A'Saffa Foods SAOG
Director's Report for the First Half Results – Year 2017

Dear Shareholders,

On behalf of the Board of Directors of A'Saffa Foods SAOG, I have pleasure in presenting the financial results for 1st Half ended 30th June 2017.

<u>Performance Review</u>

Sales for the 1st half ended 30th June 2017 have reduced to RO 14,367,683/- as compared to RO 15,864,467/- during the same period of 2016. The decrease in sales and net profit was mainly due to less production as compared to last year. Net Profit (consolidated) of RO 1,877,101/- has achieved during 1st Half of 2017 as compared to net profit of RO 2,968,643/- for the same period of 2016.

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

CONSOLIDATED AND PARENT COMPANY STATEMENT OF FINANCIAL POSITION

At 30 June 2017

		Parent company		Group (Note 1)	
		2017	*2016*	***2017***	*2016*
	Notes	***RO***	*RO*	***RO***	*RO*
ASSETS					
Non-current assets					
Property, plant and equipment		**17,381,686**	17,225,925	**26,022,344**	26,178,450
Capital Advances & CWIP		**-**	710,252	**-**	710,252
Intangible assets	13	**264,126**	337,510	**324,073**	337,510
Investments in subsidiaries	14	**2,950,000**	2,950,000	**-**	-
Available-for-sale financial assets	15	**56,076**	100,000	**56,076**	100,000
Investment in associate	16	**916,694**	980,651	**916,694**	980,651
Term deposits	21	**5,000,000**	5,000,000	**5,000,000**	5,000,000
Total non-current assets		**26,568,582**	27,304,338	**32,319,187**	33,306,863
Current assets					
Inventories	17	**4,025,808**	4,008,956	**4,636,713**	4,602,645
Biological assets	18	**1,424,673**	1,376,799	**1,424,673**	1,376,799
Trade and other receivables	19	**9,223,621**	8,535,801	**8,957,231**	8,601,933
Cash and bank balances	20	**287,889**	187,978	**439,959**	206,730
Term deposits	21	**4,000,000**	4,000,000	**4,000,000**	4,000,000
Total current assets		**18,961,991**	18,109,534	**19,458,576**	18,788,107
TOTAL ASSETS		**45,530,573**	45,413,872	**51,777,763**	52,094,970
EQUITY AND LIABILITIES					
Equity					
Share capital		**12,000,000**	12,000,000	**12,000,000**	12,000,000
Legal reserve		**4,000,000**	4,213,869	**4,000,000**	4,246,593
Retained earnings		**22,352,737**	21,336,798	**22,899,166**	21,569,442
Total equity		**38,352,737**	37,550,667	**38,899,166**	37,816,035
LIABILITIES					
Non-current liabilities					
Borrowings	25	**450,000**	950,000	**2,370,000**	3,350,000
Finance lease liabilities	26	**-**	-	**1,572,091**	2,412,381
End of service benefits		**535,429**	470,365	**559,888**	485,725
Deferred taxation		**563,432**	572,048	**601,341**	572,048
Total non-current liabilities		**1,548,861**	1,992,413	**5,103,320**	6,820,154
Current liabilities					
Borrowings	25	**1,944,768**	1,463,767	**2,424,768**	1,575,367
Finance lease liabilities	26	**-**	-	**840,000**	790,726
Trade and other payables	27	**3,684,207**	4,407,025	**4,510,509**	5,092,688
		5,628,975	5,870,792	**7,775,277**	7,458,781
Total liabilities		**7,177,836**	7,863,205	**12,878,597**	14,278,935
TOTAL EQUITY AND LIABILITIES		**45,530,573**	45,413,872	**51,777,763**	52,094,970
Net assets per share (RO)	28	**0.320**	0.313	**0.324**	0.315

A'SAFFA FOODS SAOG

CONSOLIDATED AND PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

Period ended 30 June 2017

		Parent company		Group (Note 1)	
		2017	*2016*	***2017***	*2016*
	Notes	***RO***	*RO*	***RO***	*RO*
Revenue		**14,367,683**	15,864,467	**14,555,789**	15,890,597
Cost of sales	4	**(9,340,836)**	(9,813,447)	**(8,953,605)**	(9,508,058)
Gross profit		**5,026,847**	6,051,020	**5,602,184**	6,382,539
Selling and distribution expenses	5	**(2,200,181)**	(2,030,379)	**(2,200,181)**	(2,030,379)
General and administrative expenses	6	**(1,005,828)**	(893,447)	**(1,175,506)**	(1,009,473)
Other operating income	7	**5,084**	13,299	**5,757**	13,299
Operating profit		**1,825,922**	3,140,493	**2,232,254**	3,355,986
Finance cost – net	9	**29,218**	76,834	**(76,882)**	1,160
Profit and total comprehensive income for the year before tax		**1,855,140**	3,217,327	**2,155,372**	3,357,146
Taxation					
- Current tax	10	**(278,271)**	(388,503)	**(278,271)**	(388,503)
		(278,271)	(388,503)	**(278,271)**	(388,503)
Profit and total comprehensive income for the year		**1,576,869**	2,828,824	**1,877,101**	2,968,643
Basic earnings per share (RO)	11	**0.013**	0.024	**0.016**	0.025

A'SAFFA FOODS SAOG

CONSOLIDATED AND PARENT COMPANY STATEMENT OF CASH FLOWS
Period ended 30 June 2017

		Parent company		Group (Note 1)	
		2017	*2016*	***2017***	*2016*
	Notes	***RO***	*RO*	***RO***	*RO*
OPERATING ACTIVITIES					
Cash generated from operations	29	**(172,825)**	1,771,048	**484,138**	2,279,715
Interest paid		**(47,602)**	(40,646)	**(153,702)**	(116,319)
Interest received		**76,820**	130,778	**76,820**	130,778
Net cash generated from operating activities		**(143,607)**	1,861,180	**407,256**	2,294,174
INVESTING ACTIVITIES					
Purchase of property, plant,equipment and intangible assets		**(144,088)**	(502,839)	**(195,974)**	(2,515,206)
Investment in associate	16	**-**	(916,004)	**-**	(916,004)
Net cash used in investing activities		**(144,088)**	(1,418,843)	**(195,974)**	(3,431,210)
FINANCING ACTIVITIES					
Long term loan received		**-**	-	**-**	1,230,335
Long term loans repaid		**(500,000)**	(650,752)	**(500,000)**	(949,535)
Finance lease repaid		**-**	-	**(403,752)**	-
Dividend paid		**(2,400,000)**	(2,133,647)	**(2,400,000)**	(2,133,647)
Net cash used in financing		**(2,900,000)**	(2,784,399)	**(3,303,752)**	(1,852,847)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(3,187,695)**	(2,342,062)	**(3,092,470)**	(2,989,883)
Cash and cash equivalents at beginning of the year		**6,030,815**	5,566,273	**6,087,661**	6,121,246
CASH AND CASH EQUIVALENTS AT PEIOD END 30 June		**2,843,120**	3,224,211	**2,995,191**	3,131,363

A'SAFFA FOODS SAOG

CONSOLIDATED AND PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

Period ended 30 June 2017

	Share capital RO	*Legal reserve RO*	*Retained earning RO*	*Total RO*
Parent company				
As at 1 January 2016	12,000,000	3,930,987	20,950,856	36,881,843
Profit and total comprehensive income for the year	-	-	2,828,824	2,828,824
Transactions with owners:				
Dividend paid	-	-	(2,160,000)	(2,160,000)
Transfer to legal reserve	-	282,882	(282,882)	-
Total transactions with owners	-	282,882	(2,442,882)	(2,160,000)
At 30 June 2016	12,000,000	4,213,869	21,336,798	37,550,667
Group (Note 1)				
As at 1 January 2016	12,000,000	3,949,729	21,057,663	37,007,392
Profit and total comprehensive income for the year	-	-	2,968,643	2,968,643
Transactions with owners:				
Dividend paid	-	-	(2,160,000)	(2,160,000)
Transfer to legal reserve	-	296,864	(296,864)	-
Total transactions with owners	-	296,864	(2,456,864)	(2,160,000)
At 30 June 2016	12,000,000	4,246,593	21,569,442	37,816,035
Parent company				
As at 1 January 2017	**12,000,000**	**4,000,000**	**23,175,868**	**39,175,868**
Profit and total comprehensive income for the year			**1,576,869**	**1,576,869**
Transactions with owners:				
Dividend paid		**-**	**(2,400,000)**	**(2,400,000)**
Transfer to legal reserve		**-**	**-**	**-**
Total transactions with owners	**-**	**-**	**(2,400,000)**	**(2,400,000)**
At 30 June 2017	**12,000,000**	**4,000,000**	**22,352,737**	**38,352,737**
Group (Note 1)				
As at 1 January 2017	**12,000,000**	**4,000,000**	**23,422,065**	**39,422,065**
Profit and total comprehensive income for the year	**-**	**-**	**1,877,101**	**1,877,101**
Transactions with owners:		**-**		
Dividend paid	**-**	**-**	**(2,400,000)**	**(2,400,000)**
Transfer to legal reserve	**-**	**-**	**-**	**-**
Total transactions with owners	**-**	**-**	**(2,400,000)**	**(2,400,000)**
At 30 June 2017	**12,000,000**	**4,000,000**	**22,899,166**	**38,899,166**

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 and it is yet to start its operations.

The consolidated financial statements comprise of the Parent Company and its subsidiaries, collectively 'the Group'.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

a) Statement of compliance

The consolidated financial statements ("the financial statements"/ "the consolidated 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 consolidated financial statements have been prepared on the historical cost basis, except for investments at fair value through profit or loss, available-for-sale investments and derivative instruments which are measured at fair value.

c) Functional currency

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

d) Standards, amendments and interpretation effective in 2015

For the year ended 31 December 2016, the Group has adopted all of the 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 2016.

Adoption of new and revised International Financial Reporting Standards ("IFRS")

The following standards, amendments and interpretations became effective from 1 January 2016:

- IFRS 14 Regulatory Deferral Accounts
- Amendment to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests
- Amendment to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendment to IAS 16 and IAS 41 Agriculture: Bearer Plants
- Amendments to IAS 27: Equity Method in Separate Financial Statements
- Annual improvements in 2012-2014 Cycle
  - -IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
  - -IFRS 7 Financial Instruments: Disclosures
    - (i) Servicing contracts
    - (ii) Applicability of the amendments to IFRS 7 to condensed interim financial statements
  - -IAS 19 Employee Benefits
  - -IAS 34 Interim Financial Reporting
- Amendments to IAS 1 Disclosure Initiative
- Amendments to IFRS 10, IFRS 12 and IAS 28 Investment entities: Applying the Consolidation Exception

The adoption of those standards and interpretations has not resulted in changes to the Group's accounting policies and has not affected the amounts reported for the current year.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group:

The following new standards and amendments have been issued by the International Accounting Standards Board (IASB) which may impact the financial statements of the Group but are not yet mandatory for the year ended 31 December 2016:

IFRS 9: In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but comparative information is not compulsory. The company has performed a high-level impact assessment of all three aspects of IFRS 9 and expects no significant impact on its balance sheet and equity. The company plans to adopt the new standard on the required effective date.

IFRS 15: IFRS 15 was issued in May 2014 and establishes 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 principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Company is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date. The Company is considering the clarifications issued by the IASB in an exposure draft in July 2015 and will monitor any further developments.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

d) Standards, amendments and interpretation effective in 2015 (continued)

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (continued)

IFRS 16: The IASB issued the new standard for accounting for leases - IFRS 16 Leases in January 2016. The new standard does not significantly change the accounting for leases for lessors. However, it does require lessees to recognise most leases on their balance sheets as lease liabilities, with the corresponding rightof-use assets. Lessees must apply a single model for all recognised leases, but will have the option not to recognise 'short-term' leases and leases of 'low-value' assets. Generally, the profit or loss recognition pattern for recognised leases will be similar to today's finance lease accounting, with interest anddepreciation expense recognised separately in the statement of profit or loss.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted provided the new revenue standard, IFRS 15, is applied on the same date. Lessees must adopt IFRS 16 using either a full retrospective or a modified retrospective approach.

The company does not anticipate early adopting IFRS 16 and is currently evaluating its impact.

Amendments to IAS 12: In January 2016, through issuing amendments to IAS 12, the IASB clarified the accounting treatment of deferred tax assets of debt instruments measured at fair value for accounting, but measured at cost for tax purposes. The amendment is effective from 1 January 2017. The company is currently evaluating the impact, but does not anticipate that adopting the amendments would have a material impact on its financial statements.

Amendments to IAS 7: In January 2016, the IASB issued amendments to IAS 7 Statement of Cash Flows with the intention to improve disclosures of financing activities and help users to better understand the reporting entities' liquidity positions. Under the new requirements, entities will need to disclose changes in their financial liabilities as a result of financing activities such as changes from cash flows and non-cash items (e.g., gains and losses due to foreign currency movements). The amendment is effective from 1 January 2017. The company is currently evaluating the impact.

Amendments to IFRS 10 and IAS 28: The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively.

2.2 Consolidation

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiary as at 30 June 2017. 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 activities of the investee)
- 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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Consolidation (continued)

(a) Basis of consolidation (continued)

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.

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 less any impairment in value.

2.3 Revenue recognition
Revenue from the sale of goods is stated at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

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

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Property, plant and equipment (continued)

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.

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 Impairment

At each reporting date, the Group reviews the carrying amounts of its assets (or cash-generating units) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The loss arising on an impairment of an asset is determined as the difference between the recoverable amount and carrying amount of the asset and is recognised immediately in the statement of comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount and the increase is recognised as income immediately, provided that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised earlier.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 Financial assets

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)

2.16 Trade and other receivables

Trade receivables are recognised initially at fair value, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the receivable, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. An estimate is made for doubtful debts based on a review of all outstanding amounts at the year end. The amount of provision is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate. The amount of the provision is recognised in the statement of comprehensive income within 'general and administrative expenses'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'general and administrative expenses' in the statement of comprehensive income.

2.17 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.

2.18 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.

2.19 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 leave 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.

2.20 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.

2.21 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.22 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.

2.23 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.

2.24 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) Fair value of unquoted available-for-sale financial assets

The fair value of financial assets that are not traded in an active market is determined by using valuation techniques. 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. Where the market is not active or the securities are not listed, fair valuation is estimated based on valuation techniques.

(b) Valuation of biological assets
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) Impairment of trade receivables
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).

(d) Inventories
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.

(e) Taxes
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.

3 CRITICAL ACCOUNTING ESTIAMTES AND JUDGEMENTS (continued)

(e) Taxes (continued)
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.

(e) Useful lives of property, plant and equipment
The Company'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.

4 COST OF SALES

	Parent Company		Group	
	2017	*2016*	***2017***	*2016*
	RO	*RO*	***RO***	*RO*
Cost of materials consumed	**6,134,518**	6,856,278	**4,987,253**	5,984,237
Less: Government subsidy		(6,116)	**-**	(6,116)
	6,134,518	6,850,162	**4,987,253**	5,978,121
Employee related costs (note 8)	**1,658,515**	1,536,392	**1,998,671**	1,822,934
Depreciation (note 12)	**542,135**	500,993	**718,327**	637,269
Fuel expenses	**410,306**	385,921	**517,047**	444,442
Amortisation	**43,060**	42,388	**47,489**	42,388
Other direct expenses	**552,302**	497,591	**684,818**	582,904
	9,340,836	9,813,447	**8,953,605**	9,508,058

5 SELLING AND DISTRIBUTION EXPENSES

	Parent Company		Group	
	2017	*2016*	***2017***	*2016*
	RO	*RO*	***RO***	*RO*
Employee related costs (note 8)	**688,949**	672,151	**688,949**	672,151
Transportation costs	**511,202**	467,891	**511,202**	467,891
Rent and storage expenses	**540,796**	465,357	**540,796**	465,357
Advertisement and sales promotion	**292,332**	273,587	**292,332**	273,587
Insurance	**69,731**	65,098	**69,731**	65,098
Communication	**11,151**	9,882	**11,151**	9,882
Depreciation (note 12)	**12,759**	11,788	**12,759**	11,788
Amortisation	**1,016**	999	**1,016**	999
Miscellaneous	**72,245**	63,626	**72,245**	63,626
	2,200,181	2,030,379	**2,200,181**	2,030,379

6 GENERAL AND ADMINSTRATIVE EXPENSES

	Parent Company		Group	
	2017	*2016*	***2017***	*2016*
	RO	*RO*	***RO***	*RO*
Employee related costs (note 8)	**541,955**	498,607	**657,229**	573,412
Depreciation (note 12)	**82,915**	76,623	**114,008**	100,672
Directors’ remuneration (note 34(d))	**70,000**	70,000	**70,000**	70,000
Contributions for social causes	**50,000**	50,000	**50,000**	50,000
Printing and stationery	**263**	4,102	**263**	4,102
Amortisation	**6,586**	6,483	**7,368**	6,483
Directors’ meeting attendance fees	**26,100**	28,000	**29,850**	33,400
Professional and consultancy fees	**18,714**	11,230	**23,369**	13,480
Business travel and meeting expenses	**25,306**	31,276	**25,306**	31,490
Rent	**68,910**	28,978	**68,910**	28,978
Communication	**10,892**	12,672	**11,032**	12,672
Registration and renewals	**15,691**	6,490	**18,039**	7,989
Vehicle expenses	**7,045**	2,587	**7,045**	2,587
Repairs and maintenance	**11,268**	7,261	**11,268**	7,261
Miscellaneous	**70,183**	59,138	**81,819**	66,947
	1,005,828	893,447	**1,175,506**	1,009,473

7 OTHER OPERATING INCOME

	Parent Company		Group	
	2017	2016	**2017**	2016
	RO	RO	**RO**	RO
Profit on disposal of property, plant and	**3,829**	13,299	**3,829**	13,299
Write back of provision for doubtful debts (note 19(c))		-	**-**	-
Miscellaneous	**1,255**	-	**1,928**	-
	5,084	13,299	**5,757**	13,299

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	
	2017	2016	**2017**	2016
	RO	RO	**RO**	RO
Salaries, wages and other benefits	**2,704,306**	2,452,181	**3,124,223**	2,786,746
Leave salary	**91,000**	137,766	**113,030**	154,248
Air passage	**47,313**	75,000	**54,081**	80,794
End of service benefits (note 27)	**46,800**	42,203	**53,515**	46,709
	2,889,419	2,707,150	**3,344,849**	3,068,497

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

	Parent Company		Group	
	2017	2016	**2017**	2016
	RO	RO	**RO**	RO
Cost of sales (note 4)	**1,658,515**	1,536,392	**1,998,671**	1,822,934
Selling and distribution expenses (note 5)	**688,949**	672,151	**688,949**	672,151
General and administrative expenses (note 6)	**541,955**	498,607	**657,229**	573,412
	2,889,419	2,707,150	**3,344,849**	3,068,497

9 FINANCE COSTS - NET

	Parent Company		Group	
	2017	2016	**2017**	2016
	RO	RO	**RO**	RO
Interest expenses:				
- on government soft loan	**22,130**	24,079	**22,130**	24,079
- on bank overdraft	**8,456**	6,387	**9,118**	9,721
	30,586	30,466	**31,248**	33,800
Financing cost on Islamic overdraft		-		-
Financing cost on Islamic finance lease	**4,029**	6,679	**107,942**	78,990
Government soft loan - release of grant (note 25f)	**-**	-	**-**	-
	34,615	37,145	**139,190**	112,790
Profit on deposits		(105,013)	**-**	(105,013)
Interest income on deposits	**(76,820)**	(12,466)	**(76,820)**	(12,466)
Net foreign exchange loss	**12,987**	3,500	**14,512**	3,529
Finance costs – net	**(29,218)**	(76,834)	**76,882**	(1,160)

10 TAXATION

(a) The tax authorities in Oman follow the legal entity concept. There is no concept of group taxation in Oman. Accordingly each legal entity is taxable separately. The tax rate applicable to all taxable entities of the Group is 15% (2016 - 12%). For the purpose of determining the tax expense for the year, the accounting results of each individual legal entity has been adjusted for tax purposes. Adjustments for tax purposes include items relating to both income and expense.

(b) Tax expenses for the year is as follows:

	Parent Company		Group	
	2017	*2016*	***2017***	*2016*
	RO	*RO*	***RO***	*RO*
Current tax	**278,271**	388,503	**278,271**	388,503
Tax refund		-	**-**	-
	278,271	388,503	**278,271**	388,503

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 (Note 1)	
	2017	*2016*	***2017***	*2016*
	RO	*RO*	***RO***	*RO*
Profit attributable to shareholders (RO)	**1,576,869**	2,828,824	**1,877,101**	2,968,643
Weighted average number of shares outstanding	120,000,000	120,000,000	**120,000,000**	120,000,000
Basic earnings per share (RO)	**0.013**	0.024	**0.016**	0.025

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

12 PROPERTY, PLANT AND EQUIPMENT

(a) The movement on property, plant and equipment during the year is set out on pages 35 to 38.

(b) Depreciation is allocated as follows:

	Parent Company		Group (Note 1)	
	2017	*2016*	***2017***	*2016*
	RO	*RO*	***RO***	*RO*
Cost of sales (note 4)	**542,135**	500,993	**718,327**	637,269
General and administrative expenses	**82,915**	76,623	**114,008**	100,672
Selling and distribution expenses (note 5)	**12,759**	11,788	**12,759**	11,788
	637,809	589,404	**845,094**	749,729

13 INTANGIBLE ASSETS

	Parent Company		Group	
	2017	*2016*	***2017***	*2016*
	RO	*RO*	***RO***	*RO*
Cost				
At 1 January	**510,820**	501,437	**510,820**	501,437
Addition for the year	**29,105**	9,383	**94,263**	9,383
At 30 June	**539,925**	510,820	**605,083**	510,820

Accumulated amortization				
At 1 January	**(225,137)**	(123,440)	**(225,137)**	(123,440)
Charge for the year	**(50,662)**	(49,870)	**(55,873)**	(49,870)
At 30 June	**(275,799)**	(173,310)	**(281,010)**	(173,310)
Net book amount				
At 30 June	**264,126**	337,510	**324,073**	337,510

14 INVESTMENT IN SUBSIDIARIES

			Parent Company	
	% holding	**Year of incorporation**	**2017 RO**	2016 RO
A’Saffa Food Processing LLC (‘A’Saffa Processing’)	100%	2011	**1,350,000**	1,350,000
A’Saffa Logistics LLC (‘A’Saffa Logistics’)	100%	2014	**1,600,000**	1,600,000
			2,950,000	2,950,000

14 INVESTMENT IN SUBSIDIARIES (continued)

(a) Investments in subsidiaries have been set off against the share capital and reserves of the subsidiaries in the consolidated financial statements.

(b) The Board of Directors of the Parent Company consider that no impairment has arisen during the years 2017 and 2016 as the subsidiaries have orders on hand at the reporting date that will generate future cash flows and no specific indicators for impairment were identified.

15 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Parent Company		Group	
	2017 RO	*2016 RO*	***2017 RO***	*2016 RO*
Unquoted local investment	**56,076**	100,000	**56,076**	100,000

(a) The Parent Company acquired XX shares of RO XX each (2016: XX shares of RO XX each) in Al Najd Agricultural Development SAOC which are being carried at cost in the absence of the fair value estimate.

(b) In the opinion of the management, the carrying value of the unquoted local investment is considered to be the fair value at the reporting date.

16 INVESTMENT IN ASSOCIATE

	Parent Company		Group	
	2017 RO	*2016 RO*	***2017 RO***	*2016 RO*
Al Namaa Poultry Co SAOC	**1,020,000**	1,020,000	**1,020,000**	1,020,000
Osool Poultry SAOC	**100,004**	100,004	**100,004**	100,004
Share of losses from associate	**(203,310)**	(139,353)	**(203,310)**	(139,353)
	916,694	980,651	**916,694**	980,651

17 INVENTORIES

	Parent Company		Group	
	2017	2016	**2017**	2016
	RO	RO	**RO**	RO
Raw materials and consumables	**2,054,476**	2,507,777	**2,491,202**	2,919,681
Finished products	**1,210,393**	856,710	**1,226,845**	896,348
Stores and spares	**760,939**	644,469	**918,666**	786,616
Goods in transit	**-**	-	**-**	-
	4,025,808	4,008,956	**4,636,713**	4,602,645

The Company has made no write downs or provisions in the current year (2016 - RO Nil).

18 BIOLOGICAL ASSETS

	Parent Company		Group	
	2017	2016	**2017**	2016
	RO	RO	**RO**	RO
Mature biological assets (Broiler birds)	**792,669**	756,989	**792,669**	756,989
Immature biological assets (Parent day	**468,534**	441,691	**468,534**	441,691
Hatch-able eggs	**163,470**	178,119	**163,470**	178,119
	1,424,673	1,376,799	**1,424,673**	1,376,799

19 TRADE AND OTHER RECEIVABLES

	Parent Company		Group	
	2017	2016	**2017**	2016
	RO	RO	**RO**	RO
Trade receivables	**7,922,119**	7,361,601	**7,988,464**	7,374,762
Less: provision for doubtful debts	**(98,793)**	(131,761)	**(98,793)**	(131,761)
	7,823,326	7,229,840	**7,889,671**	7,243,001
Due from a related party	**599,943**	149,020	**164,451**	-
Accrued Government subsidy	**-**	109,387	**-**	109,387
Advance to staff and suppliers	**489,339**	591,855	**563,194**	706,279
Prepayments	**311,013**	455,699	**339,915**	543,266
	9,223,621	8,535,801	**8,957,231**	8,601,933

20 CASH AND BANK BALANCES

	Parent Company		Group	
	2017	2016	**2017**	2016
	RO	RO	**RO**	RO
Cash on hand	**43,094**	13,682	**45,994**	16,582
Cash at bank:				
- Call deposit		-		-
- Current accounts	**244,795**	174,296	**393,965**	190,148
	287,889	187,978	**439,959**	206,730

21 TERM DEPOSITS

	Parent Company		Group	
	2017	2016	**2017**	2016
	RO	RO	**RO**	RO
Non-current:				
Term deposit (see (a) below)	**5,000,000**	5,000,000	**5,000,000**	5,000,000
Current:				
Term deposits (see (b) below)	**4,000,000**	4,000,000	**4,000,000**	4,000,000

25 BORROWINGS

Non-current:

	Parent Company		Group (Note 1)	
	2017	*2016*	***2017***	*2016*
Term loans from commercial banks:	***RO***	*RO*	***RO***	*RO*
Islamic Financing (Al Izz Bank		-	**2,400,000**	2,400,000
Government soft loan (e)	**950,000**	1,450,000	**950,000**	1,450,000
	950,000	1,450,000	**3,350,000**	3,850,000
Less: current portion of term loans included under current borrowings	**(500,000)**	(500,000)	**(980,000)**	(500,000)
	450,000	950,000	**2,370,000**	3,350,000

Current:

	Parent Company		Group (Note 1)	
	2017	*2016*	***2017***	*2016*
	RO	*RO*	***RO***	*RO*
Current portion of long term loans	**500,000**	500,000	**980,000**	500,000
Bank overdrafts (see h below)	**1,444,768**	963,767	**1,444,768**	1,075,367
	1,944,768	1,463,767	**2,424,768**	1,575,367

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 30 June 2017 and 2016 in respect of future years is as follows:

	Parent Company		Group	
	2017	*2016*	***2017***	*2016*
	RO	*RO*	***RO***	*RO*
Finance lease liabilities	**-**	-	**2,412,091**	3,203,107
	-	-	**2,412,091**	3,203,107
Amount falling due:				
Within one year	**-**	-	**840,000**	790,726
After one year but within four years	**-**	-	**1,572,091**	2,412,381
	-	-	**2,412,091**	3,203,107

27 TRADE AND OTHER PAYABLES

	Parent Company		Group	
	2017	*2016*	***2017***	*2016*
	RO	*RO*	***RO***	*RO*
Trade payables	**2,816,911**	3,150,180	**3,568,384**	3,970,132
Accruals	**525,995**	679,220	**600,824**	700,868
Tax payable (note 10a)	**278,271**	394,213	**278,271**	394,213
Other payables	**63,030**	-	**63,030**	-
Accrued interest		415	**-**	415
Retentions payable		27,060	**-**	27,060
Due to related parties (note 34b)	**-**	155,937	**-**	-
	3,684,207	4,407,025	**4,510,509**	5,092,688

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	
	2017 RO	*2016 RO*	***2017 RO***	*2016 RO*
Net assets (RO)	**38,352,737**	37,550,667	**38,899,166**	37,816,035
Number of shares at 31 December	120,000,000	120,000,000	**120,000,000**	120,000,000
Net assets per share (RO)	**0.320**	0.313	**0.324**	0.315

29 CASH GENERATED FROM OPERATIONS

	Parent Company		Group (Note 1)	
	2017 RO	*2016 RO*	***2017 RO***	*2016 RO*
Operating activities				
Profit before taxation	**1,576,869**	2,828,824	**1,877,101**	2,968,643
Adjustment for:				
Depreciation	**637,809**	589,404	**845,094**	749,729
Amortisation	**50,662**	49,870	**55,873**	49,870
Interest income	**(76,820)**	(130,778)	**(76,820)**	(130,778)
Interest expense	**47,602**	40,646	**153,702**	116,319
Profit on disposal of property, plant and	**-**	-	**-**	-
Share of loss from investment	**-**	-	**-**	-
End of service benefits	**65,064**	34,530	**74,163**	37,823
	2,301,186	3,412,496	**2,929,113**	3,791,606
Working capital changes:				
Inventories and biological assets	**(144,047)**	(641,638)	**(138,470)**	(606,570)
Trade and other receivables	**(873,118)**	(1,163,991)	**(1,138,271)**	(1,607,396)
Term deposits	**-**	-	**-**	-
Trade and other payables	**(1,456,846)**	164,181	**(1,168,234)**	702,075
Cash generated from operations	**(172,825)**	1,771,048	**484,138**	2,279,715