on earnings per share when exercised.

12 PROPERTY, PLANT AND EQUIPMENT

(a) Depreciation is allocated as follows:

	Parent Company		Group	
	2019	*2018*	***2019***	*2018*
	RO	*RO*	***RO***	*RO*
Cost of sales (note 4)	**265,295**	268,250	**354,401**	361,255
General and administrative expenses (note 6)	**40,576**	41,026	**56,301**	49,943
Selling and distribution expenses (note 5)	**6,242**	6,312	**6,242**	6,312
	312,113	315,588	**416,944**	417,510

13 INTANGIBLE ASSETS

	Parent Company		Group	
	2019	*2018*	***2019***	*2018*
	RO	*RO*	***RO***	*RO*
Cost				

At 1 January	**510,819**	510,819	**575,977**	575,977
Addition for the year	**-**	-	**-**	-
At 31 December	**510,819**	510,819	**575,977**	575,977
Accumulated amortisation				
At 1 January	**(429,464)**	(327,301)	**(453,653)**	(338,945)
Charge for the year	**(25,191)**	(25,191)	**(28,402)**	(28,405)
At 31 December	**(454,655)**	(352,492)	**(482,055)**	(367,350)
Net book amount				
At 31 December	**56,164**	158,327	**93,922**	208,627

Intangible assets include computer software system and are being amortised over the estimated useful life of 5 years.

Amortisation is allocated as follows:

	Parent Company		**Group**	
	2019	*2018*	***2019***	*2018*
	RO	*RO*	***RO***	*RO*
Cost of sales (note 4)	21,412	21,412	24,143	24,325
Sellind and distribution expenses (note 5)	503	504	503	504
General and admininstrative expenses (note	3,276	3,275	3,758	3,575
	25,191	25,191	**28,404**	28,404

14 INVESTMENT IN SUBSIDIARIES

			Parent Company	
	% holding	**Year of incorporation**	**2019 RO**	2018 RO
A'Saffa Food Processing LLC	100%	2011	**1,350,000**	1,350,000
A'Saffa Logistics LLC	100%	2014	**1,600,000**	1,600,000
			2,950,000	2,950,000

15 INVESTMENT IN ASSOCIATES

Movement in investment in associates are as follows:

	Parent and Group	
	2019	*2018*
	RO	*RO*
Al Namaa Poultry Co. SAOC	**2,372,668**	2,407,200
Osool Poultry Company SAOC	**1,815,307**	1,831,844
Share of losses from associate	**(59,198)**	(288,844)

			4,128,777	3,950,200

16 INVESTMENT FAIR VALUE THROUGH PROFIT AND LOSS

	Parent Company		Group	
	2019	*2018*	***2019***	*2018*
	RO	*RO*	***RO***	*RO*
Unquoted local investment	**47,671**	47,671	**47,671**	47,671

17 INVENTORIES

	Parent Company		Group	
	2019	*2018*	***2019***	*2018*
	RO	*RO*	***RO***	*RO*
Raw materials and consumables	**1,620,953**	2,473,206	**2,209,089**	3,352,250
Finished products	**1,035,538**	1,091,565	**1,062,439**	1,115,490
Stores and spares	**919,052**	832,813	**1,087,229**	978,778
	3,575,543	4,397,584	**4,358,757**	5,446,518

18 BIOLOGICAL ASSETS

	Parent Company		Group	
	2019	*2018*	***2019***	*2018*
	RO	*RO*	***RO***	*RO*
Mature biological assets (Broiler birds)	**727,747**	705,763	**727,747**	705,763
Immature biological assets (Parent day old chicks)	**399,577**	402,090	**399,577**	402,090
Hatchable eggs	**161,357**	172,173	**161,357**	172,173
	1,288,681	1,280,026	**1,288,681**	1,280,026

19 TRADE AND OTHER RECEIVABLES

	Parent Company		Group	
	2019	*2018*	***2019***	*2018*
	RO	*RO*	***RO***	*RO*
Trade receivables	**9,151,959**	8,061,246	**9,335,726**	8,078,693
Less: allowance for expected credit losses	**(138,736)**	(98,821)	**(138,736)**	(98,821)
	9,013,223	7,962,425	**9,196,990**	7,979,872
Due from a related party (note 33)	**600,000**	750,000	**150,000**	150,000
Advance to staff and suppliers (Capital Advanc	**1,220,140**	816,439	**1,415,757**	1,023,102
Prepayments	**528,746**	-	**580,313**	-
Other receivables	**-**	-	**-**	-
	11,362,109	9,528,864	**11,343,060**	9,152,974

20 CASH AND BANK BALANCES

	Parent Company		Group	
	2019	*2018*	***2019***	*2018*

	RO	*RO*	***RO***	*RO*
Cash on hand	**-**	9,426	**-**	12,326
Cash at bank	**164,630**	803,071	**298,622**	1,056,471
	164,630	812,497	**298,622**	1,068,797

21 TERM DEPOSITS

	Parent Company		**Group**	
	2019	*2018*	***2019***	*2018*
	RO	*RO*	***RO***	*RO*
Non-current:				
Long term deposit (see (a) below)	**-**	5,150,000	**-**	5,150,000
Current:				
Short term deposits (see (b) below)	**2,000,000**	2,000,000	**2,000,000**	2,000,000

25 BORROWINGS

Non-current:

	Parent Company		**Group**	
	2019	*2018*	***2019***	*2018*
Term loans from commercial banks:	***RO***	*RO*	***RO***	*RO*
Term loan 1 (a)	**8,247,629**	-	**9,447,629**	2,160,000
Government soft loan (b)	**450,000**	950,000	**450,000**	950,000
	8,697,629	950,000	**9,897,629**	3,110,000
Less: current portion of term loans included under current borrowings	**(450,000)**	(500,000)	**(450,000)**	(980,000)
	8,247,629	450,000	**9,447,629**	2,130,000

Current:

	Parent Company		**Group**	
	2019	*2018*	***2019***	*2018*
	RO	*RO*	***RO***	*RO*
Current portion of long term loans	**450,000**	500,000	**930,000**	980,000
Bank overdrafts (see d below)	**2,824,600**	1,347,884	**2,824,600**	1,347,884
	3,274,600	1,847,884	**3,754,600**	2,327,884

26 FINANCE LEASE LIABILITIES

Assets acquired under finance lease are reflected in the statement of financial position at their original cost less accumulated depreciation. The present value of finance lease liabilities at 31 March 2019 and 2018 in respect of future years is as follows:

	Group	
	2019	*2018*
	RO	*RO*
Finance lease liabilities	**1,065,418**	1,790,839
	1,065,418	1,790,839
Amount falling due:		
Within one year	**358,593**	868,810
After one year but within four years	**706,825**	922,029
	1,065,418	1,790,839

27 TRADE AND OTHER PAYABLES

	Parent Company		Group	
	2019	*2018*	***2019***	*2018*
	RO	*RO*	***RO***	*RO*
Trade payables	**4,018,345**	2,811,246	**5,254,517**	3,937,682
Accruals	**699,031**	703,774	**791,375**	761,758
Tax payable (note 10)	**587,740**	205,759	**640,057**	245,687
Other payables	**6,000**	2,406,000	**6,000**	2,406,000
Advances from customers	**-**	-	**-**	-
Accrued interest	**-**	-	**-**	-
Retentions payable	**-**	12,806	**-**	12,806
	5,311,116	6,139,585	**6,691,949**	7,363,933

28 NET ASSETS PER SHARE

Net assets per share are calculated by dividing the net assets attributable to shareholders of the Parent Company and the Group at the year end by the number of shares outstanding at the year end as follows:

	Parent Company		Group	
	2019	*2018*	***2019***	*2018*
	RO	*RO*	***RO***	*RO*
Net assets (RO)	**40,542,588**	39,203,575	**42,350,084**	40,260,974
Number of shares at 31 December	**120,000,000**	120,000,000	**120,000,000**	120,000,000
Net assets per share (RO)	**0.338**	0.327	**0.353**	0.336

29 CASH GENERATED FROM OPERATIONS

	Parent Company		Group	
	2019	*2018*	***2019***	*2018*
	RO	*RO*	***RO***	*RO*
Operating activities				
Profit before taxation	**308,422**	1,085,582	**604,884**	1,311,841
Adjustment for:				
Depreciation	**312,113**	315,588	**416,944**	417,510
Amortisation	**25,191**	25,191	**28,404**	28,405
Net Finance Cost	**989**	(40,286)	**40,803**	16,845
Interest expense	**-**	-	**-**	
Share of loss from associate	**59,195**	36,512	**59,195**	36,512
End of service benefits	**-**		**-**	
	705,910	1,422,587	**1,150,230**	1,811,113
Working capital changes:				
Inventories and biological assets	**259,813**	(521,323)	**376,853**	(775,915)
Trade and other receivables	**2,489,422**	2,072,712	**1,191,961**	1,161,560
Trade and other payables	**605,730**	(998,804)	**1,762,368**	161,752
Cash generated from operations	**4,060,875**	1,975,172	**4,481,412**	2,358,510