ANNUAL REPORT 2020

EXPANDING OUR HORIZONS

A'SAFFA FOODS S.A.O.G.

الصفاء للأغذية ش.م.ع.ع

A'SAFFA REINFORCES ITS COMMITMENT TO QUALITY

STATE OF THE ART PLANT IN THUMRAIT

A'Saffa Foods S.A.O.G is located in Thumrait, Southern Dhofar Region in the Sultanate of Oman. A'Saffa poultry is 100% natural and is opening a brand new production facility, with the latest in technology to promote product quality, productivity and yield.

WE PLEDGE YOU
OUR ALLEGIANCE

**HIS MAJESTY SULTAN
HAITHAM BIN TARIK**


١٤٤١
تصوير : محمد مصطفى

INVESTING IN THE FUTURE

TO BECOME THE MOST SUCCESSFUL DIVERSIFIED FOOD COMPANY IN THE MIDDLE EAST.

The future is bright and bringing with it more change, every day. This includes more and more people turning to healthier, tastier and safer alternatives when it comes to food. When it comes to poultry especially, today's consumer wants only the best-fed, well-reared natural and halal product. Reasons that have led us to expand our facility in thumrait this year, enabling us to meet oman's poultry demands.

Being pioneers in fully integrated poultry production and farm management systems, A'Saffa Foods has built its competence and expertise in food production, processed food technology and innovative food recipes to deliver new, flavorful choices that consumers can enjoy at all times. As a market leader, it is A'Saffa constant endeavor to provide consumers with food products that are wholesome and processed hygienically from natural, pure, halal, healthy and premium ingredients.

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ABOUT US

A'Saffa Foods S.A.O.G is located in Thumrait, a town of the Dhofar Governorate in the Sultanate Of Oman. Here our poultry is naturally-fed and hand slaughtered.

It is 100% Natural, 100% Halal and completely safe. It's all part of our effort to give you the most natural product possible – assuring A'Saffa as your healthy, tasty and all-Omani choice.

VISION

TO BECOME THE NO. 1. AND MOST SUCCESSFUL DIVERSIFIED FOOD COMPANY IN THE MIDDLE EAST

MISSION

TO EARN OUR CUSTOMERS' LOYAL-TY BY PROVIDING THEM WITH HIGH QUALITY, HEALTHY, HYGIENIC, HALAL, SAFE, PURE AND DELICIOUS FOOD

TO ENSURE THE REACH OF 'A'SAFFA FOODS' PRODUCTS STREACHES ACROSS OMAN, THE MIDDLE EAST AND ARAB NATIONS

TO BUILD A SATISFIED AND LOYAL CUSTOMER BASE BY CONSISTENTLY EXCEEDING THEIR EXPECTATIONS

TO PARTICIPATE AND PROVIDE SOLUTIONS TOWARDS ACHIEVING FOOD SECURITY AND SELF SUFFICIENCY IN THE REGION

TO BE PROACTIVE IN INCREASING THE VALUE OF OUR SHAREHOLDERS' INVESTMENT BY GROWING SALES, CONTROLLING COSTS AND MANAGING RESOURCES WISELY

الصفاء للأغذية ش.م.ع.ع

A'SAFFA FOODS S.A.O.G.

القيم الأساسية للغذاء الصحي، الصحة والسعادة

Core values of Healthy food, Health and Happiness.

Omani

الصفاء اللوجستية ش م م

A'SAFFA LOGISTICS LLC

الصفاء للصناعات الغذائية

A'SAFFA FOOD PROCESSING

الصفاء

A'SAFFA

حلال

HALAL

خيرات

khayrat

٪١٠٠ طبيعي وشهي

طيبات

TAYBAT

٪١٠٠ طبيعي وشهي

إختياري

Ekhtiari

اليقين

al YaQeen

BOARD OF DIRECTORS

Eng. Ali Hilal Ali AlKuwari
Chairman

Sheikh. Rashid Saif Mohammed Al Saadi
Vice Chairman

Mr. Fahad Mohammed Al AbdulQader
Director

Mr. Abdulla Mohamed Al AlAnsari
Director

Mr. Salim Abdullah AlRahbi
Director

Mr. Asim Salim Ali AlGhailani
Director

Mr. AlNoubay Salem H A Aladbi
Director

AUDITOR'S

PricewaterhouseCoopers

INTERNAL AUDITORS

Ms. Shamsa Mohammed AL Touqi

BANKERS

Oman Arab Bank SAOC- Al Yusr Islamic Banking

BankDhofar SAOG – Maisarah Islamic Banking Service

National Bank of Oman SAOG – Muzn Islamic Banking

BankMuscat SAOG – Meethaq Islamic Banking

Alizz Islamic Banking SAOG

LEGAL CONSULTANTS

Zaid Al-Malki & Nasser Al-Tabiab

Advocacy & Legal Consultants

REGISTERED OFFICE

PO Box 458, PC 211,
Salalah,
Sultanate of Oman

PRINCIPAL PLACE OF BUSINESS

P.O Box: 3436, PC: 112,
Ruwi, Sultanate of Oman
Tel:+968-22360250
Fax:+968-22360260
Email: contact@asaffa.com
Website: www.asaffa.com

DIRECTOR'S REPORT

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, I am pleased to welcome you to the 19th Annual General Meeting of your company and present the Director's Report and the Audited Financial Statements for the year ended 31st December 2020.

BUSINESS PERFORMANCE

During 2020, the world witnessed many international economic challenges, of which most notably was the decline in oil prices and the spread of the COVID-19 pandemic, which affected global economies, including the Sultanate of Oman. The repercussions of the pandemic have affected the country's local economy, which has prompted the government to take urgent actions to minimize these effects. These include adopting an economic diversification policy, reducing dependence on oil and decreasing the approved budgets for all sectors.

Oman has also been progressing, under the wise guidance of His Majesty Sultan Haitham bin Tarik bin Taimour Al Said, in achieving 'Oman Vision 2040', as the government has intended to supplement the infrastructure, priorities the implementation of crucial projects that serve economic and social objectives and promote private sector participation in implementing and managing some projects and facilities.

The Sultanate also announced the Fiscal Balance Plan 2020-2024. The Plan seeks to achieve sustainable levels of fiscal balance by the end of 2024 and establish suitable conditions to support Oman Vision 2040. The Plan includes initiatives, some of which already started to be implemented, while the rest will follow suit according to priorities and readiness.

THE EXPANSION

Despite facing challenges of logistics, import operations and visas permits for the companies due to the spread of COVID-19 pandemic, we successfully completed the expansion project and started the production processes during the end of December 2020. The expansion is expected to increase our production capacity to 40,000 tons which will, over time, help to ensure food security in Oman and create jobs for Omanis. A'Saffa has used state-of-the-art technology in poultry production to improve the overall quality and increase the production capacity.

PERFORMANCE REVIEW FOR 2020

For the year under review, the company achieved the Sales of RO 30,008,465 as compared to RO 30,381,151 during 2019. The decrease in sales was mainly due to less sales realization due to the huge influx of imported product.

The parent company net profit after tax for the year 2020 was RO 1.594 million as compared to RO 1.326 million in the previous year 2019.

The consolidated net profit after tax for the year 2020 was RO 2.439 million as compared to RO 1.934 million in the previous year 2019.

SUBSIDIARIES

1) A'Saffa Food Processing LLC

We are pleased to inform that A'Saffa Food Processing LLC achieved further improvement in its performance during 2020. The company achieved the sales of RO 4,713,232 during 2020 as compared to RO 4,476,014 in 2019 and net profit of RO 675,152/- during 2020 as compared to RO 541,673/- in 2019.

2) A'Saffa Logistics LLC

The company revenue has reached RO 1,077,003 during 2020 as compared to RO 1,056,311 in 2019. Net realised gains of RO 172,667 during 2020 as compared to RO 159,640 in 2019.

DIVIDEND

I am pleased to announce that your Board of Directors are recommending a cash dividend of 20 Baisas per share subject to approval of the Shareholders during the Annual General Meeting on March 31, 2021.

OUR COMMITMENT TO SHAREHOLDERS

The company maintains the principle of sustainable development, taking into consideration the growing demand for food in the region. The objective of our work is to take business decisions that lend credibility to our social, economic and environmental responsibilities and to realise Oman's vision of food security in the country.

OUTLOOK

The economic policies that Oman has adopted to minimise the implications of the pandemic on the local economy, have proved successful in supplementing the infrastructure, attracting foreign capital, charting the course of 'Oman Vision 2040' and diversifying sources of income, which will lead to building a strong and organised economy.

HUMAN RESOURCES

A'Saffa Foods gives great importance to its human resources and provide the training and skill development programs to enhance their competence. The company recruits suitably qualified personnel and engages them in a motivational working environment, which reflects on the company's performance.

CORPORATE GOVERNANCE

The company is committed to adhere to the Corporate Governance rules for Shareholders, employees, consumers and the society as a whole to ensure its sustainable success. A separate report on compliance to the Code of Governance for MSM listed companies is enclosed.

CORPORATE SOCIAL RESPONSIBILITY

A'Saffa Foods is committed to its responsibilities towards society by supporting society-related events and projects because A'Saffa firmly believes that it is a part of society. The company has, represented by the Corporate Social Responsibility committee, provided financial support of RO 50,000 to finance five recreational outlets to be built in Thumrait, Dhofar.

ACKNOWLEDGEMENT

On behalf of the Board of Directors and myself, I would like to extend my sincere thanks to the Shareholders, Investment Funds, Institutions, Companies, Customers, and the management and staff for their continued support to the company.

I would also like to thank the Ministry of Agriculture, Fisheries Wealth & Water Resources, Ministry of Commerce and Industry, Ministry of Finance for their great support to the company.

In conclusion, we are honoured to extend our sincere gratitude to His Majesty Sultan Haitham bin Tarik bin Taimour Al Said for his wise guidance in achieving sustainable development in the country.

Eng. Ali Hilal Ali Al Kuwari
Chairman

ANNEXURE TO DIRECTOR'S REPORT

RELATED PARTY TRANSACTIONS

The related party transactions for the year ended December 31, 2020 are as follows :

RELATED PARTY TRANSACTIONS – 2020			2020
Sl.	Name of Directors / Company / Major Promoter / Shareholder	Nature of transaction	Amount (RO)
1	A'Saffa Food Processing LLC	Sale of Poultry Meat	741,005
2	A'Saffa Food Processing LLC	Purchase of further processed products	4,713,232
3	A'Saffa Logistics LLC	Office, Transportation and hiring of storage facility	566,844
4	Al Meera Markets SAOC	Sale of Poultry Meat & Further Processed Meat Products	205,252
	TOTAL		**6,226,333**

The following are the related party transactions expected in the year 2021 :

RELATED PARTY TRANSACTIONS – 2021			2021
Sl.	Name of Directors / Company / Major Promoter / Shareholder	Nature of transaction	Amount (RO)
1	A'Saffa Food Processing LLC	Sale of Poultry Meat	850,000
2	A'Saffa Food Processing LLC	Purchase of further processed products	5,500,000
3	A'Saffa Logistics LLC	Office, Transportation and hiring of storage facility	600,000
4	Al Meera Markets SAOC	Sale of Poultry Meat & Further Processed Meat Products	400,000
5	Osool Poultry SAOC	Purchase of Hatching Eggs	2,500,000
	TOTAL		**9,850,000**

SITTING FEE DETAILS

Sitting Fees paid to the members of the Board of Directors for attending the Board and its Committees meetings.

1. Financial year ended 31/12/2020
In the financial year ended 31/12/2020, sitting fees was paid to the members of the Board of Directors for attending Board *or* Board Committees Meetings, as detailed below :

Name of the Directors	No. of Board Meeting/s Attended	No. of Audit Committee Meeting/s attended	No. of Nomination and Remuneration Committee Meeting/s attended	Amount (RO)
Eng. Ali Hilal Ali Al Kuwari	6	-	5	7,700
Sheikh Rashid Saif Mohammed Al Saadi	6	-	5	7,700
Mr. Fahad Mohammed Al AbdulQader	5	4	-	6,300
Mr. Abdullah Mohamed Al Al Ansari	6	-	5	7,700
Mr. Salim Abdullah AlRahbi	6	4	-	7,000
Mr. Asim Salim Ali AlGhailani (from 10/5/2020 onwards)	3	-	3	4,200
Mr. AlNoubay Salem H A Aladbi (from 10/5/2020 onwards)	3	2	-	3,500
Sheikh Majid Salim Said Al Fannah Al Araimi (until 10/5/2020)	-	-	-	-
Eng. Mohammed Khalifa Al Jalahma (until 10/5/2020)	2	2	-	2,800
			TOTAL	**46,900**

2. For the Year 2021 : The Chairman of the Board and Members of Board and Sub-Committees are eligible for sitting fee @ RO 700/- per meeting for Board and Committee meetings.

SENIOR MANAGEMENT TEAM

Eng. Mohamed Suhail Al Shanfari
Chief Executive Officer

Mr. Mohamed Ahmed Al Shanfari
Assistant CEO for Admin Affairs

Mr. Muhammad Rafique Chaudhry
Chief Financial Officer

Mr. Yasir Abdullah Rashid Al Salmani
Deputy Chief Financial Officer

Mr. Bartholomeu Stein
Head of Marketing and Sales

MANAGEMENT DISCUSSION & ANALYSIS REPORT

RESULTS OF OPERATION FOR 2020

The beginning of 2020 has witnessed the global spread of Covid-19, i.e. coronavirus. The threat from Covid-19 continues to impact people around the world. Governments in many countries announced lockdowns and asked people to stay indoors. Around the world, these coronavirus lockdowns have driven professional and social life out of the physical world and into the virtual realm. We stand with all those affected and are committed to helping where we can.

I would like to thank every member of the A'Saffa team for their dedication and hard work in the face of incredible challenges. We have been proactive and swift in ensuring safe working conditions, strict standards of social distancing, necessary infrastructure across all our operations. We are equally focused on protecting the lives and livelihoods of all our loyal consumers, partners and stakeholders.

The coronavirus nation-wide lockdown had an adverse impact on operations, supply chain, disruption in procurement/transport, shortage of manpower etc. We continued to work closely with the Government at different levels, made planning cycles more agile and created flexible alternatives. Against this challenging backdrop, we have achieved competitive and profitable operations.

The expansion project was also almost completed in spite of all the challenges mentioned above.

The following table shows the past five years sales performance:

Years	Sales RO
2020	30,008,465
2019	30,381,151
2018	31,795,016
2017	31,943,607
2016	30,556,601

The company's performance in the last 5 years is shown below:

Years	Net equity	Net profit
2020	RO 40,754,371	RO 1,594,092
2019	RO 39,160,279	RO 1,326,163
2018	RO 40,234,116	RO 2,116,123
2017	RO 40,517,993	RO 3,742,125
2016	RO 39,175,868	RO 4,454,025

The Company achieved the above performance level in spite of:

- Significant competition from lower-priced imported brands.
- Increase of input cost.

OUTLOOK

We are inspired by our achievements so far, confident in our capabilities, aware of the challenges ahead of us and optimistic of the future. Looking ahead, a key focus will be to set and implement the direction for the next phase of growth and improve our returns. We are conscious where our growth opportunities are and where our efforts and investments need be made.

As we move forward in our journey towards further enrichment and growth, we commit ourselves once again towards the health and well-being of every household and to the task of bringing more smiles to the faces of our employees, shareholders, suppliers and consumers.

KEY STRENGTHS OF A'SAFFA

Economies of Scale and Integration

- Fully integrated poultry project.
- Parent farms to ensure consistency in production and quality.
- Location is ideally suitable for poultry farming.
- No threat for any contagious diseases because of ideal isolated location.
- Good quality of the products.
- Very well established Brand Image.
- Economically viable project size.

The major strength of the company lies in its ability to deliver quality product to its customers resulting in considerable customer satisfaction and delight and importantly in the challenging times ahead, a strong customer loyalty.

MARKET PENETRATION & IMAGE

A'Saffa has been able to make great market penetration and created the Brand Awareness in Oman and other GCC countries.

The well thought decision to start direct distribution in all over Oman resulted in greater penetration in the local market which helped in achieving the better results.

The significant advantage that the company enjoys is its consistent production of large quantities of Farm Fresh Chickens everyday assuring the customers continuous supply, ready availability, fresh product, Real Halal and high quality product. Delivery "on time, every time" has been our mission and consumer's delight our motto.

"A'Saffa's continued success demonstrates that our Plan to Win works in any environment and has positioned us to continue our performance in 2020."

We believe growth comes from enhanced marketing for our brands and product portfolio and, even more importantly, from driving growth engines that leverage the power of our brands.

PEOPLE AND TECHNICAL EXPERTISE

The company has employed highly experienced management staff in all areas of operations. It is continuously imparting training at all levels including Omanis. The Company is also committed to developing the available local Omani workforce around Wilayat Thumrait. The company has a very good management team and technical expertise to effectively run the company.

THREATS & WEAKNESSES

- The Company operates in an industry characterized by high raw material content. The international prices of raw materials are volatile and can potentially have a significant impact on the Company's profitability. The management takes steps to actively monitor and manage these price fluctuations and mitigate the price risk.
- The threat of Bird flu outbreak in some European countries can affect our breeder day old chick importation.
- High influx of cheap imported products.

OPPORTUNITIES

- Capability to produce product mix to enhance the margins and profitability.
- To meet the ever growing demand for A'Saffa products and the opportunity to increase the scale of production exists.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The company has a good system of internal control comprising authority levels and powers, supervision, checks and balances, policies and procedures. The system is reviewed and updated on an ongoing basis. On an annual basis, the Board approves a business plan and budget for the management to adhere to.

CONCLUSION

Financial year 2020 was an exciting and rewarding year for all of us at A'Saffa Foods SAOG. But what is most rewarding to me is how we have positioned the Company for the future.

We look forward to building on the momentum we generated in financial year 2020 and addressing our many opportunities, including our most important one: generating value for our shareholders.

Eng. Mohamed Suhail Al Shanfari
Chief Executive Officer

REPORT OF FACTUAL FINDINGS TO THE SHAREHOLDERS OF A'SAFFA FOODS SAOG

1. We have performed the procedures agreed with you pursuant to the Capital Market Authority (CMA) circular no. E/4/2015, dated 22 July 2015, with respect to the Board of Directors' corporate governance report of [name of the Company] (the Company) as at and for the year ended [period end date] and application of the corporate governance practices in accordance with amendments to CMA Code of Corporate Governance issued under circular no. E/10/2016 dated 1 December 2016 (collectively the 'Code').

2. Our engagement was undertaken in accordance with the International Standard on Related Services 4400 applicable to agreed-upon procedures engagements. The procedures were performed solely to assist the Board of Directors of the Company in complying with the requirement of the Code issued by the CMA.

3. We have performed the following procedures:

   a) We have checked that the corporate governance report issued by the Board of Directors includes as a minimum, all items suggested by CMA to be covered by the report as detailed in the Annexure 3 of the Code by comparing the report with such suggested content in the Annexure 3; and

   b) We have obtained the details of the Company's compliance with the Code, including any non-compliances, identified by the Company's Board of Directors, included in the report together with the reasons for such non-compliance and agreed these to the discussions in the Board minutes or/and a checklist prepared by the Board of Directors to identify any non-compliance.

4. As a result of performing the above procedures, we have no exceptions to report. [*or list exceptions with respect to specific procedures above 3(a) and (b)*].

5. Because the above procedures do not constitute either an audit performed in accordance with International Standards on Auditing or a review in accordance with International Standards on Review Engagements, we do not express any assurance on the accompanying corporate governance report.

6. Had we performed additional procedures or had we performed an audit in accordance with International Standards on Auditing or a review in accordance with International Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.

7. Our report is solely for the purpose set forth in paragraph 2 above and for your information and is not to be used for any other purpose. This report relates only to the Board of Directors' corporate governance report included in its annual report for the year ended 31 December 2020 and does not extend to any financial statements of A'Saffa Foods SAOG taken as a whole.

PricewaterhouseCoopers

2 March 2021
Muscat, Sultanate of Oman

برايس وترهاوس كوبرز ش م م
PricewaterhouseCoopers LLC
C.R. No 1230865

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Chartered Accountants Licence No. L1065369, Management Consultants Licence No. L1065290, Commercial Register No. 1230865, Tax Card No 8055889

CORPORATE GOVERNANCE REPORT

1. CORPORATE PHILOSOPHY

The Corporate Governance philosophy of A'Saffa Foods SAOG ("the Company") aims at corporate fairness and is committed to the business integrity. As part of this commitment; the Board supports the highest standards of corporate governance and promotes a culture of compliance, transparency and accountability. The objective of Corporate Governance is to enhance the value and maximize interest of stakeholders, which in turn will lead to corporate growth.

2. BOARD OF DIRECTORS

A. ROLE & FUNCTIONS

The Board of Directors play a leading role within the organization in developing the Company's strategies and objectives, while ensuring and monitoring the effectiveness of internal controls.

B. APPOINTMENT OF DIRECTORS

The Articles of Association of the Company provide for 7 Directors. The Board of Directors can be appointed either from among the shareholder or others. In case of the Directors nominated by the investing companies the qualification shares are held by the respective companies. The Directors are appointed every three years, for a term of three years as per Company Articles of Association, in the Annual General Meeting as per procedures laid down by Capital Market Authority. The current Board of Directors were elected by the shareholders in the Annual General Meeting held on May 10, 2020, and their term will last until March, 2023.

C. COMPOSITION OF THE BOARD OF DIRECTORS

All the members of the Board have considerable expertise.

The Board comprises of seven members, four of the Directors are Non-Independent and three of them are Independent Directors. None of the Directors is a member of the Board of more than four public joint stock companies whose principle place of business is in the Sultanate of Oman (or) is a Chairman of more than two such companies.

THE COMPLETE LIST OF BOARD MEMBERS IS AS FOLLOWS :

IS.	Name of Directors	Position	Category	Details of Directorship in other SAOG/SAOC Companies in Oman
1.	**Eng. Ali Hilal Ali Al Kuwari**	Chairman	Non-Executive and Non-Independent	1. Chairman, Al Meera Markets SAOC, Oman.
2.	**Sheikh Rashid Saif Mohammed Al Saadi**	Director (until 10/5/2020) Vice Chairman (from 10/5/2020 onwards)	Non-Executive and Independent	1. Chairman, Takaful Oman Insurance SAOG. 2. Chairman, Taager Finance SAOG. 3. Chairman, Omani Hospitality Company SAOC. 4. Chairman, Oman Aviation Academy SAOC. 5. Deputy Chairman, Nakheel Oman Development SAOC. 6. Director, Al Mouj Muscat Co. SAOC. 7. Chairman, Innovateq SAOC.
3.	**Mr. Fahad Mohammed Al AbdulQader**	Vice Chairman (until 10/5/2020) Director (from 10/5/2020 onwards)	Non-Executive and Non-Independent	None
4.	**Mr. Abdulla Mohamed Al AlAnsari**	Director	Non-Executive and Non-Independent	Director, Oman Qatar Insurance Co. SAOG.
5.	**Mr. Salim Abdullah AlRahbi**	Director	Non-Executive and Independent	None
6.	**Mr. Asim Salim Ali AlGhailani**	Director (from 10/5/2020 onwards)	Non-Executive and Non-Independent	Director, A'Sharqiya Investment Holding Co.
7.	**Mr. AlNoubay Salem H A Aladbi**	Director (from 10/5/2020 onwards)	Non-Executive and Independent	None
8.	**Sheikh Majid Salim Said Al Fannah Al Araimi**	Director until 10/5/2020)	Non-Executive and Non-Independent	Chairman, Galfar Engineering & Contracting SAOG.
9.	**Eng. Mohammed Khalifa Al Jalahma**	Director until 10/5/2020)	Non-Executive and Independent	None

D. NUMBER OF BOARD MEETINGS

During the year 2020, six Board meetings were held as under:

Board Meeting 1/2020	February 27, 2020
Board Meeting 2/2020	March 23, 2020
Board Meeting 3/2020	May 10, 2020
Board Meeting 4/2020	July 23, 2020
Board Meeting 5/2020	October 8, 2020
Board Meeting 6/2020	December 10, 2020

E. DIRECTOR'S ATTENDANCE RECORD

Name of Directors	No. of Meetings held	No. of Meetings attended	Whether attended last AGM
Eng. Ali Hilal Ali Al Kuwari	6	6	Yes
Sheikh Rashid Saif Mohammed Al Saadi	6	6	Yes
Mr. Fahad Mohammed Al AbdulQader	6	5	Yes
Mr. Abdulla Mohamed Al Alansari	6	6	Yes
Mr. Salim Abdullah AlRahbi	6	6	Yes
Mr. Asim Salim Ali AlGhailani (Director from 10/5/2020 onwards)	6	3	No
Mr. AlNoubay Salem H A Aladbi (Director from 10/5/2020 onwards)	6	3	No
Sheikh Majid Salim Said Al Fannah Al Araimi (Director until 10/5/2020)	6	-	No
Eng. Mohammed Khalifa Al Jalahma (Director until 10/5/2020)	6	2	Yes

F. RELATED PARTY DISCLOSURE

Details of all commercial and financial transactions where Directors have potential interest are provided to the Board. All related party transactions have been effected without any preferential advantage accruing to any related party concerned.

The nature of significant related party transactions and the amounts involved during the year 2020 were as follows:

Description	Year 2020 (RO)
Office, Transportation and hiring of storage facility	566,844
Purchase of further processed products	4,713,232
Sale of Poultry Meat	741,005
Sale of Poultry Meat & Further Processed Meat Products	205,252
TOTAL	**6,226,333**

G. COMMITTEES OF THE BOARD

The Board has the following two committees, whose objectives, powers and procedures are approved by the Board.

I) AUDIT COMMITTEE

The Audit Committee of the Company comprising of three members who are also Directors on the Board was reconstituted by Board on May 10, 2020. Mr. Salim Abdullah AlRahbi is an Independent Director and he is the Chairman of the Audit Committee. The other two members of the Audit Committee are Vice Chairman of the Audit Committee Mr. AlNoubay Salem H A Aladbi an Independent Director & Mr. Fahad Mohammed Al AbdulQader having rich experience in Business Management and Internal Controls. Mr. AlNoubay Salem H A Aladbi is the Director (from 10/5/2020 onwards) in replacement of Eng. Mohammed Khalifa Al Jalahma.

The Audit Committee reviews the financial accounts/policies, adequacy of internal control systems, interacts with the statutory Auditors and Internal Auditors. The CEO and other functional heads are invitees to the Audit Committee meetings. The Audit Committee reviews the audit plans, audited and un-audited financial results, observation of the internal and external auditors and follow-up on reports of the management. During the year 2020, the Audit Committee met four (4) times. The Minutes of the Meetings of Audit Committee are reviewed by the Board of Directors.

DURING THE YEAR 2020, FOUR AUDIT COMMITTEE MEETINGS WERE HELD AS UNDER:

Audit Committee Meeting 1/2020	February 26, 2020
Audit Committee Meeting 2/2020	May 5, 2020
Audit Committee Meeting 3/2020	July 22, 2020
Audit Committee Meeting 4/2020	October 22, 2020

Name of Directors	No. of Meetings held	No. of Meetings attended
Mr. Salim Abdullah AlRahbi	4	4
Mr. Fahad Mohammed Al AbdulQader	4	4
Mr. AlNoubay Salem H A Aladbi (Director from 10/5/2020 onwards)	4	2
Eng. Mohammed Khalifa Al Jalahma (Director until 10/5/2020)	4	2

II) NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee comprises of four Directors and is headed by the Chairman of the company, Eng. Ali Hilal Ali Al Kuwari. The Board constituted "Nomination and Remuneration Committee" to assist and advise the Board on matters relating to the remuneration of the Board, and the performance and remuneration of Executive management, along with assisting on nomination of Directors and Senior Executive Management.

The Nomination and Remuneration Committee meets at periodical intervals as needed and the objective of the Nomination and Remuneration Committee is to discharge responsibilities on behalf of the Board in deciding specific policy matters and business matters.

Major decisions and contracts are awarded within the approved mandate by the Nomination and Remuneration Committee who is authorized by the Board of Directors to take such decisions and award. They also look into Policies & Procedure and Manpower Plan and the Budget estimates. Besides they recommend Board of Directors on matters in which the Board of Directors have to take decision/give approval.

DURING THE YEAR 2020, THERE WERE FIVE MEETINGS OF THE NOMINATION AND REMUNERATION COMMITTEE HELD AS UNDER:

Nomination and Remuneration Committee Meeting 1/2020	February 15, 2020
Nomination and Remuneration Committee Meeting 2/2020	April 23,2020
Nomination and Remuneration Committee Meeting 3/2020	July 15,2020
Nomination and Remuneration Committee Meeting 4/2020	October 4, 2020
Nomination and Remuneration Committee Meeting 5/2020	December 3,2020

Name of Directors	No. of Meetings held	No. of Meetings attended
Eng. Ali Hilal Ali Al Kuwari	5	5
Sheikh Rashid Saif Mohammed Al Saadi	5	5
Mr. Abdulla Mohamed Al Alansari	5	5
Mr. Asim Salim Ali AlGhailani (from 10/5/2020 onwards)	5	3
Sheikh Majid Salim Said Al Fannah Al Araimi (until 10/5/2020)	5	-

Process of nomination of the Directors

The Company follows the Commercial Companies Law, Code of Corporate Governance and the guidelines issued by CMA in this regard. The Company has made efforts to have a Board with appropriate skills, experience and vision.

3. REMUNERATION OF DIRECTORS AND TOP 5 MANAGERS

a) The Chairman of the Board and Members of the Board of the Company are eligible for sitting fee at RO 700/- per meeting for Board and Committee meetings.

b) Directors sitting fees paid for the year 2020 was RO 46,900/-. Directors' travelling and related cost to attend the meetings during the year was RO 3,545/-. Moreover the Directors remuneration recommended for the year 2020 was RO 45,433/-.

c) Basic salary, allowances and perquisites paid to top five employees in the year 2020 amounted to RO 327,749/- which is fully a fixed component, and RO 10,947/- was paid for business related travel expenses. Gratuity charge for the year 2020 for Expatriate Key Management Staff RO 8,002/- and Social Insurance (PASI) charge for the year 2020 for Omani Key Management Staff RO 10,560/-. In addition RO 41,635/- was paid as Bonus linked to performance for the year 2020.

d) The company enters into a contract of employment with each employee and such contracts are in line with regulations of Ministry of Manpower.

4. MEANS OF COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

a) The notice to the Shareholders for the Annual General Meeting including the details of the related party transactions is filed with CMA and mailed to shareholders along with Directors' report and audited accounts.

b) The Quarterly results of the company as per CMA format are prepared by the management for every quarter, reviewed by the Audit Committee, approved by the Board, uploaded on the website of Muscat Securities Market (MSM) and also published in the Newspapers as per the directives of CMA.

c) Important Board decisions are disclosed to the investors through MSM from time to time.

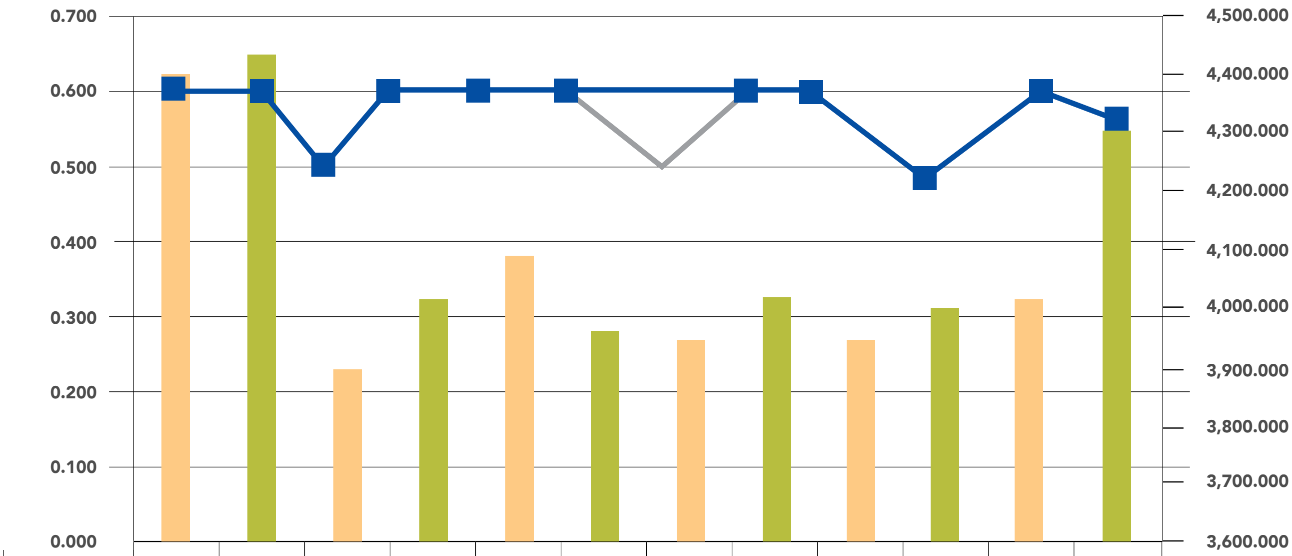
d) The Management Discussion and Analysis Report forms part of the Annual Report.

5. SHARE PRICE DATA

a) Details of share price movement during the year ended 31st December 2020 are furnished below:

Period (Month, 2020)	High (OMR)	Low (OMR)	Volume
January	0.598	0.598	0
February	0.598	0.598	0
March	0.500	0.500	143
April	0.598	0.598	0
May	0.598	0.598	0
June	0.598	0.598	0
July	0.598	0.520	390
August	0.598	0.598	0
September	0.598	0.598	0
October	0.480	0.480	600
November	0.598	0.598	93,408
December	0.550	0.550	5,700

MSM INDUSTRY SECTOR INDEX VS A'SAFFA FOODS SAOG IN 2020.



	January	February	March	April	May	June	July	August	September	October	November	December
MSM Index (Industry)	4,413.700	4,434.870	3,902.920	4,004.980	4,086.340	3,959.290	3,947.280	4,000.630	3,949.440	3,998.180	4,007.670	4,296.090
Low	0.598	0.598	0.500	0.598	0.598	0.598	0.520	0.598	0.598	0.480	0.598	0.550
High	0.598	0.598	0.500	0.598	0.598	0.598	0.598	0.598	0.598	0.480	0.598	0.550

b) Shareholders of the Company who own 5% or more of the Company's shares whether in their name or through a nominee account and the number of shares they hold are as follows:

Description	2020		2019	
	%	Number	%	Number
Zulal Investment Company	33.249	39,898,654	33.249	39,898,654
Gulf Investment Corporation	20.007	24,008,666	20.007	24,008,666
Al-Hosn Investment Company SAOC	13.242	15,890,000	13.242	15,890,000
Al Watanyiah National United Engineering & Contracting Co. LLC	10	11,999,999	10	11,999,999
Public Authority for Social Insurance	8.875	10,650,504	8.875	10,650,504

6. MEASURING BOARD PERFORMANCE

In accordance with the Fourth Principle of the Corporate Governance of Public Shareholding Companies issued by the Capital Market Authority, the Annual General Assembly meeting held on March 29, 2017 approved the criteria for measuring the performance of the Board of Directors of the company. Accordingly, an independent evaluator "Al Meethaq Chartered Accountants" was appointed to measure the performance of the Board according to the approved criteria in the said meeting which was completed successfully during 2017.

7. STATUTORY AUDITORS

The Shareholders of the Company had appointed M/s. PricewaterhouseCoopers as the External Auditors of the company for the year ended 31st December 2020. A total fee to Statutory Auditors for year 2020 is RO 32,445/- in respect of Statutory Audit and Review of Corporate Governance Report for A'Saffa Foods SAOG and its two Subsidiaries.

PROFESSIONAL PROFILE OF PRICEWATERHOUSECOOPERS (PWC) : STATUTORY AUDITORS

PwC is a global network of firms operating in 155 countries with more than 284,000 people who are committed to delivering quality in assurance, tax and advisory services. PwC also provides corporate training and professional financial qualifications through PwC's Academy.

Established in the Middle East for over 40 years, PwC Middle East has firms in Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Oman, the Palestinian territories, Qatar, Saudi Arabia and the United Arab Emirates, with around 5,600 people. (www.pwc.com/me).

PwC is strongly committed to Oman where it is recognised as one of the leading providers of quality business advisory services. We have had a local practice in Oman since 1971 and now have 8 partners, 1 of whom is Omani and 7 directors, 1 of whom is Omani and approximately 176 other members of staff operating from our office in the Sultanate.

PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please see www.pwc.com/structure for further details.

As per CMA regulations, the auditors of the company can hold office for a period of 4 consecutive years and the financial year 2020 was the second year.

8. INTERNAL AUDIT DEPARTMENT

The company's Internal Audit Department to carry out activities according to the Internal Audit Charter approved by the Audit Committee.

Ms. Shamsa Mohammed Al Touqi is responsible for the Internal Audit Department and holds an MBA in Financial Management, having 8 years of experience in Internal Audit.

Mr. Ali Hamed Al Rabaani holds BSC Degree in Accounting, having 6 years of experience in Internal Audit.

9. MEASURING AUDIT DEPARTMENT PERFORMANCE

In line with the Capital Market Authority (CMA) Decision 10/2018, International Professional Practices Framework (IPPF) and the duly approved Engagement Letter, Ëxternal Quality Assessment of A'Saffa's Internal Audit Activity" was carried out by "Deloitte & Touche (M.E) Co. LLC (External Quality Assessor)".

The External Quality Assessor has concluded that A'Saffa's Internal Audit Department generally conforms with the IIA's Standards for the Professional Practice of Internal Auditing and the IIA Code of Ethics and Article 27 of the CMA resolution no. 10/2018.

The above statement is in accordance with the requirements stated in Standard 1321 of IPPF and Article 27 of CMA resolution no. 10/2018. The phrase generally conforms means there may be opportunities for improvement, but these should not represent situations where the internal audit activity has not implemented the Standards or the Code of Ethics, has not applied them effectively, or has not achieved their stated objectives.

10. DETAILS OF NON-COMPLIANCE BY THE COMPANY

There are no instances of non-compliance by the Company by way of penalties, strictures imposed on the Company by Capital Market Authority/Muscat Securities Market or any statutory authority on any matter related to capital markets during the last year.

11. EXECUTIVE MANAGEMENT

The Executive Management consists of persons having wide relevant experience in the industry:

Eng. Mohamed Suhail Said Al Shanfari is the Chief Executive Officer with 26 years of extensive experience in the field of animal development, including research, planning and implementation of projects related to livestock.

Mr. Muhammad Rafique Chaudhry, Chief Financial Officer with 37 years diversified experience in strategic financial and Operation planning, designing corporate objectives and goals, monitoring project performance, performance analysis and corrective measures, financial and accounting activities of the project and business development.

Mr. Yasir Abdullah Rashid Al Salmani, Deputy Chief Financial Officer with 16 years of rich experience in Accounts, Financial planning, Audit, Budgeting & reporting. He is a graduate from National CEO Program and a member of Oman Business Forum.

Mr. Mohamed Ahmed Al Shanfari, Asst. CEO for Admin. Affairs (retired on December 31, 2020) with more than 47 years in the Public relation, Commercial activities, Human Resource and Administration.

Mr. Bartholomeu Stein, Head of Marketing and Sales with extensive international as well as GCC experience in the Meat and Poultry industry since 1990, having worked from animal Production to Sales and Marketing. Participated in several projects, both greenfield and acquisitions, in the sector.

12. ACKNOWLEDGEMENT BY BOARD OF DIRECTORS

The Board of Directors acknowledges their responsibility in preparing the financial statements in accordance with the International Standards on Accounting and the relevant rules of the Sultanate of Oman.

The Board of Directors, based on the review of Audit Committee, believe that the financial statements are prepared in accordance with applicable standards and rules. The Board believes, based on the review of internal controls carried out by the audit committee, that the system of internal control is adequate to ensure compliance with laws and regulations.

Based on an examination of the internal audit work, discussion with management and scrutiny of previous management information, the audit committee have concluded that company's system of internal control have operated effectively during the year.

The Board has approved the budget of the company for the year 2021 and, on the strength of the budget and consideration of the expected cash flow, consider that the company will continue in operational existence for the foreseeable future.

Chairman of the Board

Chairman – Audit Committee

Independent auditor’s report to the shareholders of A’Saffa Foods SAOG

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements of A’Saffa Foods SAOG (the “Parent Company”) and the consolidated financial statements of the Parent Company and its subsidiaries (together, the “Group”) present fairly, in all material respects, the respective financial positions of the Parent Company and the Group as at 31 December 2020, and their respective financial performance and their respective cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The financial statements of the Parent Company and the consolidated financial statements of the Group (together “these financial statements”) comprise their respective:

- statement of comprehensive income for the year ended 31 December 2020;
- statement of financial position as at 31 December 2020;
- statement of changes in equity for the year then ended;
- statement of cash flows for the year then ended; and
- notes to these financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of these financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of these financial statements in the Sultanate of Oman. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Independent auditor's report to the shareholders of A'Saffa Foods SAOG (continued)

Our audit approach

Overview

Key Audit Matter	• Impairment of non-financial assets

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in these financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on these financial statements as a whole, taking into account the structure of the Group and the Parent Company, the accounting processes and controls, and the industry in which the Group and the Parent Company operate.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of these financial statements of the current period. These matters were addressed in the context of our audit of these financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent auditor's report to the shareholders of A'Saffa Foods SAOG (continued)

Key audit matter	How our audit addressed the Key audit matter
Impairment of non-financial assets As at 31 December 2020, the carrying value of the Group's non-financial assets is RO 67.7 million which comprises Property, plant and equipment of RO 64.8 million, right of use of assets of RO 1.9 million, capital advances of RO 0.9 million and intangible assets of RO 0.01 million respectively. In accordance with the Group's accounting policy, when impairment indicators exist, management assesses whether actual impairment has occurred. The impairment indicators were assessed for observable indications whether the asset's value has declined, significant changes with an adverse effect have taken place in the environment where the Group operates, changes in market interest rates affecting the discount rate, any obsolescence or physical damage of an asset during the year. The COVID-19 outbreak has developed rapidly in 2020, with a significant number of infections and measures taken to contain the virus around the globe, affecting the economic activity which in turn has implications for financial reporting. The lockdown measures generally resulted in ceasing operations and immediate decline in demand and supply within other sectors in Oman, being possible events that might indicate impairment under IAS 36 - Impairment of Assets. Management has carefully considered the potential impact of the COVID-19 on its non-financial assets. Management has also assessed the economic performance of its non-financial assets and made comparisons with budget and actual net cash flows including comparison of the carrying amount of the net assets with its market capitalization. Based on its assessment, management believes that there are no impairment indicators. We focused on this area due to the significance of the balances of non-financial assets of the Group as well as the potential impact that COVID-19 may have had on the carrying amounts of those balances. Disclosure on the accounting policy and accounting estimate involved in the impairment assessment are mentioned in notes 2.1 (f), 2.2 (p) and 29 (d) to the accompanying financial statements.	Our procedures in relation to management's impairment review of its non-financial assets included: • Evaluation of the Group's policies for the impairment of the non-financial assets; • Discussed with management regarding the Company's assessment of impairment indicators. The discussions focused on the impact of COVID-19 pandemic; • Discussion with management on the plans for any restructuring or discontinuance of assets, reviewing cost of equity under COVID-19 circumstances and comparison of the net assets value of the Group to the Group's market capitalization; • Reading of the Board and audit committee minutes, internal audit reports and performing a physical inspection as an unpredictability procedure on the site; • Review of the forecasted budget prepared by the management for any impact of the COVID-19 pandemic or any impairment indicators; and • Review of the disclosures made to the financial statements with respect to impact of COVID-19 and impairment assessments.

Independent auditor's report to the shareholders of A'Saffa Foods SAOG (continued)

Other information

The directors are responsible for the other information. The other information comprises the Director's Report, Management Discussion and Analysis Report and the Corporate Governance Report (but does not include these financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report and the Group's Annual Report, which is expected to be made available to us after that date.

Our opinion on these financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of these financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with these financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Group's Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors.

Responsibilities of the directors for these financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and their preparation in compliance with the relevant requirements of the Capital Market Authority of the Sultanate of Oman and the applicable provisions of the Commercial Companies Law of 2019, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing these financial statements, the directors are responsible for assessing the Parent Company and Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Parent Company and the Group or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report to the shareholders of A'Saffa Foods SAOG (continued)

Auditor's responsibilities for the audit of these financial statements

Our objectives are to obtain reasonable assurance about whether these financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of these financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresen tations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Parent Company's and/or the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast signif icant doubt on the Parent Company's and/or the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in these financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Parent Company and/or the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of these financial statements, including the disclosures, and whether these financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent auditor's report to the shareholders of A'Saffa Foods SAOG (continued)

Auditor's responsibilities for the audit of these financial statements (continued)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of these financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Further, as required by the relevant requirements of the Capital Market Authority of the Sultanate of Oman and the applicable provisions of the Commercial Companies Law of 2019, we report that these financial statements have been prepared and comply, in all material respects, with those requirements and provisions.

PricewaterhouseCoopers

Husam Elnaili
Muscat, Sultanate of Oman
2 March 2021

برايس وترهاوس كوبرز ش.م.م
PricewaterhouseCoopers LLC
C.R. No 1230865

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

		Parent Company		Group	
		2020	2019	**2020**	2019
	Note	**RO**	RO	**RO**	RO
Revenue from contracts with customers	3	**30,008,465**	30,381,151	**29,732,990**	30,871,977
Cost of sales	4	**(20,632,665)**	(20,424,604)	**(19,418,752)**	(20,165,895)
Gross profit		**9,375,800**	9,956,547	**10,314,238**	10,706,082
Selling and distribution expenses	5	**(5,667,262)**	(5,599,190)	**(5,208,928)**	(5,183,112)
Administrative and general expenses	6	**(2,020,903)**	(2,027,293)	**(2,310,968)**	(2,281,086)
Net impairment reversal / (losses) on financial assets	29(b)	**26,978**	(258,034)	**26,978**	(258,034)
Other income		**36,320**	3,052	**56,572**	5,482
Profit before interest and tax		**1,750,933**	2,075,082	**2,877,892**	2,989,332
Finance income	9	**67,734**	76,952	**67,734**	76,952
Finance costs	9	**(450,486)**	(388,191)	**(583,087)**	(556,228)
Finance costs (net)	9	**(382,752)**	(311,239)	**(515,353)**	(479,276)
Share of net gain / (losses) from associates accounted for using the equity method	15	**206,532**	(94,695)	**206,532**	(94,695)
Profit before income tax		**1,574,713**	1,669,148	**2,569,071**	2,415,361
Income tax expense	10	**19,379**	(342,985)	**(129,963)**	(480,498)
Total comprehensive income for the year		**1,594,092**	1,326,163	**2,439,108**	1,934,863
Earnings per share:					
Basic earnings per share	31	**0.013**	0.011	**0.020**	0.016

The accompanying notes on pages 38 to 73 form an integral part of these consolidated financial statements.

Independent Auditors' report – page 28-33

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

		Parent Company		Group	
		2020	2019	**2020**	2019
	Note	**RO**	RO	**RO**	RO
ASSETS					
Non-current assets					
Property, plant and equipment	11	**56,801,840**	48,244,797	**64,858,003**	56,172,018
Right of use assets	12	**1,299,914**	1,241,290	**1,906,082**	1,589,243
Capital advances	11(f)	**985,776**	2,144,028	**985,776**	2,440,989
Intangible assets	13	**466**	8,145	**17,190**	38,508
Investments in subsidiaries	14	**2,950,000**	2,950,000	**-**	-
Investments accounted for using the equity method	15	**9,209,272**	6,402,479	**9,209,272**	6,402,479
Financial assets at fair value through profit and loss	16	**47,671**	47,671	**47,671**	47,671
Total non-current assets		**71,294,939**	61,038,410	**77,023,994**	66,690,908
Current assets					
Inventories	17	**5,106,200**	4,539,422	**5,862,393**	5,420,010
Biological assets	18	**1,830,810**	1,403,590	**1,830,810**	1,403,590
Trade and other receivables	19	**7,127,755**	10,084,100	**7,380,555**	9,687,878
Term deposits	21	**2,000,000**	2,000,000	**2,000,000**	2,000,000
Cash and bank balances	20	**281,543**	249,440	**392,483**	307,334
Total current assets		**16,346,308**	18,276,552	**17,466,241**	18,818,812
TOTAL ASSETS		**87,641,247**	79,314,962	**94,490,235**	85,509,720
EQUITY AND LIABILITIES					
Equity					
Share capital	22	**12,000,000**	12,000,000	**12,000,000**	12,000,000
Legal reserves	22 (c)	**4,000,000**	4,000,000	**4,316,101**	4,231,319
Retained earnings		**24,754,371**	23,160,279	**27,403,071**	25,048,745
TOTAL EQUITY		**40,754,371**	39,160,279	**43,719,172**	41,280,064
LIABILITIES					
Non-current liabilities					
Borrowings	23	**35,190,224**	24,488,766	**36,289,217**	25,576,369
Lease liabilities	24	**1,100,979**	1,023,172	**1,767,840**	1,456,541
End of service benefits	25	**944,562**	774,467	**1,011,050**	823,952
Deferred tax liabilities	10	**633,677**	632,438	**834,603**	832,085
Total non-current liabilities		**37,869,442**	26,918,843	**39,902,710**	28,688,947
Current liabilities					
Borrowings	23	**3,354,208**	4,758,502	**4,422,526**	5,770,291
Lease liabilities	24	**263,750**	251,606	**326,491**	552,436
Tax payable	10	**-**	365,623	**145,301**	479,534
Trade and other payables	26	**5,399,476**	7,860,109	**5,974,035**	8,738,448
Total current liabilities		**9,017,434**	13,235,840	**10,868,353**	15,540,709
TOTAL LIABILITIES		**46,886,876**	40,154,683	**50,771,063**	44,229,656
TOTAL EQUITY AND LIABILITIES		**87,641,247**	79,314,962	**94,490,235**	85,509,720
Net assets per share	32	**0.340**	0.326	**0.364**	0.344

The financial statements on pages 34 to 73 were approved and authorised for issue in accordance with a resolution of the Board of Directors on 25 February 2021.

Director **Chairman**

The accompanying notes on pages 38 to 73 form an integral part of these consolidated financial statements.
Independent Auditors' report – page 28-33

CONSOLIDATED STATEMENT OF CHANGE IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital RO	Legal reserves RO	Retained earnings RO	Total Equity RO
Parent Company:				
At 1 January 2019	12,000,000	4,000,000	24,234,116	40,234,116
Total comprehensive income for the year	-	-	1,326,163	1,326,163
Transactions with owners in their capacity as owners				
Dividend paid (note 22)	-	-	(2,400,000)	(2,400,000)
At 31 December 2019	12,000,000	4,000,000	23,160,279	39,160,279
Group:				
At 1 January 2019	12,000,000	4,161,188	25,584,013	41,745,201
Total comprehensive income for the year	-	-	1,934,863	1,934,863
Transactions with owners in their capacity as owners				
Dividend paid (note 22)	-	-	(2,400,000)	(2,400,000)
Transfer to legal reserve		70,131	(70,131)	-
At 31 December 2019	12,000,000	4,231,319	25,048,745	41,280,064
Parent company:				
At 1 January 2020	**12,000,000**	**4,000,000**	**23,160,279**	**39,160,279**
Total comprehensive income for the year	**-**	**-**	**1,594,092**	**1,594,092**
At 31 December 2020	**12,000,000**	**4,000,000**	**24,754,371**	**40,754,371**
Group:				
At 1 January 2020	**12,000,000**	**4,231,319**	**25,048,745**	**41,280,064**
Total comprehensive income for the year	**-**	**-**	**2,439,108**	**2,439,108**
Transfer to legal reserve	**-**	**84,782**	**(84,782)**	**-**
At 31 December 2020	**12,000,000**	**4,316,101**	**27,403,071**	**43,719,172**

The accompanying notes on pages 38 to 73 form an integral part of these consolidated financial statements.

Independent Auditors' report – page 28-33

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Parent Company		Group	
	2020	2019	2020	2019
	RO	RO	RO	RO
Cash flows from operating activities				
Net cash generated from operating activities	**2,752,379**	9,959,784	**3,483,113**	11,090,563
Cash flows from investing activities				
Acquisition of property, plant and equipment	**(9,834,446)**	(28,853,530)	**(10,393,573)**	(28,939,367)
Capital Advances	**1,158,252**	(2,144,028)	**1,455,213**	(2,440,989)
Acquisition of intangible assets	**-**	-	**-**	(2,850)
Investment in associates	**(2,600,260)**	(2,309,200)	**(2,600,260)**	(2,309,200)
Proceeds from disposal of property, plant and equipment	**58,510**	2,972	**58,510**	2,972
Finance income received	**67,734**	76,952	**67,734**	76,952
Net cash flow used in investing activities	**(11,150,210)**	(33,226,834)	**(11,412,376)**	(33,612,482)
Cash flows from financing activities				
Lease payments	**(416,743)**	(389,822)	**(767,585)**	(1,391,775)
Net movement in borrowings	**11,241,262**	25,783,698	**11,389,389**	25,578,814
Dividend paid	**-**	(2,400,000)	**-**	(2,400,000)
Finance cost paid	**(450,486)**	(286,596)	**(583,087)**	(381,395)
Net cash generated from financing activities	**10,374,033**	22,707,280	**10,038,717**	21,405,644
Net change in cash and bank balances	**1,976,203**	(559,770)	**2,109,454**	(1,116,275)
Cash and bank balances as at 1 January	**(2,796,298)**	(2,236,528)	**(3,242,680)**	(2,126,405)
Cash and bank balances as at 31 December	**(820,096)**	(2,796,298)	**(1,133,226)**	(3,242,680)
Cash and bank balances comprise:				
Bank overdrafts	**(1,101,639)**	(3,045,738)	**(1,525,709)**	(3,550,014)
Cash and bank balances	**281,543**	249,440	**392,483**	307,334
	(820,096)	(2,796,298)	**1,133,226**	(3,242,680)

Significant non-cash transaction:
Gain on associates investments from respective associates companies of RO 289,502 (2019 - RO - nil) during the year is not received in cash.

Reconciliation of liabilities arising from financing activities (note 20.1)

The accompanying notes on pages 38 to 73 form an integral part of these consolidated financial statements.

Independent Auditors' report – page 28-33

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 distri bution of meat, vegetables and fruit 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 providing logistical support services.

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 Basis of preparation and 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 (IFRSs) as issued by International Accounting Standards Board (IASB), the requirements of the Commercial Companies Law of 2019 and the rules and guidelines on disclosures issued by the Capital Market Authority (CMA) of the Sultanate of Oman.

(b) **Basis of measurement**

These financial statements are prepared on a historical cost basis except where otherwise described in the accounting policies below.

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new and amended standards as set out below.

(c) **New and amended standards adopted by the Group**

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020:

- Amendments to IFRS 3 – definition of a business, (effective on or after 1 January 2020)
- Amendments to IAS 1 and IAS 8 on the definition of material, (effective on or after 1 January 2020)
- Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark Reform Phase 1, (effective on or after 1 January 2020)
- Amendments to References to the Conceptual Framework in IFRS Standards, (effective on or after 1 January 2020)
- Amendments to IFRS 16 – Covid-19-Related Rent Concessions, (effective on or after 1 June 2020)

Amendments to IFRS 16 - Covid-19-Related Rent Concessions, became effective for annual periods beginning on or after 1 June 2020, but early application is permitted. This amendment, which resulted from the COVID-19 pandemic, sets out the principles for the rent concessions granted to lessees. Such concessions might take a variety of forms, including payment holidays and de-ferral of lease payments. In May 2020, the IASB made an amendment to IFRS 16 Leases which provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted.

The impact of the adoption of the amendments to IFRS 16 and changes in accounting policies are disclosed in note 2.1(d). The other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2 Basis of preparation and significant accounting policies (continued)

1.1 Basis of preparation (continued)

(d) Change in accounting policies

The Group has early adopted COVID-19-Related Rent Concessions – Amendment to IFRS 16 issued on 28 May 2020. The amendment introduces an optional practical expedient for leases in which the Company is a lessee – i.e. for leases to which the Company applies the practical expedient, the Company is not required to assess whether eligible rent concessions that are a direct consequence of the COVID-19 coronavirus pandemic are lease modifications. The amount recognised in the statement of comprehensive income for the reporting period to reflect changes in lease payments arising from rent concessions to which the Group has applied the practical expedient for COVID-19-related rent concessions is RO 9,298 (2019: nil).

(e) New standards and interpretation not yet effective

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2021 or later periods. The Group has not early adopted them, and these standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

- Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark Reform Phase 2, (effective on or after 1 January 2021)
- Annual Improvements to IFRS Standards 2018 - 2020, (effective on or after 1 January 2022)
- Amendments to IAS 16 – Property, Plant and Equipment - Proceeds before Intended Use, (effective on or after 1 January 2022)
- Amendments to IAS 37 – Onerous Contracts - Cost of Fulfilling a Contract, (effective on or after 1 January 2022)
- Amendments to IFRS 3 – Reference to the Conceptual Framework, (effective on or after 1 January 2022)
- Amendments to IFRS 17 – Insurance Contracts, (effective on or after 1 January 2023)
- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current, (effective on or after 1 January 2023)

There are no other IFRS, amendments or interpretations that are expected to have a material impact on the Group.

(f) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The areas where accounting assumptions and estimates are significant to the financial statements are disclosed in notes below and also in the relevant notes to the financial statements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The critical accounting estimates & judgements are set out below.

(i) **Impairment of non-financial assets**

The Group reviews its non-financial assets at each reporting date to determine whether there is any indication of impairment. If case of the presence of impairment indicators, the assets' recoverable amounts are estimated based on higher of their value-in-use and fair value less costs of disposal.

In assessing whether there is any indication that an asset might be impaired, management considers the external and internal sources of information as prescribed by IAS 36 which include (but not limited to) observable indicators that the asset's value has declined significantly during the period, significant adverse changes have occurred in the Group's technological, market, economic or legal environment, increase in interest rates, carrying

2 Basis of preparation and significant accounting policies (continued)

2.1 Basis of preparation (continued)

(i) Impairment of non-financial assets (continued)
values of assets exceeding the market capitalization, physical damage or asset obsolescence, internal plans that may result in the asset becoming idle or affecting asset's optimum utilization due to plans to reconstruct or discontinue operations, observable deterioration in the asset's performance and internal forecasts of future net cash flows shows significant decrease from the previous forecasts. Management has assessed each of the above impairment indicators having also considered the impact of COVID-19. Refer to note 29(d) for further details.

(ii) Useful lives of property, plant and equipment
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 charges would be adjusted where the management believes the useful lives differ from previous estimates. Refer note 11 for details.

(iii) Valuation of biological assets
The valuation of biological assets requires the use of estimates by the management. Management uses its judgement to select an appropriate method and make assumptions that are based on market conditions existing at each reporting date. Refer note 18 for details.

(iv) Impairment of 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. Refer note 17 for details.

(v) Leases
Management estimate and judgement is primarily required in determining the lease term and the incremental borrowing rate in the leases.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

To determine the incremental borrowing rate, the group:

- where possible, uses recent third-party financing received or specific quotes obtained from commercial lenders by the lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing, or in case no quote could be obtained from a commercial lender and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

(vi) Impairment of financial assets
The impairment provisions for financial assets are assessed based on the "Expected Credit Loss" model, using assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

2.2 Significant accounting policies

Consolidation

Basis of consolidation
The financial statements comprise the separate financial statements of the Parent company and the consolidated financial statements of the parent company and its subsidiaries as at 31 December 2019.Subsidiaries are entities over which the group has control. 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:

2 Basis of preparation and significant accounting policies (continued)

2.2 Significant accounting policies (continued)

(a) Consolidation (continued)

(i) Basis of consolidation (continued)

- 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

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.

(i) *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 comprehensive income 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 Basis of preparation and significant accounting policies (continued)

2.2 Significant accounting policies (continued)

(a) Consolidation (continued)

(ii) 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 comprehensive income. 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 comprehensive income.

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 statement of comprehensive income.

(iii) Investment in subsidiaries
Investment in subsidiaries in the Parent company financial statements are carried at cost less impairment, if any.

(b) Foreign currency

(i) Functional and presentation 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.

(ii) Foreign currency transactions
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 trans lation at year-end exchange rates of assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

(c) Financial instruments

(i) Financial assets

Classification

The Group on initial recognition classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (FVOCI), or through profit or loss (FVTPL), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The Group reclassifies these financial assets, when and only when its business model for managing those financial assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement
At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction cost for financial assets carried at FVTPL are expensed in profit or loss.

2 Basis of preparation and significant accounting policies (continued)

2.2 Significant accounting policies (continued)

(c) Financial instruments (continued)

(i) Financial assets (continued)

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its financial assets:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of comprehensive income.

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are tak en through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of comprehensive income.

FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in statement of comprehensive income and presented net within other gains/(losses) in the period in which it arises.

Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its financial instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(d) Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within one year and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

(e) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in values and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet. Deposits which have a maturity beyond three months are classified as term deposits on the Statement of Financial Position.

2 Basis of preparation and significant accounting policies (continued)

2.2 Significant accounting policies (continued)

(f) Borrowings

Interest-bearing term loans are recognised initially at fair value less attributable costs such as loan arrangement fee. Subsequent to initial recognition, interest-bearing term loans are stated at amortised cost with any difference between cost and redemption value being recognised in profit and loss over the expected period of term loans on an effective interest rate basis.

Term loans are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

(g) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(h) 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 and improvements on leasehold land	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 term loans 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.

(i) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time that the assets are substantially ready for their intended use. Investment income earned on the temporary investment of specific term loans pending their expenditure on qualifying assets is deducted from the cost of those assets. All other borrowing costs are recognised as expenses in the period in which they are incurred.

2 Basis of preparation and significant accounting policies (continued)

2.2 Significant accounting policies (continued)

(j) 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.

(k) Biological assets

Biological assets include poultry for livestock of breeder parent chicken, hatchable eggs and broiler birds. Biological assets, except breeder parent chicken, are measured at fair value less cost to sell.

The valuation of the Breeder parent chicken is determined on the following basis:

Breeder birds are used for captive consumption, it is uncommon to be sold before the end of its useful life and as such, there is no active market for the Company's useful breeding stock. Other references to market prices such as market prices for similar assets are also not available due to the uniqueness of the breed. Valuation based on a discounted cash flow method is considered to be unreliable given the uncertainty with respect to mortality rates and production. Consequently, breeder birds are measured at cost, less depreciation and impairment losses.

Breeder birds are depreciated over the production cycle which is estimated to be ten to twelve months on average based on anticipated output month to month. Broiler chicken and hatchable eggs are stated at fair value less estimated selling cost. Cost of sell include all cost that would be necessary to sell the assets. Gain and losses arising on the initial recognition of broiler birds and hatchable eggs at fair value less estimated point of sale costs and from a change in fair value less estimated point-of-sale costs are recognised in the statement of comprehensive income in the period in which they arise.

(l) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are those expenses incurred in bringing each product to its present location and condition. The cost of raw materials and consumables and goods for resale is based on weighted average method and consists of direct costs of materials and related overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Provision is made where necessary for obsolete, slow moving and defective items, based on management's assessment.

(m) Leases

(i) Group as a lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate.

2 Basis of preparation and significant accounting policies (continued)

2.2 Significant accounting policies (continued)

(m) Leases (continued)

(i) Group as a lessee (continued)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in statement of comprehensive income. Short-term leases are leases with a lease term of 12 months or less. The Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract.

The lease term is considered to be the non-cancellable period for which the group has the right to use an underlying asset. The lease term is adjusted for periods covered by an option to extend; if it is reasonably certain that the option will be exercised as well as periods covered by an option to terminate the lease; if it is reasonably certain that the option will not be exercised.

Rent concessions

The Group negotiated rent concessions with the landlords for its land leases as a result of the severe impact of the COVID-19 pandemic during the year. The Group applied the practical expedient for COVID-19-related rent concessions consistently to eligible rent concessions relating to its land leases.

(ii) The Group as lessor

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to the ownership of an underlying asset. Lease payments from operating lease are recognised as income on a straight-line basis unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. Costs incurred in earning the lease income, including depreciation are recognised as an expense. Initial direct cost incurred in obtaining lease, are added to the carrying amount of the underlying asset and recognised as an expense over the lease term on the same basis as the lease income. Modification to an operating lease is accounted for as a new lease from the effective date of the modification, considering any prepaid or accrued leased payments relating to the original lease as part of the lease payments for the new lease. The respective leased assets are included in the balance sheet based on their nature.

(n) 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.

(o) Provisions

A provision is recognised in the statement of financial position when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

2 Basis of preparation and significant accounting policies (continued)

2.2 Significant accounting policies (continued)

(p) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets. Impairment losses are recognised in the profit and loss statement unless it reverses a previous revaluation that was credited to equity, in which case it is charged to equity. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating units and then, to reduce the carrying amounts of the other assets in cash-generating units on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(q) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Revenue from contracts with customers

The Group's principal activities are sale and distribution of poultry meat, vegetables and fruit pulps in Oman & providing storage and logistical support services

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 concluded that it is the principal in its all revenue arrangements because it typically controls the goods or services before transferring them to the customer

Revenue from sale and distribution of its products are recognised at the point in time when control of the goods are transferred to the customer, generally on delivery of the goods. Revenue from rendering services are recognized over time in the pattern in which the customer simultaneously receives and benefits from the service.

The Company does not adjust any of the transaction prices for time value of money as the period between the transfer of the promised goods or services to the customer and payment by the customer does not exceed one year and the sales are made with agreed credit terms which is in line with the industry practice. Transaction price is determined based on the contractual term and seldom involves any judgement.

(r) Interest income & interest expense

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

2 Basis of preparation and significant accounting policies (continued)

2.2 Significant accounting policies (continued)

(s) End of services benefits

Obligations for contributions to a defined contribution retirement plan, for Omani employees, in accordance with the Omani Social Insurance Scheme, are recognised as an expense in profit and loss as incurred.

The Group's obligation in respect of non-Omani employees' terminal benefits is the amount of future benefit that such employees have earned in return for their service in the current and prior periods having regard to the employee contract and Oman Labor Law 2003, as amended.

In accordance with the provisions of IAS 19, Employee benefits, management carries an exercise to assess the present value of the Company's obligations as of reporting date, using the actuarial techniques, in respect of employees' end of service benefits payable under the Oman Labor Law. Under this method, an assessment is made of an employee's expected service life with the Company and the expected basic salary at the date of leaving the service.

(t) Directors' remuneration

The Directors' remuneration is governed as set out by the Commercial Companies Law and the rules prescribed by the Capital Market Authority and are recognised as an expense in the profit or loss statement.

(u) Dividend

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.

Dividend distribution to the Group's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved.

(v) Earnings and net assets 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.

Net assets per share is calculated by dividing the net assets attributable to ordinary shareholders of the Group by the number of ordinary shares outstanding during the year. Net assets for the purpose is defined as total equity.

(w) Segmental 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.

(x) Determination of fair values

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

2 Basis of preparation and significant accounting policies (continued)

2.2 Significant accounting policies (continued)

(x) Determination of fair values (continued)

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.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable quotations.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3 Revenue

Disaggregation of revenue

Revenue has been disaggregated based on the geographical region from which its derived and also based on its nature.

	Parent Company		Group	
	2020	2019	**2020**	2019
	RO	RO	**RO**	RO
Local sales	**25,162,798**	24,229,076	**24,887,323**	24,719,902
GCC sales	**4,845,667**	6,152,075	**4,845,667**	6,152,075
Total Revenue	**30,008,465**	30,381,151	**29,732,990**	30,871,977

	Parent Company		Group	
	2020	2019	**2020**	2019
	RO	RO	**RO**	RO
Sale of goods	**30,008,465**	30,381,151	**29,267,460**	30,394,002
Rendering of services	**-**	-	**465,530**	477,975
Total Revenue	**30,008,465**	30,381,151	**29,732,990**	30,871,977

4 COST OF SALES

	Parent Company		Group	
	2020	2019	**2020**	2019
	RO	RO	**RO**	RO
Cost of materials consumed	**14,686,800**	14,260,903	**11,563,223**	12,144,068
(Employee related costs (note 8	**4,013,963**	4,001,562	**4,862,770**	4,792,854
Depreciation on Property, plant and equipment (note 11)	**1,056,150**	1,059,440	**1,452,317**	1,451,325
(Depreciation on Right of use assets (note 12	**38,138**	35,770	**77,021**	50,521
Fuel expenses	**390,547**	450,814	**648,466**	657,531
(Amortisation (note 13	**2,560**	24,159	**16,199**	37,617
Other	**444,507**	591,956	**798,756**	1,031,979
	20,632,665	20,424,604	**19,418,752**	20,165,895

5 SELLING AND DISTRIBUTION EXPENSES

	Parent Company		Group	
	2020	2019	**2020**	2019
	RO	RO	**RO**	RO
Employee related costs (note 8)	**1,880,633**	1,788,433	**1,880,633**	1,788,433
Rent and storage expenses	**1,535,003**	1,157,902	**1,076,669**	741,824
Transportation costs	**1,138,104**	1,510,790	**1,138,104**	1,510,790
Advertisement and sales promotion	**563,721**	555,268	**563,721**	555,268
Depreciation on Right of use assets (note 12)	**302,931**	285,945	**302,931**	285,945
Depreciation on Property, plant and equipment (note 11)	**24,858**	24,928	**24,858**	24,928
Insurance	**76,879**	97,197	**76,879**	97,197
Communication	**24,100**	41,540	**24,100**	41,540
Amortisation (note 13)	**2,560**	24,159	**2,560**	24,159
Other	**118,473**	113,028	**118,473**	113,028
	5,667,262	5,599,190	**5,208,928**	5,183,112

6 ADMINISTRATIVE AND GENERAL EXPENSES

	2020	2019	**2020**	2019
	RO	RO	**RO**	RO
Employee related costs (note 8)	**1,211,012**	1,153,686	**1,497,998**	1,418,156
Depreciation (note 11)	**161,530**	162,032	**196,947**	197,302
Rent	**110,323**	148,705	**1,813**	18,493
Professional and consultancy fees	**71,940**	116,507	**100,702**	138,804
Printing and stationery	**66,479**	92,063	**66,479**	100,150
Foreign exchange loss	**52,346**	27,673	**56,921**	32,378
Directors' remuneration (note 28d)	**45,433**	33,143	**45,433**	33,143
Contributions for social causes	**50,000**	50,000	**50,000**	50,000
Directors' meeting attendance fees (note 28d)	**46,900**	33,600	**51,400**	39,700
Communication	**36,090**	16,058	**36,090**	16,058
Business travel and meeting expenses	**24,100**	52,717	**24,100**	52,717
Registration and renewals	**23,524**	30,869	**23,524**	32,778
Vehicle expenses	**24,820**	15,673	**29,400**	18,528
Repairs and maintenance	**15,282**	13,383	**15,282**	13,383
Amortisation (note 13)	**2,559**	24,891	**2,559**	24,891
Other	**78,565**	56,293	**112,320**	94,605
	2,020,903	2,027,293	**2,310,968**	2,281,086

7 BREAKDOWNS OF EXPENSES BY NATURE

	Parent Company		Group	
	2020	2019	**2020**	2019
	RO	RO	**RO**	RO
Raw materials and consumables used	**14,686,800**	14,260,903	**11,563,223**	12,144,068
Employee benefits expenses (note 8)	**7,105,608**	6,943,681	**8,241,401**	7,999,443
Depreciation on property, plant and equipment (note 4,5,6 and11)	**1,242,538**	1,246,400	**1,674,122**	1,673,555
Rent (note 24)	**1,645,326**	1,306,607	**1,078,482**	760,317
Transportation Cost	**1,138,104**	1,510,790	**1,210,959**	1,510,790
Other expenses	**2,475,476**	2,782,706	**3,143,483**	3,541,920
Total of cost of sales, selling and distribution and administrative and general expenses	**28,293,852**	28,051,087	**26,911,670**	27,630,093

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	
	2020	2019	**2020**	2019
	RO	RO	**RO**	RO
Salaries, wages and other benefits	**6,426,015**	6,147,878	**7,484,293**	7,133,909
Leave salary	**366,405**	520,610	**417,579**	566,172
Air passage	**111,373**	135,330	**120,257**	145,731
End of service benefits (note 25)	**201,815**	139,863	**219,272**	153,631
	7,105,608	6,943,681	**8,241,401**	7,999,443

9 FINANCE COSTS

	Parent Company		Group	
	2020	2019	**2020**	2019
	RO	RO	**RO**	RO
(a) Finance cost:				
- on bank overdraft	**(172,970)**	(156,208)	**(203,919)**	(168,690)
- on Islamic term loan	**(170,514)**	(124,766)	**(223,020)**	(207,083)
- on lease liabilities (note 24)	**(107,002)**	(101,595)	**(156,148)**	(174,833)
- on government soft loan	**-**	(37,790)	**-**	(37,790)
	(450,486)	(420,359)	**(583,087)**	(588,396)
Government soft loan - release of grant	**-**	32,168	**-**	32,168
Interest expenses – net	**(450,486)**	(388,191)	**(583,087)**	(556,228)
(b) Finance Income:				
Profit on deposits	**31,753**	41,952	**31,753**	41,952
Interest income on deposits	**35,981**	35,000	**35,981**	35,000
Finance income	**67,734**	76,952	**67,734**	76,952
Finance costs– net	**(382,752)**	(311,239)	**(515,353)**	(479,276)

10 TAXATION

Statement of comprehensive income:

	Parent Company		Group	
	2020	2019	**2020**	2019
	RO	RO	**RO**	RO
Current tax				
- Current year	**248,041**	336,330	**390,825**	450,241
- Prior years	**(268,659)**	-	**(268,659)**	-
Deferred tax	**1,239**	6,655	**7,797**	30,257
	(19,379)	342,985	**129,963**	480,498
Statement of financial position:				
(a) Current tax (receivables)/liabilities:				
Current year	**(20,618)**	336,330	**131,001**	450,241
Prior year	**14,300**	29,293	**14,300**	29,293
	(6,318)	365,623	**145,301**	479,534
(b) Deferred tax liabilities:				
1 January	**632,438**	625,783	**832,085**	813,008
Movement for the year	**1,239**	6,655	**2,518**	19,077
31 December	**633,677**	632,438	**834,603**	832,085

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% (2019: 15%). 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.

Any difference between the applicable tax rates of 15% and the effective tax rate of 17.6% (2019: 18.8 %) arises due to the tax effect of income not considered to be taxable and expenses that are not considered to be deductible. The adjustments are based on the current understanding of the existing tax laws, regulations and practices.

During the year ended 31 December 2020, Parent Company's tax assessments for the years 2014-2017 were finalised by tax authorities. This resulted in a refundable amount of RO 268,659 for tax years 2014-2017 which has been adjusted in the current year tax computation. This tax refundable is due to taxable tax losses of 2009 of the company which were not claimed in 2014 by management. For 2015-2017, there were additional tax claims of RO 47,451 on account of disallowance of some expenses. Management has raised an objection with the Secretary General of Taxation on such additional tax demand and believes that the decision will be favourable.

The tax assessments of the A'Saffa food processing LLC (subsidiary) have been finalised till 2016. None of the tax assessment of A'Saffa logistics LLC (subsidiary) has been completed. Management believes that additional tax liability if any, that may arise on the completion of the assessments for the unassessed tax years for the Parent Company and the subsidiaries will not be material to the financial position of the Parent Company and Group at the end of the reporting period.

Deferred tax liability/assets has been calculated at 15% (2019: 15%). The deferred tax liability comprises the following types of temporary differences:

	Parent Company		Group	
	2020	2019	**2020**	2019
	RO	RO	**RO**	RO
Plant and equipment qualifying for accelerated tax relief	**662,943**	696,977	**863,869**	899,969
Other	**(9,722)**	(5023)	**(9,722)**	(6,272)
Provision for bad debts	**(62,969)**	(59,516)	**(62,969)**	(61,612)
Unrealised gain	**43,425**	-	**43,425**	-
	633,677	632,438	**834,603**	832,085

11 PROPERTY, PLANT AND EQUIPMENT

(a) The movement on property, plant and equipment during the year is set out on pages 54 to 55.

(b) Buildings in the Parent Company are constructed on land leased from the Ministry of Housing, Dhofar Governate for a period of twenty-five years ending in 2041 and which has further renewable at the option of the Group. Buildings in the books of the subsidiaries namely A'Saffa Food Processing LLC and A'Saffa Logistics LLC are both constructed on lands leased from Public Establishment for Industrial Estates, Rusayl for a period of twenty years and thirty years and with leases ending in 2038 and 2050 respectively, which are further renewable at the option of the Group.

(c) In 2014, A'Saffa Processing LLC had entered into a sale and (finance) lease back arrangement with an Islamic Bank for 84% of its building and 74.467% of its plant and machinery. The associated liability against finance lease was recognised as a finance lease liability and has been reclassified to lease liabilities as detailed in note 24. These assets are jointly registered in the name of A'Saffa Processing LLC and the bank.

(d) Also refer to note 23 for details of the term loans against which the Group's property, plant and equipment are pledged as securities.

(e) The Capital work-in-progress balances in the Parent Company and the Group primarily comprise ongoing works in relation to construction of poultry houses, slaughterhouse, fully automatic feed mill, hatchery expansion and wastewater treatment plants. The works are expected to be completed during the first quarter of 2021.

(f) Capital advances represent the amount paid to contractors for ongoing capital expansion project at Thumrait Salalah region. It is expected to commence operations subsequently in next year.

11 PROPERTY, PLANT AND EQUIPMENT (continued)

Parent

	Freehold Land	Buildings and improve-ments on leasehold land	Motor Vehicles	Bore wells	Plant and machinery	Furniture and fittings	Office equipment	Porta Cabins	Capital work-in-progress	Total
	RO	RO	RO	RO	RO	RO	RO	RO	RO	RO
Cost										
At 1 January 2019	575,868	13,420,877	793,566	323,575	12,960,348	283,511	423,802	213,626	5,003,426	33,998,599
Additions	-	-	83,000	-	19,800	328	21,360	-	28,729,042	28,853,530
Disposals	-	-	(32,500)	-	-	-	(742)	-	-	(33,242)
At 31 December 2019	575,868	13,420,877	844,066	323,575	12,980,148	283,839	444,420	213,626	33,732,468	62,818,887
Accumulated depreciation										
At 1 January 2019	-	4,576,488	648,390	149,088	7,219,328	259,988	373,051	134,679	-	13,361,012
Charge for the year	-	447,363	65,936	16,179	652,471	21,788	32,000	10,663	-	1,246,400
Disposals	-	-	(33,322)	-	-	-	-	-	-	(33,322)
At 31 December 2019	-	5,023,851	681,004	165,267	7,871,799	281,776	405,051	145,342	-	14,574,090
Net book value										
At 31 December 2019	575,868	8,397,026	163,062	158,308	5,108,349	2,063	39,369	68,284	33,732,468	48,244,797
Cost										
At 1 January 2020	**575,868**	**13,420,877**	**844,066**	**323,575**	**12,980,148**	**283,839**	**444,420**	**213,626**	**33,732,468**	**62,818,887**
Additions	**-**	**-**	**106,450**	**-**	**10,096**	**-**	**5,956**	**-**	**9,711,944**	**9,834,446**
Disposals	**-**	**(29,085)**	**(112,269)**	**-**	**(11,500)**	**-**	**-**	**-**	**-**	**(152,854)**
Transfer from Capital work-in-progress		**495,809**			**109,367**				**(605,176)**	
At 31 December 2020	**575,868**	**13,887,601**	**838,247**	**323,575**	**13,088,111**	**283,839**	**450,376**	**213,626**	**42,839,236**	**72,500,479**
Accumulated depreciation										
At 1 January 2020	**-**	**5,023,851**	**681,004**	**165,267**	**7,871,799**	**281,776**	**405,051**	**145,342**	**-**	**14,574,090**
Charge for the year	**-**	**462,920**	**74,589**	**16,179**	**655,906**	**982**	**21,299**	**10,663**	**-**	**1,242,538**
Disposals	**-**	**(6,631)**	**(110,034)**	**-**	**(1,324)**	**-**	**-**	**-**	**-**	**(117,989)**
At 31 December 2020	**-**	**5,480,140**	**645,559**	**181,446**	**8,526,381**	**282,758**	**426,350**	**156,005**	**-**	**15,698,639**
Net book value										
31 December 2020	**576,868**	**8,407,461**	**192,688**	**142,129**	**4,561,730**	**1,081**	**24,026**	**57,621**	**42,839,236**	**56,801,840**

11 PROPERTY, PLANT AND EQUIPMENT (continued)

Group

	Freehold Land	Buildings and improvements on leasehold land	Motor vehicles	Bore wells	Plant and machinery	Furniture and fittings	Office equipment	Porta cabins	Capita work-in-progress	Total
	RO	RO	RO	RO	RO	RO	RO	RO	RO	RO
Cost										
At 1 January 2019	575,868	19,632,193	1,003,816	323,575	16,547,199	315,531	456,958	213,626	5,003,426	44,072,192
Additions	-	855	85,380	-	88,065	2,485	21,615	-	28,740,967	28,939,367
Disposals	-	-	(32,500)	-	-	-	(742)	-	-	(33,242)
At 31 December 2019	575,868	19,633,048	1,056,696	323,575	16,635,264	318,016	477,831	213,626	33,744,393	72,978,317
Accumulated depreciation										
At 1 January 2019	-	5,374,164	773,258	149,088	8,050,092	287,344	397,441	134,679	-	15,166,066
Charge for the year		654,424	100,742	16,179	830,818	24,722	36,007	10,663	-	1,673,555
Disposals	-	-	(33,322)	-	-	-	-	-	-	(33,322)
At 31 December 2019	-	6,028,588	840,678	165,267	8,880,910	312,066	433,448	145,342	-	16,806,299
Net book amounts										
At 31 December 2019	575,868	13,604,460	216,018	158,308	7,754,354	5,950	44,383	68,284	33,744,393	56,172,018
Cost										
At 1 January 2020	**575,868**	**19,633,048**	**1,056,696**	**323,575**	**16,635,264**	**318,016**	**477,831**	**213,626**	**33,744,393**	**72,978,317**
Additions	**-**	**28,440**	**110,330**	**-**	**80,456**	**1,221**	**8,438**	**-**	**10,164,689**	**10,393,573**
Disposals	**-**	**(29,085)**	**(122,369)**	**-**	**(11,500)**	**-**	**-**	**-**	**-**	**(162,954)**
Transfer from Capital work-in-progress	**-**	**495,809**	**-**	**-**	**109,367**	**-**	**-**	**-**	**(605,176)**	**-**
At 31 December 2020	**575,868**	**20,128,212**	**1,044,657**	**323,575**	**16,813,587**	**319,237**	**486,269**	**213,626**	**43,303,906**	**83,208,936**
Accumulated depreciation										
At 1 January 2020		**6,028,588**	**840,678**	**165,267**	**8,880,910**	**312,066**	**433,448**	**145,342**	**-**	**16,806,299**
Charge for the year	**-**	**671,185**	**107,197**	**16,179**	**840,627**	**3,609**	**24,662**	**10,663**	**-**	**1,674,122**
Disposals	**-**	**(6,631)**	**(121,533)**	**-**	**(1,324)**	**-**	**-**	**-**	**-**	**(129,488)**
At 31 December 2020	**-**	**6,693,142**	**826,342**	**181,446**	**9,720,213**	**315,675**	**458,110**	**156,005**	**-**	**18,350,933**
Net book value										
31 December 2020	**575,868**	**13,435,070**	**218,315**	**142,129**	**7,093,374**	**3,561**	**28,159**	**57,621**	**43,303,906**	**64,858,003**

12 RIGHT OF USE ASSETS

The statement of financial position shows the following amounts relating to right to use assets:

	Parent Company		Group	
	2020	2019	**2020**	2019
	RO	RO	**RO**	RO
Cost				
At 1 January	**1,563,005**	1,496,792	**1,925,709**	1,859,496
Additions during the year	**361,586**	66,213	**441,375**	66,213
Adjustment due to modification of lease liability	**38,107**	-	**255,416**	-
At 31 December	**1,962,698**	1,563,005	**2,622,500**	1,925,709
Accumulated Depreciation				
At 1 January	**321,715**	-	**336,466**	-
Charge for the period (note 4)	**341,069**	321,715	**379,952**	336,466
At 31 December	**662,784**	321,715	**716,418**	336,466
Net carrying amount at 31 December	**1,299,914**	1,241,290	**1,906,082**	1,589,243

The right of use assets pertains to the following underlying assets:

	Parent Company		Group	
	2020	2019	**2020**	2019
	RO	RO	**RO**	RO
Right-of-use assets				
Land	**762,936**	762,967	**1,369,104**	1,110,920
Vehicles	**536,978**	475,952	**536,978**	475,952
Building	**-**	2,371	**-**	2,371
	1,299,914	1,241,290	**1,906,082**	1,589,243

The statement of comprehensive income shows the following amounts relating to right to use assets:

	Parent Company		Group	
	2020	2019	**2020**	2019
	RO	RO	**RO**	RO
Right-of-use assets				
Land	**38,138**	35,770	**77,021**	50,521
Vehicles	**300,560**	278,732	**300,560**	278,732
Building	**2,371**	7,213	**2,371**	7,213
	341,069	321,715	**379,952**	336,466

13 INTANGIBLE ASSETS

	Parent		Group	
	2020	2019	**2020**	2019
	RO	RO	**RO**	RO
Cost				
At 1 January	**510,819**	510,819	**578,827**	575,977
Addition for the year	**-**	-	**-**	2850
At 31 December	**510,819**	510,819	**578,827**	578,827
Accumulated amortisation				
At 1 January	**502,674**	429,465	**540,319**	453,652
Charge for the year	**7,679**	73,209	**21,318**	86,667
At 31 December	**510,353**	502,674	**561,637**	540,319
Net carrying amount				
At 31 December	**466**	8,145	**17,190**	38,508

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

14 INVESTMENT IN SUBSIDIARIES

	% holding	Year of incorporation	Parent 2020 RO	Parent 2019 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

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

(b) The Board of Directors of the Parent company considers that no impairment has arisen during the years 2020 and 2019 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 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Parent company / Group:

	2020 %	2020 RO	2019 %	2019 RO
A'Namaa Poultry Company SAOC	**6.47%**	**2,482,329**	11.2%	2,271,433
Osool Poultry SAOC	**26.27%**	**6,726,943**	20%	4,131,046
		9,209,272		6,402,479

Movement in investment accounted for using the equity method are as follows:

	A'Namaa Poultry Company SAOC 2020 RO	A'Namaa Poultry Company SAOC 2019 RO	Osool Poultry SAOC 2020 RO	Osool Poultry SAOC 2019 RO
Opening balance	**2,271,433**	2,372,668	**4,131,046**	1,815,306
Additional investment note (b)	**-**	-	**2,600,260**	2,309,200
Gain on dilution (a)	**260,066**	-	**-**	-
Gain on additional stake (b)			**29,436**	-
Share of (loss) / profit from associates	**(49,170)**	(101,235)	**(33,799)**	6,540
Net movement for the year in profit /loss	**210,896**	-	**(4,363)**	-
	2,482,329	2,271,433	**6,726,943**	4,131,046

(a) During the year, Parent Company did not contribute cash against the equity drawdown calls from A'Namaa Poultry SAOC which resulted in dilution of the shareholding in the investee to 6.47% (2019: 11.2%). As a result of the dilution the Parent Company has remeasured the investment retained in the associate which has resulted in a net gain of RO 260,066.

(b) During the year, the Parent Company acquired an additional stake of 3.47% in Osool Poultry SAOC from an existing shareholder (Delmon Poultry Company). Further, Parent Company also contributed cash against the equity drawdown calls from Osool Poultry SAOC as per their shareholders agreement commitment. Based on year end capital contributed by the shareholders of Osool Poultry SAOC, the Parent stake in the investee was 26.27% (2019: 20%) at the year end. The Parent Company has remeasured its investment following the increase in the percentage holding that resulted in a gain of RO 29,436.

15 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)

The details of the Group's investments accounted for using the equity method are as follows:

31 December 2020	Net Assets OMR	Total Assets OMR	Total Liabilities OMR	Total Income OMR	Total Expenses OMR	Result OMR
A'Namaa Poultry Company SAOC	**38,510,726**	**67,999,735**	**29,489,009**	**15,487**	**(585,126)**	**(569,639)**
Osool Poultry SAOC	**25,582,455**	**56,466,678**	**30,884,223**	**92,199**	**(243,445)**	**(151,246)**

31 December 2019	Net Assets OMR	Total Assets OMR	Total liabilities OMR	Total Income OMR	Total Expenses OMR	Result OMR
A'Namaa Poultry Company SAOC	21,776,365	36,141,815	14,365,450	88,159	594,331	(506,172)
Osool Poultry SAOC	20,254,805	24,094,521	3,839,716	134,843	102,143	32,700

16 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

	Parent		Group	
	2020	2019	**2020**	2019
	RO	RO	**RO**	RO
Unquoted local investment	**47,671**	47,671	**47,671**	47,671

a) The Parent Company holds 100,000 shares of RO 1 each (2019: 100,000 shares of RO 1 each) in Al Najd Agricultural Development SAOC.

b) The carrying value of the unquoted local investment approximates its fair value at the reporting date.

The financial assets at fair value through profit or loss (FVTPL) are designated as level 3 in the fair value hierarchy, because their subsequent measurement is based on largely unobservable inputs. A 5% change in the unobservable inputs would not result in a significant impact on the fair value.

17 INVENTORIES

	Parent		Group	
	2020	2019	**2020**	2019
	RO	RO	**RO**	RO
Raw materials and consumables	**2,174,460**	2,186,932	**2,815,802**	2,902,962
Finished products	**2,028,900**	1,431,040	**1,949,100**	1,422,668
Stores and spares	**902,840**	921,450	**1,097,491**	1,094,380
	5,106,200	4,539,422	**5,862,393**	5,420,010

The Group has made no provisions or write downs in the current and the previous year.

18 BIOLOGICAL ASSETS

	Parent and Group	
	2020	2019
	RO	RO
Mature biological assets (Broiler birds)	**873,020**	708,500
Immature biological assets (Parent/Breeder chicks)	**391,295**	397,450
Hatchable eggs	**566,495**	297,640
	1,830,810	1,403,590

At 31 December 2020, 1,857,490 Nos. broiler birds (2019 - 1,509,354 Nos. broiler birds) and 182,206 Nos. chicks (2019 - 212,050 Nos. chicks) were part of biological assets

Movement in mature biological assets (Broiler birds):

	Parent and Group	
	2020	2019
	RO	RO
1 January	**708,500**	820,959
Produced during the year	**21,164,911**	20,948,830
Sold during the year	**(21,000,391)**	(21,061,289)
31 December	**873,020**	708,500

The fair value measurements for the broiler birds & hatchable eggs have been categorised as Level 3 and Level 1 hierarchy. Broiler birds' valuation is considered as level 3 fair value hierarchy by management because the derived fair value depends on various entity specific inputs and estimates. Valuation techniques and significant unobservable inputs used for valuation of broiler birds are as below:

Valuation Technique	Significant unobservable inputs (Level 3 fair value)	Inter-relationship between key unobservable inputs and fair value measurement
Fair value: The valuation model considers the average live weight of bird, mortality and the estimated selling price less cost to sell [including the additional cost required to bring the birds as ready to sell (i.e. feed cost, medicines and overhead)].	Average weight of birds 0.800 kgs – 1.3 kgs Sales price of fully grown bird less cost to sell RO 0.94	The estimated fair value would increase/ (decrease) if: Average weight of birds higher/ (lower). Selling price of fully grown bird less cost to sell was higher/ (lower).

A 5% change in the unobservable inputs would not result in a significant impact on the fair value.

In case of hatchable eggs, the fair value is determined based on the level 1 valuation that is derived based on observable prices in the primary market.

There have been no transfers between any levels of fair value hierarchy in 2020.

19 TRADE AND OTHER RECEIVABLES

	Parent Company		Group	
	2020	2019	**2020**	2019
	RO	RO	**RO**	RO
Trade receivables *(note 19.1)*	**5,850,294**	7,035,214	**5,999,890**	7,515,776
Due from a related party (note 28)	**216,330**	1,073,550	**47,221**	58,245
Advances to staff and suppliers	**899,039**	1,446,891	**904,317**	1,452,507
Prepayments	**108,921**	121,290	**375,956**	121,290
Other receivables	**46,853**	407,155	**46,853**	540,060
Income tax refundable [note: 10 (b)]	**6,318**	-	**6,318**	-
	7,127,755	10,084,100	**7,380,555**	9,687,878

19 TRADE AND OTHER RECEIVABLES (continued)

19.1 Trade receivables

	Parent Company		Group	
	2020	2019	**2020**	2019
	RO	RO	**RO**	RO
Gross trade receivables	**6,220,085**	7,431,984	**6,418,961**	7,961,823
Allowance for impairment	**(369,794)**	(396,770)	**(419,071)**	(446,047)
	5,850,294	7,035,214	**5,999,890**	7,515,776

The ageing of trade receivables and the movement in provision at the reporting date is disclosed in note 29.

20 CASH AND BANK BALANCES

	Parent Company		Group	
	2020	2019	**2020**	2019
	RO	RO	**RO**	RO
Cash on hand	**65,551**	58,572	**68,451**	59,872
Cash at bank	**215,992**	190,868	**324,032**	247,462
	281,543	249,440	**392,483**	307,334

Cash at bank balances are with commercial banks in Oman and are denominated in Omani Rial. Cash at banks includes call deposits, which are short term in nature and carry interest at commercial rate. Bank balances and deposit accounts are placed with reputed financial institutions.

20.1 Reconciliation of liabilities arising from financing activities

	Parent Company		Group	
Net debt	**2020**	2019	**2020**	2019
	RO	RO	**RO**	RO
Cash and bank balances	**281,543**	249,440	**392,483**	307,334
Term deposits	**2,000,000**	2,000,000	**2,000,000**	2,000,000
Borrowings	**(38,544,432)**	(29,247,268)	**(40,711,743)**	(31,346,660)
Lease liabilities	**(1,364,729)**	(1,274,778)	**(2,094,331)**	(2,008,977)
Net debt	**(37,627,618)**	(28,272,606)	**(40,413,591)**	(31,048,303)

All debts noted above are at fixed interest rates

21 TERM DEPOSITS

	Parent Company		Group	
	2020	2019	**2020**	2019
	RO	RO	**RO**	RO
Short term deposits	**2,000,000**	2,000,000	**2,000,000**	2,000,000

Term deposits are denominated in Omani Rial and are placed with an Islamic bank at a profit rate ranging between 2% to 3.5% per annum (2019 - 1.5% to 4%). Term deposits amounting to RO 2,000,000 (2019: RO 2,000,000) are pledged against bank overdraft (note 23).

22 SHARE CAPITAL

a) The authorised and the issued (fully paid) share capital comprises of 120,000,000 (2019: 120,000,000) ordinary shares of 100 baisa (2019: 100 baisa).

b) The shareholders of the Company who own 8% or more of the Company's shares at 31 December 2020 and the number of shares held by them are set out below:

	2020		2019	
	Number of Shares	**of % Holding**	Number of shares	of % Holding
Zulal Investment Company	**39,898,654**	**33.25%**	39,898,654	33.25%
Gulf Investment Corporation	**24,008,666**	**20.01%**	24,008,666	20.01%
Al Hosn Investment SAOC	**15,890,000**	**13.24%**	15,890,000	13.24%
Al Wataniyah National United Engineering & Contracting Co. LLC	**11,999,999**	**10.00%**	11,999,999	10.00%
Public Authority for Social Insurance	**10,650,504**	**8.88%**	10,650,504	8.88%

No dividend was declared or paid in 2020 (2019: RO 0.020 per share totalling RO 2,400,000 was paid relating to 2019).

c) As required by the Commercial Companies' Law of Oman, the Parent Company and subsidiaries must set aside 10% of the profits in each year until it has built up a reserve equal to one third of its share capital. The reserve is not available for distribution.

23 BORROWINGS

Non-current:

	Parent Company		Group	
	2020	2019	**2020**	2019
	RO	RO	**RO**	RO
Term loans from commercial banks:				
Term loan 1 (a)	**-**	-	**1,119,501**	1,320,000
Term loan 2 (c)	**30,575,361**	22,179,566	**30,575,361**	22,179,566
Term loan 3 (d)	**4,909,463**	2,309,200	**4,909,463**	2,309,200
Term loan 4 (e)	**-**	-	**623,741**	275,116
	35,484,824	24,488,766	**37,228,066**	26,083,882
Less: current portion of term loan	**(294,600)**	-	**(938,849)**	(507,513)
	35,190,224	24,488,766	**36,289,217**	25,576,369

Current:

	Parent Company		Group	
	2020	2019	**2020**	2019
	RO	RO	**RO**	RO
Current portion of term loans including interest	**1,303,270**	-	**1,947,518**	507,513
Short term loans	**949,299**	1,712,764	**949,299**	1,712,764
Bank overdrafts (b)	**1,101,639**	3,045,738	**1,525,709**	3,550,014
	3,354,208	4,758,502	**4,422,526**	5,770,291

23 BORROWINGS (continued)

(a) Term loan 1 is denominated in Omani Rial and was availed in 2015 from a local Islamic bank. The loan is subject to a profit rate of 5.5% (2019: 5.50%) per annum. It is repayable in twenty quarterly instalments of RO 120,000 which commenced from October 2017. The loan is secured against first commercial charge on building and equipment (note 11). The loan was further guaranteed by the Parent Company.

(b) The overdraft is repayable on demand and therefore the carrying amounts approximate their fair values. Bank overdrafts are secured by a lien over a term deposit amounting to RO 2,000,000 (2019 - RO 2,000,000), assignment of certain accounts receivable and carries interest / profit ranging from 0.4% to 0.5%% (2019 - 0.3% to 0.5%) per annum above short term deposit rate / wakala deposit rate. Bank borrowings are subject to renegotiation with the banks upon renewal of the facilities, which generally takes place on an annual basis.

(c) Term loan 2 is denominated in Omani Rial and was availed in 2019 from a local Islamic bank. The loan is subject to a profit rate of 4.85% per annum. During the year, Parent Company negotiated with the bank to defer instalments of interest due and bank also approved the deferment of two quarterly interest due RO 693,071. The loan is repayable in sixteen semi-annual instalments commencing from January 2022. The loan is secured against first commercial charge on building and equipment (note 11).

(d) Term loan 3 is denominated in Omani Rial and was availed in 2019 from a local Islamic bank. The loan is subject to a profit rate of 5.25%% (2019: 5.25%) per annum. During the year bank approved deferment of the instalment RO 147,300 due in 2020. The loan is repayable in eighteen semi-annual instalments commencing from April 2021. However, the bank continued to charge profit on the outstanding amount of loan during the deferral period. The modification gain/loss resulting from deferral granted by the bank is immaterial. The loan is secured against first commercial charge on building and equipment (note 11).

(e) Term loan 4 is denominated in Omani Rial and was availed in 2019 from a local Islamic bank by a subsidiary. The loan is subject to a profit rate of 5.25% per annum. During the year, the bank approved the deferment of due current portion of 2019 amounting to RO 27,512. However, the bank continued to charge profit on the outstanding amount of loan during the deferral period. The modification gain/loss resulting from deferral granted by the bank is immaterial. It is repayable in twenty quarterly instalments commencing from Jan 2021. The loan is secured against first commercial charge on plant and machinery (note 11).

Covenants

The group is in compliance with its banking covenants.

24 LEASE LIABILITIES

The Group recognised lease liability in relation to leases of land, building and vehicles. The liability was measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate of 6.5%.

During the year, Parent Company's contract for lease of land at Raysut Salalah region was modified due to increased the rental price based on market conditions. This modification was not accounted for as a separate lease as it did not fulfil the criteria for accounting as such. Accordingly, at the effective date of the lease modification, the lease liability was remeasured by discounting the revised lease payments using a revised discount rate, which resulted in an increase in the lease liability by RO 38,107.The corresponding adjustment was made to the right-of-use asset. The revised discount rate used is the lessee's incremental borrowing rate of 6.5% at the effective date of modification. Refer note:12 for details

Further, the contract for lease of land at Rusayl Industrial Area pertain with A'Saffa Logistic Company LLC (subsidiary) was modified due to increase in the lease term by 5 years and lease contract related with Rusayl land of A'Saffa Food Processing Company LLC (subsidiary) was also modified as a result of increase in rentals. These modifications resulted in increase in a right of use assets and lease liabilities by RO 217,310 (included in group modification) remeasured by discounting the revised lease payments using a revised discount rate. The revised discount rate used is the lessee's incremental borrowing rate of 6.5% at the effective date of modification.

24 LEASE LIABILITIES (continued)

The balance sheet shows the following amounts relating to leases:

	Parent Company		Group	
	2020	2019	**2020**	2019
	RO	RO	**RO**	RO
Lease liabilities				
Land	**800,523**	781,832	**1,435,128**	1,138,112
Vehicles	**564,207**	490,538	**564,207**	490,538
Building	**-**	2,408	**94,996**	380,327
Total	**1,364,730**	1,274,778	**2,094,331**	2,008,977

Movement of lease liabilities during the year

	Parent Company		Group	
	2020	2019	**2020**	2019
	RO	RO	**RO**	RO
Lease liabilities				
Lease liability recognised as at 1 January	**1,274,778**	1,496,792	**2,008,977**	3,159,705
Additions during the year	**361,586**	66,213	**441,375**	66,213
Adjustment due to modification of lease liability	**38,107**	-	**255,416**	-
Interest charge (note: 9)	**107,002**	101,595	**156,148**	174,833
Payments during the year	**(416,743)**	(389,822)	**(767,585)**	(1,391,774)
Closing as at 31 December	**1,364,730**	1,274,778	**2,094,331**	2,008,977
Current	**263,750**	251,606	**326,491**	552,436
Non-current	**1,100,979**	1,023,172	**1,767,840**	1,456,541
Total	**1,364,730**	1,274,778	**2,094,331**	2,008,977

The statement of comprehensive income shows the following amounts relating to leases:

	Parent Company		Group	
	2020	2019	**2020**	2019
	RO	RO	**RO**	RO
Interest expense (included in note 9)	**107,002**	101,595	**156,148**	174,833
Expense relating to short-term leases (note 7)	**1,645,326**	1,306,657	**1,078,482**	760,317

At 31 December 2018, the Group Statement of financial position included certain building, plant and machinery with a carrying amount of RO 1,300,210 under finance leases expiring within two to four years. Finance leases were classified as finance lease liabilities in 2018 but were reclassified to lease liabilities on 1 January 2019 in the process of adopting the new leasing standard. The carrying amount of such reclassified finance leases at 31 December 2020 was RO 94,997 which is included in the closing lease liability balance above and carries a profit at rate of 5.5% (2019: 5.5%) per annum. The underlying leased assets are jointly registered in the name of a subsidiary and the lessor.

25 END OF SERVICE BENEFITS

	Parent Company		Group	
	2020	2019	**2020**	2019
	RO	RO	**RO**	RO
At 1 January	**774,467**	670,049	**823,952**	707,883
Charge for the year (note 8)	**201,815**	139,863	**219,272**	153,631
Paid during the year	**(31,720)**	(35,445)	**(32,174)**	(37,562)
At 31 December	**944,562**	774,467	**1,011,050**	823,952

26 TRADE AND OTHER PAYABLES

	Parent Company		Group	
	2020	2019	**2020**	2019
	RO	RO	**RO**	RO
Trade payables	**2,474,986**	4,152,892	**2,738,078**	4,671,912
Accruals	**114,099**	607,448	**161,440**	858,006
Other payables	**1,622,377**	1,892,903	**1,886,503**	2,001,664
Retentions payable	**1,188,014**	1,206,866	**1,188,014**	1,206,866
	5,399,476	7,860,109	**5,974,035**	8,738,448

27 CASH GENERATED FROM OPERATIONS

	Parent Company		Group	
	2020	2019	**2020**	2019
	RO	RO	**RO**	RO
Operating activities				
Profit before taxation	**1,574,713**	1,669,148	**2,569,071**	2,415,361
Adjustment for:				
Depreciation on Property, plant and equipment	**1,242,538**	1,246,400	**1,674,122**	1,673,555
Depreciation on Right of use assets	**341,069**	321,715	**379,952**	336,466
Amortization	**7,679**	73,209	**21,318**	86,667
Provision for expected credit losses	**(26,978)**	258,034	**(26,978)**	258,034
Finance income	**(67,734)**	(76,952)	**(67,734)**	(76,952)
Finance expense	**450,486**	388,191	**583,087**	556,228
Gain on disposal of property, plant and equipment	**(23,645)**	(3,052)	**(23,645)**	(3,052)
Release of government grant	**-**	(32,168)	**-**	(32,168)
Share of loss from associates	**(206,532)**	94,695	**(206,532)**	94,695
Accruals of end of service benefits	**201,815**	139,863	**219,272**	153,631
	3,493,411	4,079,083	**5,121,933**	5,462,465
Income tax paid	**(351,323)**	(443,276)	**(463,048)**	(489,656)
Payment of end of service benefits	**(31,720)**	(35,445)	**(32,174)**	(37,562)
	3,110,368	3,600,362	**4,626,711**	4,935,247
Working capital changes:				
Inventories	**(556,778)**	(889,570)	**(442,384)**	(869,904)
Biological assets	**(427,220)**	70,595	**(427,220)**	70,595
Trade and other receivables	**2,962,663**	3,497,981	**2,313,641**	3,021,719
Trade and other payables	**(2,336,654)**	3,680,416	**(2,587,635)**	3,932,906
Cash generated from operations	**2,752,379**	9,959,784	**3,483,113**	11,090,563

28 RELATED PARTIES

Related parties comprise the shareholders, directors, key management personnel and business entities in which they have the ability to control or exercise significant influence in financial and operating decisions (other related parties).

The Parent Company and Group maintains balances with these related parties which arise in the normal course of business from the commercial transactions and are entered into at terms and conditions which the management consider to be comparable with those adopted for arm's length transactions with third parties.

During the year, the Parent Company and Group entered into transactions with related parties in the normal course of business. The nature of significant related party transactions and the amounts involved were as follows:

28 RELATED PARTIES (continued)

(a) The following transactions were carried out with related parties:

	Parent Company		Group	
	2020	2019	**2020**	2019
	RO	RO	**RO**	RO
Purchase of goods and services				
- Subsidiary	**5,280,076**	5,009,453	**-**	**-**
Sales of goods				
- Subsidiary	**741,005**	420,877	**-**	**-**
- Other related parties	**205,252**	186,538	**202,252**	186,538

(b) Year end balances arising from sales of goods and services are as follows:

	Parent Company		Group	
	2020	2019	**2020**	2019
	RO	RO	**RO**	RO
Receivable from:				
- Subsidiaries	**169,673**	1,015,305	**-**	-
- Other related parties	**46,657**	58,245	**47,221**	58,245
	216,330	1,073,550	**47,221**	58,245

Key management benefits

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise). Total compensation accrued to key management personnel for the year ended is as follows:

(c) The key management personnel compensation for the year comprises:

	Parent Company		Group	
	2020	2019	**2020**	2019
	RO	RO	**RO**	RO
Short-term employment benefits	**379,943**	312,391	**379,943**	312,391
End of service benefits and social security costs	**8,002**	10,350	**8,002**	10,350
	387,945	322,741	**387,945**	322,741

(d) The directors' remuneration for the year comprises:

	Parent Company		Group	
	2020	2019	**2020**	2019
	RO	RO	**RO**	RO
Directors' remuneration (note 6)	**45,433**	33,143	**45,433**	33,143
Directors' meeting attendance fees (note 6)	**46,900**	33,600	**51,400**	39,700
Directors' travel and related expenses	**3,545**	18,934	**3,545**	18,934
	95,878	85,677	**100,378**	91,777

29 FINANCIAL RISK MANAGEMENT

Other disclosures

Financial assets are assessed for impairment at each reporting date as disclosed below in credit risk.

The classification of financial assets depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

The Group has exposure to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has entrusted the Management with the responsibility of developing and monitoring the Group's risk management policies and procedures and its compliance with them.

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Interest rate risk

Interest rate risk arises from the possibility of changes in interest rates and mismatches or gaps in the amount of assets and liabilities that mature or re-price in a given period. The Group's interest rate risk arises from interest bearing financial assets and financial liabilities which are exposed to changes in market interest rates.

The Group's financial assets and financial liabilities are at fixed rates and expose the Group to fair value interest rate risk. The Group analyses its interest rate exposure on a regular basis and reassesses the source of borrowings and renegotiates interest rates at terms favourable to the Group.

At the reporting date, the interest rate profile of the Group's interest-bearing financial assets and liabilities is:

		Parent		Group	
	Interest rate	**2020**	2019	**2020**	2019
		RO	RO	**RO**	RO
Financial assets					
Fixed term cash deposit	1.5% - 4%	**2,000,000**	2,000,000	**2,000,000**	2,000,000
Financial liabilities					
Term loans (fixed interest rate)	4.85% - 5.25%	**36,434,123**	26,201,530	**38,137,864**	27,796,646
Lease Liabilities (earlier - finance leases)	5.5%	**-**	-	**94,997**	361,599
Bank Overdraft		**1,101,639**	3,045,739	**1,525,709**	3,550,014
		39,535,762	29,247,269	**41,758,570**	31,708,259

If the interest rate were to shift by 1%, there would be negligible increase or decrease in the net finance costs.

(ii) Currency risk

Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

The Group is exposed to foreign exchange risk arising from currency exposures primarily with respect to US Dollars, UAE Dirham, Qatari Rial, Kuwaiti Dinar and Bahraini Dinar. As the US Dollar is pegged to Rial Omani, exposure arising on outstanding receivables in Qatari riyal, UAE Dirham, Kuwaiti Dinar and Bahraini Dinar is not material.

29 FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(ii) Currency risk (continued)

The table below indicates the foreign currency exposure at 31 December, as a result of its monetary assets and liabilities. The analysis calculates the effect of a reasonably possible movement of the RO currency rate against significant foreign currencies with all other variables held constant, on the statement of comprehensive income (due to the fair value of currency sensitive monetary assets and liabilities).

	Increase/ decrease in foreign currency to the RO	Effect on the profit before tax on currency fluctuation
2020	5%	**380**
	-5%	**(380)**
2019	5%	2,880
	-5%	(2,880)

(b) Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from cash and bank balances and credit exposures to customers. The Group has a credit policy in place and exposure to credit risk is monitored on an on-going basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group requires bank guarantees on higher credit risk customers. The Group does not require collateral in respect of all other financial assets

Concentration of credit risk arises when a number of counter-parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Group's and Parent company's performance to developments affecting a particular industry or geographical location.

Impairment of financial assets

The Group has trade receivables which are subject to the expected credit loss model. While fixed term cash deposits, cash and bank balances and other receivables are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade receivables

Credit is extended to corporate customers only with an objective of optimising the Group's and Parent company's profits and the prime responsibility for providing credit to customers and the timely collection of all debt rests with the functional manager. Credit has a cost to the business and necessary controls and procedures are established to manage the Group's and Parent company's credit risk and its working capital. It is, therefore, the Group's policy to have effective credit control systems in place which are flexible enough to respond to changing market needs yet rigorous enough to ensure that customer credit limits are established and regularly updated on the basis of reliable up-to-date information. The Group's twenty-five largest customers account for 76% of the outstanding accounts receivable at 31 December 2020 (2019: twenty-five largest customers: 78%).

29 FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

The maximum exposure to credit risk at the reporting date is their carrying value:

	Parent Company		Group	
	2020	2019	**2020**	2019
	RO	RO	**RO**	RO
Break down of financial assets (at carrying amount)				
Term Deposits	**2,000,000**	2,000,000	**2,000,000**	2,000,000
Cash and bank balances	**281,543**	249,440	**392,483**	307,334
Trade receivables (gross)	**6,220,085**	7,431,984	**6,418,961**	7,961,823
Other receivables	**46,853**	407,155	**46,853**	540,060
Due from Related parties	**216,330**	1,073,550	**47,221**	58,245
	8,764,811	11,162,129	**8,905,518**	10,867,462

The table below shows the balances with banks categorized by short-term credit rating as published by Moody's investor's service at the reporting date:

	Parent Company		Group	
Bank	**2020**	2019	**2020**	2019
Bank balances	**RO**	RO	**RO**	RO
Alizz Islamic Bank	**-**	-	**56,872**	41,100
Bank Dhofar SAOG	**788**	804	**788**	804
National Bank of Oman SAOG	**33,323**	7,274	**75,243**	8,533
Oman Arab Bank SAOC	**72,558**	16,676	**72,688**	16,676
Bank Muscat SAOG	**104,123**	160,914	**113,241**	175,149
Al Yusr Islamic Bank	**5,200**	5,200	**5,200**	5,200
	215,992	190,868	**324,032**	247,462
Fixed Term Deposits				
Oman Arab Bank SAOC	**1,000,000**	1,000,000	**1,000,000**	1,000,000
Bank Dhofar SAOG	**1,000,000**	1,000,000	**1,000,000**	1,000,000
	2,000,000	2,000,000	**2,000,000**	2,000,000

The above banks are rated 'NP' as per Moody's rating agency.

Age analysis of current trade and other receivable is as follows:

Parent

2020	Weighted average loss rate	Gross carrying amount	Expected credit loss	Net carrying amount
		RO	**RO**	**RO**
Not past due	**0.00%**	**3,331,237**	-	**3,331,237**
< 60 days	**0.00%**	**2,226,605**	-	**2,226,605**
61-120 days	**0.00%**	**41,148**	-	**41,148**
121-180 days	**0.00%**	**25,712**	-	**25,712**
181-240 days	**0.00%**	**38,883**	-	**38,883**
> 241 days	**66.45%**	**556,500**	369,794	**186,706**
		6,220,085	369,794	**5,850,294**

29 FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

Group

2020

	Weighted average loss rate	Gross carrying amount	Expected credit loss	Net carrying amount
		RO	**RO**	**RO**
Not past due	**0.00%**	**3,398,648**	-	**3,398,648**
< 60 days	**0.00%**	**2,303,882**	-	**2,303,882**
61-120 days	**0.00%**	**41,352**	-	**41,352**
121-180 days	**0.00%**	**30,419**	-	**30,419**
181-240 days	**0.00%**	**38,883**	-	**38,883**
> 241 days	**69.18%**	**605,777**	**419,071**	**186,706**
		6,418,961	**419,071**	**5,999,890**

Parent

2019

	Weighted average loss rate	Gross carrying amount	Expected credit loss	Net carrying amount
		RO	RO	RO
Not past due	0.00%	4,160,751	33	4,160,718
< 60 days	0.00%	2,518,751	64	2,518,687
61-120 days	0.07%	169,428	125	169,303
121-180 days	1.26%	45,159	567	44,592
181-240 days	6.02%	83,905	5,053	78,852
> 241 days	86.11%	453,990	390,928	63,062
		7,431,984	396,770	7,035,214

Group

2019

	Weighted average loss rate	Gross carrying amount	Expected credit loss	Net carrying amount
		RO	RO	RO
Not past due	0.00%	4,615,851	33	4,615,818
< 60 days	0.00%	2,541,616	64	2,541,552
61-120 days	0.07%	170,206	125	170,081
121-180 days	1.21%	46,978	567	46,411
181-240 days	6.02%	83,905	5,053	78,852
> 241 days	87.47%	503,267	440,205	63,062
		7,961,823	446,047	7,515,776

The other classes within receivables and prepayments do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.

The closing loss allowances for trade receivables as at 31 December 2020 reconcile to the opening loss allowances as follows:

	Parent Company		Group	
	2020	2019	**2020**	2019
	RO	RO	**RO**	RO
Opening loss allowance as at 1 January	**396,770**	138,736	**446,047**	188,013
Increase in loan loss allowance recognised in profit or loss during the year	**21,250**	258,034	**21,250**	258,034
Reverse during the year	**(48,226)**	-	**(48,226)**	-
Net movement during the year	**(26,978)**	258,034	**(26,978)**	258,034
At 31 December	**369,794**	396,770	**419,071**	446,047

29 FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

In accordance with prudent risk management, the members aim to maintain sufficient cash and an adequate amount of committed credit facilities.
Management monitors rolling forecasts of the Group's liquidity reserve and cash and bank balances on the basis of expected cash. The table below analyses the Group's financial liabilities into the relevant maturity borrowings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances, as the impact of discounting is not significant.

Parent Company

		Cash flows			
	Carrying amount	**Contractual cash flow**	**Less than 1 year**	**More than 1 to 5 years**	**More than 5 years**
31 December 2020	**RO**	**RO**	**RO**	**RO**	**RO**
Financial liabilities					
Long term loans	**35,484,824**	**49,446,465**	**1,931,114**	**26,078,582**	**21,436,769**
Lease liabilities	**1,364,729**	**2,094,211**	**352,458**	**717,203**	**1,024,550**
Short term loans	**949,299**	**949,299**	**949,299**	**-**	**-**
Bank Overdraft	**1,101,639**	**1,101,639**	**1,101,639**	**-**	**-**
Trade and other payables	**5,399,476**	**5,399,476**	**5,399,476**	**-**	**-**
	44,299,967	**58,991,090**	**9,733,986**	**26,795,785**	**22,461,319**

Group

		Cash flows			
	Carrying amount	**Contractual cash flow**	**Less than 1 year**	**More than 1 to 5 years**	**More than 5 years**
31 December 2020	**RO**	**RO**	**RO**	**RO**	**RO**
Financial liabilities					
Long term loans	**37,228,065**	**48,153,222**	**4,446,288**	**28,783,478**	**14,923,456**
Lease liabilities	**2,094,331**	**3,421,719**	**413,700**	**985,014**	**2,023,005**
Short Term loans	**949,299**	**949,299**	**949,299**	**-**	**-**
Bank overdraft	**1,525,709**	**1,525,709**	**1,525,709**	**-**	**-**
Trade and other payables	**5,974,035**	**5,974,035**	**5,974,035**	**-**	**-**
	47,771,439	**60,023,984**	**13,309,031**	**29,768,492**	**16,946,461**

Parent		**Cash flows**			
	Carrying amount	Contractual cash flow	Less than 1 year	More than 1 to 5 years	More than 5 years
31 December 2019	RO	RO	RO	RO	RO
Financial liabilities					
Long term loans	24,488,766	36,695,578	-	15,351,297	21,344,281
Lease liabilities	1,274,778	2,408,099	389,822	1,058,038	960,239
Short term loans	1,712,764	1,693,379	1,693,379	-	-
Bank Overdraft	3,045,738	3,045,738	3,045,738	-	-
Trade and other payables	7,860,109	7,860,109	7,860,109	-	-
	38,382,155	51,702,903	12,989,048	16,409,335	22,304,520

29 FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

Group		Cash flows			
	Carrying amount	Contractual cash flow	Less than 1 year	More than 1 to 5 years	More than 5 years
31 December 2019	RO	RO	RO	RO	RO
Financial liabilities					
Long term loans	26,083,882	38,641,658	-	17,084,162	21,557,496
Lease liabilities	2,008,977	3,524,981	790,475	1,140,239	1,594,267
Short Term loans	1,712,764	1,712,764	1,712,764	-	-
Bank overdraft	3,550,014	3,550,014	3,550,014	-	-
Trade and other payables	8,738,448	8,738,448	8,738,448	-	-
	42,094,085	56,167,865	14,791,701	18,224,401	23,151,763

(d) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain a commercially defensible capital structure to reduce the cost of capital. Capital comprises share capital, legal reserve and retained earnings.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital/equity on the basis of the debt to equity ratio.

	Parent Company		Group	
	2020	2019	**2020**	2019
	RO	RO	**RO**	RO
Debt (including lease liability)	**39,909,161**	30,522,046	**42,806,074**	33,355,637
Capital/Equity	**40,754,371**	39,160,279	**43,719,172**	41,280,064
Debt to equity ratio (times)	**0.979**	0.779	**0.979**	0.808

Impact of COVID-19: The macro economic impact of the COVID-19 pandemic is uncertain, and continues to evolve, with potential disruption to financial markets including to currencies, interest rates, borrowing costs and the availability of debt financing. In addition, global stress in the markets brought on by the COVID-19 crisis is being felt globally through lack of liquidity in foreign funding markets. In this environment, the Group has already taken measures to manage its liquidity and capital carefully until the crisis is over. The Group's management has been closely monitoring the cash flows and forecasts on a timely manner to maintain a reasonably healthy balance sheet during this time and beyond. As at the date of signature of these financial statements, management notes that the Group has sufficient liquidity to meet its obligations as they become due and that there are no doubts surrounding the Group's ability to continue as a going concern for the foreseeable future. Further, the Group would be supported by its major shareholders if required in order to ensure sufficient liquidity and ability to continue as a going concern.

Management has assessed that the COVID-19 outbreak will not have a material adverse impact on the future results of the Group and accordingly no impairment indicators on the Group's non-financial assets exist as at 31 December 2020.

(e) Fair value of financial instruments

For assets subsequently measured at FV refer to note 16 & note 18 for fair value measurement techniques and disclosures.

30 COMMITMENTS

(a) Purchase commitments

At 31 December 2020, the Parent Company and Group had purchase commitments amounting to RO 1,000,290 (2019: RO 1,053,507) mainly relating to purchase of raw material.

(b) Capital commitments

At 31 December 2020, the Parent Company and the Group had capital commitments amounting to RO 1,857,581 (2019: RO 7,908,686).

(c) Other commitments

At the end of the reporting period, the Parent Company's share in the uncalled share capital of associates amounted to RO nil (2019: RO 1,631,956).

(d) Guarantees

The Parent Company has provided a letter of comfort for a term loan obtained by a subsidiary. Refer note 23 for details.

31 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit for the year by the weighted average number of shares outstanding during the year as follows:

	Parent Company		Group	
	2020	2019	**2020**	2019
Profit for the year (RO)	**1,594,092**	1,326,163	**2,439,108**	1,934,863
Weighted average number of shares outstanding during the year	**120,000,000**	120,000,000	**120,000,000**	120,000,000
Earnings per share - Basic and diluted (RO)	**0.013**	0.011	**0.020**	0.016

Since the Company or Group has no potentially dilutive instruments, the basic and dilutive earnings per share are same.

32 NET ASSETS PER SHARE

Net assets per share are calculated by dividing the shareholders' funds by the number of shares at the end of the reporting year.

	Parent Company		Group	
	2020	2019	**2020**	2019
	RO	RO	**RO**	RO
Net assets – Shareholders' funds (RO)	**40,754,371**	39,160,279	**43,719,172**	41,280,064
Number of shares at the end of the year	**120,000,000**	120,000,000	**120,000,000**	120,000,000
Net assets per share (RO)	**0.340**	0.326	**0.364**	0.344

33 SEGMENT REPORTING

Operating segments

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Board considers the business from a Group level as the Group is principally engaged in one segment which is manufacturing and distribution of poultry meat. The group also earns revenue from rendering of services. However, such revenue is not material as compared to the group's total revenue. The Board also considers the geographical segments. The directors review monthly analysis of these geographical segments by monitoring volume, values and the related receivables. As the directors effectively look at only one group level segment, all relevant details are as set out in the statement of comprehensive income and statement of financial position. The geographical distribution of revenue based on the reports reviewed by the directors is disclosed in Note 3. The geographical distribution of receivables is set out below:

33 SEGMENT REPORTING (continued)

Trade receivables	Parent Company		Group	
	2020	2019	**2020**	2019
	RO	RO	**RO**	RO
Local	**5,064,890**	6,160,581	**5,263,766**	6,690,420
GCC countries	**1,155,195**	1,271,403	**1,155,195**	1,271,403
	6,220,085	7,431,984	**6,418,961**	7,961,823

The Group does not maintain separate segmental costing and operational results for different regions.

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ANNUAL REPORT 2020

EXPANDING OUR HORIZONS

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