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

الصفاء للأغذية ش.م.ع.ع

ANNUAL REPORT 2021

CELEBRATING NEW MILESTONES OF SUCCESS

With our expansion in 2020-21 and a number of new product launches, we are celebrating new milestones and achievements and are greatful that our partners and customers recognise us as Oman's No. 1 choice when it comes to poultry. In 2022, we have set our sight further and will continue to expand, while thinking of new ways to give customers the products they have come to love.

HIS MAJESTY SULTAN HAITHAM BIN TARIK

WELCOMING A YEAR OF GROWTH

At A'Saffa, we believe that even the smallest product we create has unlimited potential for growth. We treat every new project as our most important one and see it through from conception to completion. A reason why this year has seen unprecedented growth when it comes to the demand for quality poultry products - and has led to us expanding our production plant in Thumrait.

In the new year, we are already working on wonderful new ways to remain Oman's most-preferred poultry brand.

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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, 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' LOYALTY BY PROVIDING THEM WITH HIGH QUALITY, HEALTHY, HYGIENIC, HALAL, SAFE, PURE AND DELICIOUS FOOD

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

TO ENSURE THE REACH OF 'A'SAFFA FOODS' PRODUCTS STREACHES ACROSS OMAN, AND OTHER REGION

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

BOARD OF DIRECTORS

Eng. Ali Hilal Ali AlKuwari
Chairman

Sheikh. Rashid Saif Mohammed Al Saadi
Vice Chairman

Ms. Areej Muhammad Ibrahim AlKulaib
Director

Mr. Qais Abdullah Musa Al Kharusi
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

BANK MUSCAT SAOG
Meethaq Islamic Banking

BANK DHOFAR SAOG
Maisarah Islamic Banking Service

NATIONAL BANK OF OMAN SAOG
Muzn Islamic Banking

OMAN ARAB BANK SAOC
Al Yusr Islamic Banking

ALIZZ ISLAMIC BANKING SAOG

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

LEGAL CONSULTANTS
Zaid Al-Malki & Nasser Al-Tabiab
Advocacy & Legal Consultants

PRINCIPAL PLACE OF BUSINESS
P.O Box: 3436, PC: 112,
Ruwi, Sultanate of Oman
Tel:+968-22360250
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DIRECTOR'S REPORT

On behalf of the Board of Directors, I am pleased to welcome you to the 20th Annual General Meeting of your company and present the Director's Report and the Audited Financial Statements for the year ended 31st December 2021.

BUSINESS ENVIRONMENT

The government is working in line with the objectives and foundations of the 10th Five-Year Plan (2021-2025), the first plan of the Oman Vision 2040 aimed at achieving financial sustainability and stimulating economic diversification sectors.

Maintaining the level of spending in basic services such as education, health, housing, and social welfare is one of the most important considerations in preparing public spending estimates, in addition to measures aimed at improving the business environment and expanding partnership projects with the private sector.

PERFORMANCE REVIEW 2021

Although the pandemic continues in one form or another, we are pleased to inform that we completed the expansion project and trial runs during March – April 2021.

The expansion project started smooth operation from May 2021. However, we faced tough operational challenges due to huge increase of raw material prices, the depressed market situation due to Covid-19 and cheap imports of the chicken meat in our market. The summary of the current business environment is as below:

a) Sales and Marketing

Local sales and export market faced challenges due to the long durations of restrictions, lockdowns which affected adversely overall business environment. Exports are further affected due to the restrictive regulations imposed by importing countries. Moreover, the influx of the cheap imported products is also affecting the market quite adversely.

b) Material prices

There is a supply and demand issue worldwide for the Corn and Soybean meal which is the main ingredient of feed for poultry sector. The prices of the feed material ingredient have increased around 50% during this year which increased the cost of production.

c) Other Challenges

The Covid-19 restrictions, SOPs are also seriously affecting the manpower productivity and performance. The cost of manpower has increased due to quarantine. Moreover, the travel restrictions created difficulties to manage the additional workforce for the expansion project.

Financial Performance Review 2021

For the year under review, the company achieved the Sales of RO 38,418,282/- as compared to RO 30,008,465/- during 2020. The increase in sales in spite of lower sales realization was due to increased production from expansion project.

The parent company incurred a loss of RO 2.899 million for the year 2021 as compared to net profit after tax of RO 1.594 million in the previous year. The reason for the losses was lower sales realization, high material prices, impact of Covid-19 as explained above.

The consolidated net loss after tax for the year 2021 was RO 1.821 million as compared to net profit of RO 2.439 million in the previous year.

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 2021. The company achieved the sales of RO 4,888,187/- during 2021 as compared to RO 4,713,232/- in 2020 and net profit of RO 866,864/- during 2021 as compared to RO 675,152/- in 2020.

2) A'Saffa Logistics LLC

The company achieved revenue of RO 1,179,553/- during 2021 as compared to RO 1,077,003/- in 2020. Net realized gains of RO 211,694/- during 2021 as compared to RO 172,667/- in 2020.

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 MSX 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's CSR activities are administered by its Corporate Social Responsibility committee.

The company has established a fund with the help of the office of the Minister of State & governor of Dhofar, the Office of the Minister of State and Governor of Dhofar has formed a committee comprising of Government authorities and one representative of A'Saffa to manage the fund. The Company getting regular update about the programs conducted to help the Societies in Dhofar region.

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, 2021 are as follows :

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	942,786
2	A'Saffa Food Processing LLC	Purchase of further processed products	4888,187
3	A'Saffa Logistics LLC	Office, Transportation and hiring of storage facility	750,988
4	Al Meera Markets SAOC	Sale of Poultry Meat & Further Processed Meat Products	162,403
5	Osool Poultry SAOC	Purchase of Hatching Eggs	1,463,265
	TOTAL		**8,207,629**

The following are the related party transactions expected in the year 2022 :

RELATED PARTY TRANSACTIONS – 2022			2022
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	4,500,000
	TOTAL		**11,850,000**

ANNEXURE TO DIRECTOR'S REPORT

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 31/12/2021**
   In the financial year ended 31/12/2021, 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	5	-	4	6,300
Sheikh Rashid Saif Mohammed Al Saadi	4	-	4	5,600
Mr. Salim Abdullah AlRahbi	5	4	-	6,300
Mr. Asim Salim Ali AlGhailani	5	-	4	6,300
Mr. AlNoubay Salem H A Aladbi	5	4	-	6,300
Mr. Qais Abdullah Musa Al Kharusi (from 18/1/2021 onwards)	5	-	3	5,600
Mr. Abdullah Mohamed Al Al Ansari (until 18/1/2021)	-	-	-	-
Ms. Areej Muhammad Ibrahim AlKulaib (from 3/6/2021 onwards)	3	2	-	3,500
Mr. Fahad Mohammed Al AbdulQader (until 3/6/2021)	2	2	-	2,800
			TOTAL	**42,700**

2. **For the Year 2022 :** 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. Yasir Abdullah Rashid Al Salmani
Deputy Chief Financial Officer

Mr. Muhammad Rafique Chaudhry
Chief Financial Officer

Dr. Chenna Reddy Seernam
Acting Senior Operations Manager

Mr. Bartholomeu Stein
Head of Marketing and Sales

MANAGEMENT DISCUSSION & ANALYSIS REPORT

RESULTS OF OPERATION FOR 2021

The Covid-19 pandemic is the biggest global humanitarian crisis of our time and poses major challenges to public health system, food security and employment. The social and economic impact of the pandemic has disrupted the lives and livelihood of millions of people and affected economies across the world. These effects were also felt by Oman economy during the year with concerns about health and safety taking precedence over growth. The economic recovery is supported by the expansion of the national immunization campaign against Covid-19, which entails administrating a booster dose to target groups and a gradual return to normal conditions. The decisions taken by the Supreme Committee to address the ramifications of Covid-19, the fiscal control measures taken by the government, and the rise in oil prices have collectively contributed to the acceleration of the economic recovery pace in the Sultanate.

We are pleased to inform that we have completed the expansion project and started smooth operation from May 2021. The company's operations during the year were impacted by the lockdowns and supply chain disruptions due to the pandemic. The poultry industry is facing a challenge due to cheap imports and rising prices of soybean meal, corn and other feed material prices. The lower sales realization and steep increase in poultry feed prices is affecting the financial performance of the company. However, the management is taking several strategic initiatives which would improve the operational performance while reducing the costs to improve the financial performance. The economy of scale after expansion is helping to reduce the overhead cost of unit production. In this context, the Company is focusing on protecting Shareholders' value, while ensuring the wellbeing of its employees, and supporting its customers and communities.

The following table shows the past five years sales performance:

Years	Sales RO
2021	38,418,282
2020	30,008,465
2019	30,381,151
2018	31,795,016
2017	31,943,607

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

Years	Net equity	Net profit/(Loss)
2021	RO 35,454,699	(RO 2,899,627)
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

The reason for lower performance in FY21 was manifold, travel restrictions, lockdowns, closure of Restaurants due to Covid-19 which resulted in shrinkage of market and difficulties to export, exorbitant price increase of feed raw material, lower sales realization due to cheap influx of imported products. The challenges faced to start expansion due to Covid-19 restriction was also caused for the lower performance in FY21.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

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."

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 2021 was a challenging 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 during the years 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 A'Saffa Foods SAOG (the Company) as at and for the year ended 31 December 2021 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.

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 2021 and does not extend to any financial statements of A'Saffa Foods SAOG taken as a whole.

PricewaterhouseCoopers

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C.R. No 1230865
PricewaterhouseCoopers LLC

Muscat, Sultanate of Oman
27 February 2022

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

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**	Vice Chairman	Non-Executive and Independent	1. Chairman, Takaful Oman Insurance SAOG. 2. Chairman, Taager Finance SAOG.
3.	**Mr. Salim Abdullah AlRahbi**	Director	Non-Executive and Independent	None
4.	**Mr. Asim Salim Ali AlGhailani**	Director	Non-Executive and Non-Independent	Director, A'Sharqiya Investment Holding Co. SAOG.
5.	**Mr. AlNoubay Salem H A Aladbi**	Director	Non-Executive and Independent	None
6.	**Mr. Qais Abdullah Musa Al Kharusi**	Director (from 18/1/2021 onwards)	Non-Executive and Non-Independent	1. Director, Mazoon Dairy Co. SAOC. 2. Director, Asyad Group SAOC.
7.	**Mr. Abdullah Mohamed Al Al Ansari**	Director (until 18/1/2021)	Non-Executive and Independent	None
8.	**Ms. Areej Muhammad Ibrahim AlKulaib**	Director (from 3/6/2021 onwards)	Non-Executive and Non-Independent	1. Director, Gulf Stone Co. SAOG. 2. Director, Osool Poultry SAOC.
9.	**Mr. Fahad Mohammed Al AbdulQader**	Director (until 3/6/2021)	Non-Executive and Independent	None

❖ Mr. Qais Abdullah Musa Al Kharusi was nominated by Al-Hosn Investment Company SAOC as a Director from January 18, 2021 onwards in replacement of Mr. Abdullah Mohamed Al Al Ansari.

❖ Ms. Areej Muhammad Ibrahim AlKulaib was nominated by Gulf Investment Corporation as a Director from June 3, 2021 onwards in replacement of Mr. Fahad Mohammed Al AbdulQader.

d. Number of Board Meetings

During the year 2021, five Board meetings were held as under:

Board Meeting 1/2021	February 25, 2021
Board Meeting 2/2021	April 22, 2021
Board Meeting 3/2021	July 29, 2021
Board Meeting 4/2021	October 27, 2021
Board Meeting 5/2021	December 16, 2021

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	5	5	Yes
Sheikh Rashid Saif Mohammed Al Saadi	5	4	No
Mr. Salim Abdullah AlRahbi	5	5	Yes
Mr. Asim Salim Ali AlGhailani	5	5	Yes
Mr. AlNoubay Salem H A Aladbi	5	5	Yes
Mr. Qais Abdullah Musa Al Kharusi (from 18/1/2021 onwards)	5	5	No
Mr. Abdullah Mohamed Al Al Ansari (until 18/1/2021)	5	-	No
Ms. Areej Muhammad Ibrahim AlKulaib (from 3/6/2021 onwards)	5	3	No
Mr. Fahad Mohammed Al AbdulQader (until 3/6/2021)	5	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 2021 were as follows:

Description	Year 2021 (RO)
Office, Transportation and hiring of storage facility	750,988
Purchase of further processed products	4,888,187
Sale of Poultry Meat	942,786
Sale of Poultry Meat & Further Processed Meat Products	162,403
Purchase of Hatching Eggs	1,463,265
TOTAL	**8,207,629**

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 Mr. AlNoubay Salem H A Aladbi, an Independent Director & Ms. Areej Muhammad Ibrahim AlKulaib having rich experience in Business Management and Internal Controls. Ms. Areej Muhammad Ibrahim AlKulaib is the Director (from 3/6/2021 onwards) in replacement of Mr. Fahad Mohammed Al AbdulQader.

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 were 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. During the year 2021, 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 2021, four Audit Committee meetings were held as under:

Audit Committee Meeting 1/2021	February 24, 2021
Audit Committee Meeting 2/2021	April 21, 2021
Audit Committee Meeting 3/2021	July 28, 2021
Audit Committee Meeting 4/2021	October 26, 2021

Name of Directors	No. of Meetings held	No. of Meetings attended
Mr. Salim Abdullah AlRahbi	4	4
Mr. AlNoubay Salem H A Aladbi	4	4
Ms. Areej Muhammad Ibrahim AlKulaib (from 3/6/2021 onwards)	4	2
Mr. Fahad Mohammed Al AbdulQader (until 3/6/2021)	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 2021, there were four meetings of the Nomination and Remuneration Committee held as under :-

Nomination and Remuneration Committee Meeting 1/2021	February 18, 2021
Nomination and Remuneration Committee Meeting 2/2021	May 27, 2021
Nomination and Remuneration Committee Meeting 3/2021	October 7, 2021
Nomination and Remuneration Committee Meeting 4/2021	December 14, 2021

Name of Directors	No. of Meetings held	No. of Meetings attended
Eng. Ali Hilal Ali Al Kuwari	4	4
Sheikh Rashid Saif Mohammed Al Saadi	4	4
Mr. Asim Salim Ali AlGhailani	4	4
Mr. Qais Abdullah Musa Al Kharusi (from 18/1/2021 onwards)	4	3
Mr. Abdulla Mohamed Al Alansari (until 18/1/2021)	4	-

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 2021 was RO 42,700/-. Directors' travelling and related cost to attend the meetings during the year was RO 1,908/-.

c) Basic salary, allowances and perquisites paid to top five employees in the year 2021 amounted to RO 352,305/- which is fully a fixed component, and RO 29,372/- was paid for business related travel expenses. Gratuity charge for the year 2021 for Expatriate Key Management Staff RO 10,662/- and Social Insurance (PASI) charge for the year 2021 for Omani Key Management Staff RO 9,000/-.

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

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 Stock Exchange (MSX) and also published in the Newspapers as per the directives of CMA.

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

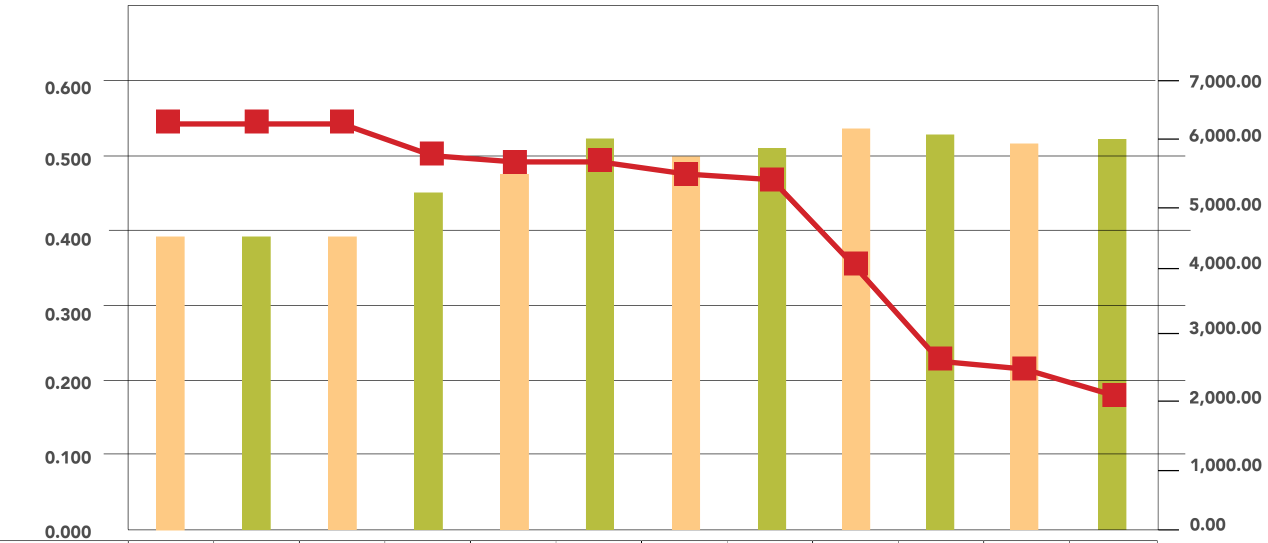
d) The Management Discussion and Analysis Report forms part of the Annual Report.

5. SHARE PRICE DATA

a) Details of share price movement during the year ended 31st December 2021 are furnished beloww:

Period (Month, 2021)	High (OMR)	Low (OMR)	Volume
January	0.550	0.550	0
February	0.550	0.550	130
March	0.550	0.550	4,989
April	0.500	0.500	11,198
May	0.488	0.488	5,032
June	0.484	0.484	2,000
July	0.470	0.470	35,650
August	0.466	0.466	150
September	0.344	0.344	39,459
October	0.220	0.220	35,884
November	0.210	0.210	18,579
December	0.190	0.190	66,934

MSX INDUSTRY SECTOR INDEX VS A'SAFFA FOODS SAOG IN YEAR 2021:



	January	February	March	April	May	June	July	August	September	October	November	December
MSM Index (Industry)	4,610.695	4,625.854	4,621.399	5,264.188	5,548.540	6,030.523	5,846.411	5,961.655	6,250.557	6,175.750	6,025.695	6,076.865
Low	0.550	0.550	0.550	0.500	0.488	0.484	0.470	0.466	0.344	0.220	0.210	0.190
High	0.550	0.550	0.550	0.500	0.488	0.484	0.470	0.466	0.344	0.220	0.210	0.190

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	2021		2020	
	%	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 2021. A total fee to Statutory Auditors for the year 2021 is RO 34,100/- 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

With offices in 156 countries and more than 295,000 people, PwC is among the leading professional services networks globally. PwC's vision is to be the most trusted and relevant professional services business in the world - one that attracts the best talent and combines the most innovative technologies, to help organisations build trust and deliver sustained outcomes. This refreshed global strategy is termed as The New Equation, and it speaks to the two most fundamental needs clients and organisations are grappling with today.

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 7,000 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 9 partners, 1 of whom is Omani and 6 directors, 1 of whom is Omani and approximately 134 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 2021 was the third 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 was the Head of Internal Audit department upto December 30, 2021. She resigned in December 2021 after serving 9 years in the company.

Mr. Ali Hamed Al Rabaani holds BSC Degree in Accounting and having 7 years of experience in Internal Audit department. He is responsible for the Internal Audit department after Ms. Shamsa resigned.

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 Exchange 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 27 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 38 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 17 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. 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.

Dr. Chenna Reddy Seernam, Acting Senior Operations Manager with extensive experience in poultry farming and farm management.

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 2022 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 2021, 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 profit or loss for the year ended 31 December 2021;
- statement of comprehensive income for the year then ended;
- statement of financial position as at 31 December 2021;
- 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.

PricewaterhouseCoopers LLC, Salam Square - South, 4th Floor, Suites 402-404, Madinat Al Sultan Qaboos, P.O. Box 3075, Ruwi, Postal Code 112, Muscat, Sultanate of Oman, T: +968 2 455 9110, F: +968 2 456 4408, www.pwc.com/me

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

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

Our audit approach

Overview

Key Audit Matter	• Impairment of cash generating unit (Parent Company and the Group)

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 operates.

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.

Key audit matter	How our audit addressed the Key audit matter
Impairment of cash generating unit (Parent Company and the Group) As at 31 December 2021, the carrying value of the Parent Company's cash generating unit ('CGU') was RO 59.4 million which comprised its Property, plant and equipment of RO 58 million and right of use of assets of RO 1.4 million. On 31 December 2021, the directors and management assessed and noted certain indicators that its CGU may be impaired. Accordingly, in accordance with IFRS, the directors and management have estimated the recoverable amount of its CGU by calculating its value in use to determine whether its CGU is impaired. The value in use model was based on discounted future cash flow forecasts over which the directors and management made assumptions on certain key inputs including the revenue growth rate, discount rate and perpetual growth rate.	Our procedures in relation to the directors' and management's testing of its CGU for impairment included: • Evaluation of the Group's accounting policy for impairment of its CGU and confirming the same is in line with IFRS; • Discussions with appropriate levels of operations and finance management regarding their assessment of impairment indicators for the Parent Company's CGU and use of the value in use approach for arriving at the recoverable amount of the CGU;

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

Our audit approach (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the Key audit matter
Impairment of cash generating unit (Parent Company and the Group) (continued) Based on the results of the model, the directors and management determined that the CGU was not impaired as its recoverable amount exceeded its carrying value. We focused on this area due to the significance of the amounts involved and because the directors' and the management's calculation of the value in use involved making use of estimates in key inputs such as the revenue growth rate, discount rate and the perpetual growth rate. Disclosure on the accounting policy and accounting estimates involved in the impairment assessment are mentioned in notes 2.1 (e), 2.2 (p), 11 (g) and 12 to the accompanying financial statements.	• Assessing the overall reasonableness of the value in use model. Specifically, we tested the mathematical accuracy of the model and assessed for reasonableness, the key inputs in the calculations. We determined the key inputs as revenue growth rate, discounting rate and perpetual growth rate, by reference to historic performance (where applicable), management's forecasts and our industry experience. We involved our internal auditor expert for assessing the reasonability of the discount rate used in the model. We also performed appropriate sensitivity analyses over those key assumptions; and • Reviewing the adequacy of the disclosures made in the financial statements.

Other information

The directors are responsible for the other information. The other information comprises Director's Report, Corporate Governance Report and Management Discussion and Analysis 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.

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

Other information (continued)

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 the 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.

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, misrepresentations, or the override of internal control.

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

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

- 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 significant 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.

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.

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

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

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C.R. No 1230865
PricewaterhouseCoopers LLC

Husam Elnaili
Muscat, Sultanate of Oman
27 February 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2021

		Parent Company		Group	
		2021	2020	**2021**	2020
	Note	**RO**	RO	**RO**	RO
Revenue from contracts with customers	3	**38,418,282**	30,008,465	**37,844,711**	29,732,990
Cost of sales	4	**(30,669,340)**	(20,632,665)	**(29,090,734)**	(19,418,752)
Gross profit		**7,748,942**	9,375,800	**8,753,977**	10,314,238
Selling and distribution expenses	5	**(6,519,953)**	(5,667,262)	**(5,877,475)**	(5,208,928)
Administrative and general expenses	6	**(2,020,273)**	(2,020,903)	**(2,272,123)**	(2,310,968)
Reversal of impairment on financial assets	32(b)	**-**	26,978	**-**	26,978
Other income		**-**	36,320	**10,009**	56,572
Operating (loss) / profit		**(791,284)**	1,750,933	**614,388**	2,877,892
Finance income	9	**75,427**	67,734	**75,427**	67,734
Finance costs	9	**(2,489,397)**	(450,486)	**(2,622,348)**	(583,087)
Finance costs (net)	9	**(2,413,970)**	(382,752)	**(2,546,921)**	(515,353)
Share of net (loss) / gain from associate accounted for using the equity method	15 (a)	**(138,534)**	206,532	**(138,534)**	206,532
(Loss) / profit before income tax		**(3,343,788)**	1,574,713	**(2,071,067)**	2,569,071
Income tax expense	10	**448,541**	19,379	**254,377**	(129,963)
(Loss) / profit for the year		**(2,895,247)**	1,594,092	**(1,816,690)**	2,439,108
(Loss) / earnings per share:					
Basic (loss) / earnings per share	34	**(0.024)**	0.013	**(0.015)**	0.020

The accompanying notes on pages 39 to 80 form an integral part of these consolidated financial statements.

Independent Auditor's report – page 28 - 33.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Parent Company		Group	
	2021	2020	**2021**	2020
	RO	RO	**RO**	RO
(Loss) / profit for the year	**(2,895,247)**	1,594,092	**(1,816,690)**	2,439,108
Other comprehensive loss				
Items that will not be reclassified to profit or loss				
Changes in the fair value of equity investments at fair value through other comprehensive income (note 25)	**(4,425)**	-	**(4,425)**	-
Other comprehensive loss for the year-net of tax	**(4,425)**	-	**(4,425)**	-
Total comprehensive (loss) / income for the year	**(2,899,672)**	1,594,092	**(1,821,115)**	2,439,108

The accompanying notes on pages 39 to 80 form an integral part of these consolidated financial statements.

Independent Auditor's report – page 28 - 33.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	2021 RO	2020 RO	2021 RO	2020 RO
ASSETS					
Non-current assets					
Property, plant and equipment	11	**58,058,959**	56,801,840	**66,093,976**	64,858,003
Capital advances	(f)11	**65,619**	985,776	**65,619**	985,776
Right of use assets	12	**1,341,731**	1,299,914	**1,909,016**	1,906,082
Intangible assets	13	**-**	466	**3,160**	17,190
Investments in subsidiaries	14	**2,950,000**	2,950,000	**-**	-
Investments accounted for using the equity method	15	**6,639,096**	9,209,272	**6,639,096**	9,209,272
Equity investment at fair value through other comprehensive income	16	**2,427,217**	-	**2,427,217**	-
Financial assets at fair value through profit or loss	17	**47,671**	47,671	**47,671**	47,671
Total non-current assets		**71,530,293**	71,294,939	**77,185,755**	77,023,994
Current assets					
Inventories	18	**9,177,141**	5,106,200	**9,907,819**	5,862,393
Biological assets	19	**2,934,465**	1,830,810	**2,934,465**	1,830,810
Trade and other receivables	20	**10,236,900**	7,127,755	**10,453,007**	7,380,555
Term deposits	21	**2,000,000**	2,000,000	**2,000,000**	2,000,000
Cash and bank balances	22	**156,364**	281,543	**383,768**	392,483
Total current assets		**24,504,870**	16,346,308	**25,679,059**	17,466,241
TOTAL ASSETS		**96,035,163**	87,641,247	**102,864,814**	94,490,235
EQUITY AND LIABILITIES					
Equity					
Share capital	23	**12,000,000**	12,000,000	**12,000,000**	12,000,000
Legal reserves	24	**4,000,000**	4,000,000	**4,423,417**	4,316,101
Retained earnings		**19,459,124**	24,754,371	**23,079,065**	27,403,071
Other reserve	25	**(4,425)**	-	**(4,425)**	-
TOTAL EQUITY		**35,454,699**	40,754,371	**39,498,057**	43,719,172
LIABILITIES					
Non-current liabilities					
Borrowings	26	**35,815,727**	35,190,224	**36,359,554**	36,289,217
Lease liabilities	27	**1,155,064**	1,100,979	**1,746,906**	1,767,840
End of service benefits	28	**1,043,154**	944,562	**1,120,410**	1,011,050
Deferred tax liabilities	10	**158,302**	633,677	**373,958**	834,603
Total non-current liabilities		**38,172,247**	37,869,442	**39,600,828**	39,902,710
Current liabilities					
Borrowings	26	**13,882,202**	3,354,208	**15,005,344**	4,422,526
Lease liabilities	27	**299,845**	263,750	**366,233**	326,491
Tax payable	10	**-**	-	**175,648**	145,301
Trade and other payables	29	**8,226,170**	5,399,476	**8,218,704**	5,974,035
Total current liabilities		**22,408,217**	9,017,434	**23,765,929**	10,868,353
TOTAL LIABILITIES		**60,580,464**	46,886,876	**63,366,757**	50,771,063
TOTAL EQUITY AND LIABILITIES		**96,035,163**	87,641,247	**102,864,814**	94,490,235
Net assets per share	35	**0.295**	0.340	**0.329**	0.364

The financial statements on pages 34 to 80 were approved and authorised for issue in accordance with a resolution of the Board of Directors on 24-02-2022.

Director **Chairman**

The accompanying notes on pages 39 to 80 form an integral part of these consolidated financial statements.

Independent Auditor's report – page 28 - 33.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	capital RO	reserves RO	earnings RO	reserve RO	equity RO
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
Parent company:					
At 1 January 2021	**12,000,000**	**4,000,000**	**24,754,371**	**-**	**40,754,371**
Loss for the year	**-**	**-**	**(2,895,247)**	**-**	**(2,895,247)**
Other comprehensive loss	**-**	**-**	**-**	**(4,425)**	**(4,425)**
Total comprehensive loss for the year	**-**		**(2,895,247)**	**(4,425)**	**(2,899,672)**
Dividend paid (note 23)	**-**	**-**	**(2,400,000)**	**-**	**(2,400,000)**
At 31 December 2021	**12,000,000**	**4,000,000**	**19,459,124**	**(4,425)**	**35,454,699**
Group:					
At 1 January 2021	**12,000,000**	**4,316,101**	**27,403,071**	**-**	**43,719,172**
Loss for the year			**(1,816,690)**	**-**	**(1,816,690)**
Other comprehensive loss	**-**	**-**	**-**	**(4,425)**	**(4,425)**
Total comprehensive loss for the year	**-**	**-**	**(1,816,690)**	**(4,425)**	**(1,821,115)**
Dividend paid (note 23)	**-**	**-**	**(2,400,000)**	**-**	**(2,400,000)**
Transfer to legal reserve	**-**	**107,316**	**(107,316)**	**-**	**-**
At 31 December 2021	**12,000,000**	**4,423,417**	**23,079,065**	**(4,425)**	**39,498,057**

The accompanying notes on pages 39 to 80 form an integral part of these consolidated financial statements.
Independent Auditor's report – page 28 - 33.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Parent Company		Group	
	2021	2020	**2021**	2020
	RO	RO	**RO**	RO
Cash flows from operating activities				
Net cash (used in) / generated from operating activities	**(2,950,717)**	2,752,379	**(2,461,949)**	3,483,113
Cash flows from investing activities				
Acquisition of property, plant and equipment	**(4,075,583)**	(9,834,446)	**(4,519,981)**	(10,393,573)
Capital advances	**920,157**	1,158,252	**920,157**	1,455,213
Investment in associates	**-**	(2,600,260)	**-**	(2,600,260)
Proceeds from disposal of property, plant and equipment	**-**	58,510	**-**	58,510
Finance income received	**75,427**	67,734	**75,427**	67,734
Net cash flows used in investing activities	**(3,079,999)**	(11,150,210)	**(3,524,397)**	(11,412,376)
Cash flows from financing activities				
Lease payments	**(438,674)**	(416,743)	**(555,877)**	(767,585)
Net movement in borrowings	**9,177,295**	11,241,262	**9,443,579**	11,389,389
Dividend paid	**(2,400,000)**	-	**(2,400,000)**	-
Finance cost paid	**(2,489,397)**	(450,486)	**(2,622,348)**	(583,087)
Net cash generated from financing activities	**3,849,224**	10,374,033	**3,865,354**	10,038,717
Net change in cash and bank balances	**(2,181,492)**	1,976,202	**(2,120,992)**	2,109,454
Cash and bank balances as at 1 January	**(820,096)**	(2,796,298)	**(1,133,226)**	(3,242,680)
Cash and bank balances as at 31 December	**(3,001,588)**	(820,096)	**(3,254,218)**	(1,133,226)
Cash and bank balances comprise:				
Bank overdrafts	**(3,157,952)**	(1,101,639)	**(3,637,986)**	(1,525,709)
Cash and bank balances	**156,364**	281,543	**383,768**	392,483
	(3,001,588)	(820,096)	**(3,254,218)**	1,133,226

Reconciliation of liabilities arising from financing activities (note 22.1)

The accompanying notes on pages 39 to 80 form an integral part of these consolidated financial statements.
Independent Auditor's 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 distribution 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

The financial statements are prepared under the historical cost convention except for equity investments measured at fair value through other comprehensive income and financials assets measured at fair value through profit or loss.

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 amendment for the first time for their annual reporting period commencing 1 January 2021:

- Interest Rate Benchmark Reform – Phase 2 – amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

The amendments listed above did not have any impact on the amounts recognised in current and prior periods.

(d) *New standards and interpretations not yet adopted*

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Parent Company and the Group. The Group is currently assessing the impact of these standards, amendments or interpretations on the future periods.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.1 Basis of preparation (continued)

(d) New standards and interpretations not yet adopted (continued)

- 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)
- Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies (effective on or after 1 January 2023)
- Amendments to IAS 8 - Definition of Accounting Estimates (effective on or after 1 January 2023)
- Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective on or after 1 January 2023)
- Sale or contribution of assets between an investor and its associate or joint venture - Amendments to IFRS 10 and IAS 28. the application date of this amendment until such time as the IASB has finalised its research project on the equity method.

(e) 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 Group 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 and judgements are set out below.

(i) Impairment of cash generating unit

The Group reviews its non-financial assets at each reporting date to determine whether there is any indication of impairment. Each of the entities within the Group have determined their Property, plant and equipment along with Right of use assets as its cash generating unit. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or group of assets (cash generating unit or 'CGU'). In 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 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.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

(e) Use of estimates and judgements (continued)

(i) Impairment of cash generating unit (continued)

Impairment indicators were identified for the Parent Company's property, plant and equipment and right of use assets at 31 December 2021. Accordingly, the recoverable amount of the cash generating unit was estimated based on its value in use and then compared with the carrying value of the cash generating unit. In determining the value in use, management of the Parent Company has considered the Revenue growth from the base year 2021 to be 36%, costs to grow by 29%, terminal growth at the end of 5 years at 1% and discounted cashflows at 10.06%. No impairment was noted as the recoverable amount was higher than the carrying value of the cash generating unit.

Assuming individual key inputs are changed as below, with all the other key inputs remaining constant, the recoverable amount of the CGU as at 31 December 2021 continues to be higher than the carrying value of the CGU, thus resulting in no impairment.

Change in key input	Impact on impairment
Discount rate	
- absolute change of +1%	No impairment noted
Exit yield/terminal value	
- absolute change of - 0.5%	No impairment noted
Revenue growth rate	
- absolute change of -5%	No impairment noted

(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 19 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 18 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 th 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.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

(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

(a) Basis of consolidation

(i) 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 2021.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:

- 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.

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, liabilities incurred to the former owners of the acquired business, equity interests issued by the group, fair value of any asset or liability resulting from a contingent consideration arrangement, and fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised in profit or loss.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(i) *Consolidation (continued)*

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

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.

A listing of Group' subsidiaries is disclosed in note 14.

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

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the profit and loss. 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 profit and loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit and loss. Refer notes 15 and 16.

(iii) Investment in subsidiaries

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

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(iv) Changes in ownership interests

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Group.

When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(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 Company's functional and the Group's 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 translation at year-end exchange rates of assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

(c) Financial instruments

Financial assets

(i) Classification

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

- those to be measured subsequently at fair values (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 Group'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.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

(ii) 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.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(c) Financial instruments (continued)

(iii) 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.

Debt instruments

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 profit or loss.

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 taken 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 profit or loss.

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 profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments at FVOCI

The Group subsequently measures equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established. This category comprises investment in equity investment at fair value in A'Namaa Poultry Company SAOC (unlisted). On disposal of this equity investment any related balance within the FVOCI reserve is reclassified to retained earnings. Refer note 16 for details.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) 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.

Other financial assets at amortised cost includes term deposits, cash and cash equivalents, due from related parties and other receivables which are also subject to the impairment requirements of IFRS 9 and on which expected credit loss is calculated based on a staging approach. The Group made an assessment of the impairment losses and has concluded the none of these balances are impaired.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.2 Significant accounting policies (continued)

(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.

(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.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(h) Property, plant and equipment (continued)

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.

(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.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(m) *Leases (continued)*

(i) Group as a lessee (continued)
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.

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.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(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.

(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 and providing storage and logistical support services.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(i) *Sale of goods*

Revenue from contracts with customers is recognised when control of the goods 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. 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.

(b) Service income

Revenue from rendering services are recognized over time in the pattern in which the customer simultaneously receives and benefits from the service. The Group's subsidiary company namely A'Saffa Logistic LLC provides warehouses and other logistics services on rental basis.

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 and interest expense

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

(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 e xpected 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.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(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 strategi 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

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.

(y) Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

3 REVENUE FROM CONTRACTS WITH CUSTOMERS

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	
	2021	2020	**2021**	2020
	RO	RO	**RO**	RO
Local sales	**28,702,629**	25,162,798	**28,129,058**	24,887,323
GCC sales	**9,715,653**	4,845,667	**9,715,653**	4,845,667
Total revenue	**38,418,282**	30,008,465	**37,844,711**	29,732,990

	Parent Company		Group	
	2021	2020	**2021**	2020
	RO	RO	**RO**	RO
Sale of goods	**38,418,282**	30,008,465	**37,475,496**	29,267,460
Rendering of services	**-**	-	**369,215**	465,530
Total revenue	**38,418,282**	30,008,465	**37,844,711**	29,732,990

4 COST OF SALES

	Parent Company		Group	
	2021 RO	2020 RO	**2021 RO**	2020 RO
Cost of materials consumed	**21,476,353**	14,686,800	**17,979,324**	11,563,223
Employee related costs	**4,191,035**	4,013,963	**4,987,626**	4,862,770
Depreciation on property, plant and equipment (note 11)	**2,574,954**	1,056,150	**2,998,804**	1,452,317
Depreciation on right of use assets (note 12)	**39,845**	38,138	**78,728**	77,021
Fuel expenses	**1,950,712**	390,547	**2,248,496**	648,466
Amortisation (note 13)	**155**	2,560	**13,719**	16,199
Other	**436,286**	444,507	**784,037**	798,756
	30,669,340	20,632,665	**29,090,734**	19,418,752

5 SELLING AND DISTRIBUTION EXPENSES

	Parent Company		Group	
	2021 RO	2020 RO	**2021 RO**	2020 RO
Employee related costs	**1,930,634**	1,880,633	**1,930,634**	1,880,633
Rent and storage expenses	**1,870,078**	1,535,003	**1,227,600**	1,076,669
Transportation costs	**1,514,780**	1,138,104	**1,514,780**	1,138,104
Advertisement and sales promotion	**575,610**	563,721	**575,610**	563,721
Depreciation on right of use assets (note 12)	**331,939**	302,931	**331,939**	302,931
Depreciation on property, plant and equipment (note 11)	**25,957**	24,858	**25,957**	24,858
Insurance	**111,530**	76,879	**111,530**	76,879
Communication	**27,267**	24,100	**27,267**	24,100
Amortisation (note 13)	**156**	2,560	**156**	2,560
Other	**132,002**	118,473	**132,002**	118,473
	6,519,953	5,667,262	**5,877,475**	5,208,928

6 ADMINISTRATIVE AND GENERAL EXPENSES

	Parent Company		Group	
	2021 RO	2020 RO	**2021 RO**	2020 RO
Employee related costs	**1,105,479**	1,211,012	**1,365,670**	1,497,998
Depreciation (note 11)	**195,920**	161,530	**237,609**	196,947
Rent	**118,568**	110,323	**10,058**	1,813
Professional and consultancy fees	**110,921**	71,940	**134,943**	100,702
Printing and stationery	**24,691**	66,479	**24,691**	66,479
Foreign exchange loss	**56,791**	52,346	**56,791**	56,921
Directors' remuneration [note 31(d)]	**-**	45,433	**-**	45,433
Contributions for social causes	**50,000**	50,000	**50,000**	50,000
Directors' meeting attendance fees [note 31(d)]	**42,700**	46,900	**46,100**	51,400
Communication	**30,054**	36,090	**30,054**	36,090
Business travel and meeting expenses	**18,067**	24,100	**18,067**	24,100
Registration and renewals	**26,403**	23,524	**29,093**	23,524
Vehicle expenses	**32,628**	24,820	**34,220**	29,400
Repairs and maintenance	**18,205**	15,282	**18,205**	15,282
Amortisation (note 13)	**155**	2,559	**155**	2,559
Other	**189,691**	78,565	**216,467**	112,320
	2,020,273	2,020,903	**2,272,123**	2,310,968

7 BREAKDOWNS OF EXPENSES BY NATURE

	Parent Company		Group	
	2021	2020	**2021**	2020
	RO	RO	**RO**	RO
Raw materials and consumables used	**21,476,353**	14,686,800	**17,979,324**	11,563,223
Employee benefits expenses (note 8)	**7,227,147**	7,105,608	**8,283,929**	8,241,401
Depreciation on property, plant and equipment (note 4,5,6 and 11)	**2,796,831**	1,242,538	**3,262,374**	1,674,122
Rent (note 24)	**1,988,646**	1,645,326	**1,988,646**	1,078,482
Transportation cost	**1,514,780**	1,138,104	**1,514,780**	1,210,959
Other expenses	**4,205,809**	2,502,454	**4,211,279**	3,170,461
Total of cost of sales, selling and distribution and administrative and general expenses	**39,209,566**	28,320,830	**37,240,332**	26,938,648

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	
	2021	2020	**2021**	2020
	RO	RO	**RO**	RO
Salaries, wages and other benefits	**6,564,018**	6,426,015	**7,553,088**	7,484,293
Leave salary	**380,029**	366,405	**424,259**	417,579
Air passage	**84,000**	111,373	**93,195**	120,257
End of service benefits (note 28)	**199,100**	201,815	**213,388**	219,272
	7,227,147	7,105,608	**8,283,930**	8,241,401

9 FINANCE COSTS

	Parent Company		Group	
	2021	2020	**2021**	2020
	RO	RO	**RO**	RO
(a) Finance cost:				
- on bank overdraft	**(227,957)**	(172,970)	**(260,013)**	(203,919)
- on Islamic term loan	**(2,146,188)**	(170,514)	**(2,201,252)**	(223,020)
- on lease liabilities (note 27)	**(115,252)**	(107,002)	**(161,083)**	(156,148)
	(2,489,397)	(450,486)	**(2,622,348)**	(583,087)
(b) Finance income:				
Profit on deposits	**37,809**	31,753	**37,809**	31,753
Interest income on deposits	**37,618**	35,981	**37,618**	35,981
Finance income	**75,427**	67,734	**75,427**	67,734
Finance costs– net	**(2,413,970)**	(382,752)	**(2,546,921)**	(515,353)

10 TAXATION

Statement of comprehensive income:

	Parent Company		Group	
	2021	2020	**2021**	2020
	RO	RO	**RO**	RO
Current tax expense / (income)				
- Current year	**-**	248,041	**179,434**	390,825
- Prior years	**26,834**	(268,659)	**26,834**	(268,659)
Deferred tax (income) / expense	**(475,375)**	1,239	**(460,645)**	7,797
	(448,541)	(19,379)	**(254,377)**	129,963
Statement of financial position:				
(a) Current tax (receivables)/liabilities:				
Current year	**-**	(20,618)	**175,648**	131,001
Prior year	**-**	14,300	**-**	14,300
	-	(6,318)	**175,648**	145,301
(b) Deferred tax liabilities:				
1 January	**633,677**	632,438	**834,603**	832,085
Movement for the year	**(475,375)**	1,239	**(460,645)**	2,518
31 December	**158,302**	633,677	**373,958**	834,603

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% (2020: 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.

The tax assessments of the Parent Company have been finalised till 2017 and for A'Saffa food processing LLC and A'Saffa logistics LLC (subsidiaries) have been finalised till 2018 and 2017 respectively. 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 liabilities /(assets) have been calculated at 15% (2020: 15%). The net deferred tax liabilities comprises the following types of temporary differences:

	Parent Company		Group	
	2021	2020	**2021**	2020
	RO	RO	**RO**	RO
Plant and equipment qualifying for accelerated tax relief	**931,162**	662,943	**1,292,308**	863,869
Carried forward losses	**(736,221)**	-	**(736,221)**	-
Provision for bad debts	**(62,969)**	(62,969)	**(62,969)**	(62,969)
Unrealised gain	**43,425**	43,425	**43,425**	43,425
Other	**(17,095)**	(9,722)	**(162,585)**	(9,722)
	158,302	633,677	**373,958**	834,603

11 PROPERTY, PLANT AND EQUIPMENT

(a) The movement on property, plant and equipment during the year is set out on pages 57 to 58.

(b) Buildings in the Parent Company are constructed on land leased from the Ministry of Housing, Dhofar Governate with the lease ending in 2041 and which is further renewable at the option of the lessee. 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 with leases ending in 2038 and 2050 respectively, which are further renewable at the option of the lessee.

(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 initially recognised as a finance lease liability and was reclassified to lease liabilities (note 27). These assets are jointly registered in the name of A'Saffa Processing LLC and the bank.

(d) Also refer to note 26 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 remaining partial works in relation to construction of expansion plan project at Thumrait Salalah region. The works are expected to be completed during the first quarter of 2022.

(f) Capital advances represent the amount paid to contractors for remaining partial work related with capital expansion project at Thumrait Salalah region.

(g) During the year, the Group has tested its property, plant and equipment forming part of its cash generating unit for impairment and had noted impairment indicators in term of the cash generating unit at the Parent Company level. Management has accordingly computed the recoverable amount of its cash generating unit as per value in use model. No impairment was noted as the recoverable amount exceeded its cash generating unit's carrying value. Refer to note: 2.1 (e) (i) for critical accounting estimates and judgment involved.

11 PROPERTY, PLANT AND EQUIPMENT (continued)

Parent

	Freehold land	Buildings and improvements 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 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 (note 7)	-	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										
At 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
Cost										
At 1 January 2021	**575,868**	**13,887,601**	**838,247**	**323,575**	**13,088,111**	**283,839**	**450,376**	**213,626**	**42,839,236**	**72,500,479**
Additions	**-**	**-**	**75,200**	**-**	**53,362**	**18,650**	**46,547**	**-**	**3,881,824**	**4,075,583**
Disposals	**-**	**-**	**(45,150)**	**-**	**-**	**-**	**(981)**	**-**	**-**	**(46,131)**
Transfer from capital work-in-progress	**-**	**29,026,087**	**207,163**	**108,125**	**17,114,013**	**-**	**-**	**19,487**	**(46,474,876)**	**-**
At 31 December 2021	**575,868**	**42,913,688**	**1,075,460**	**431,700**	**30,255,486**	**302,489**	**495,943**	**233,113**	**246,184**	**76,529,931**
Accumulated depreciation										
At 1 January 2021	**-**	**5,480,140**	**645,559**	**181,446**	**8,526,381**	**282,758**	**426,350**	**156,005**	**-**	**15,698,639**
Charge for the year (note 7)	**-**	**1,266,108**	**105,464**	**20,667**	**1,368,487**	**2,434**	**22,199**	**11,472**	**-**	**2,796,831**
Disposals	**-**	**-**	**(23,518)**	**-**	**-**	**-**	**(980)**	**-**	**-**	**(24,497)**
At 31 December 2021	**-**	**6,746,248**	**727,505**	**202,113**	**9,894,868**	**285,192**	**447,569**	**167,477**	**-**	**18,470,973**
Net book value										
31 December 2021	**575,868**	**36,167,440**	**347,955**	**229,588**	**20,360,618**	**17,297**	**48,373**	**65,636**	**246,184**	**58,058,959**

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 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 (note 7)	-	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 amounts										
At 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
Cost										
At 1 January 2021	**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**
Additions	**-**	**-**	**97,738**	**-**	**57,838**	**21,779**	**52,933**	**-**	**4,289,693**	**4,519,981**
Disposals	**-**	**-**	**(61,150)**	**-**	**-**	**-**	**(981)**	**-**	**-**	**(62,131)**
Transfer from capital work-in-progress	**-**	**29,103,785**	**207,163**	**108,125**	**17,908,854**	**-**	**-**	**19,487**	**(47,347,415)**	**-**
At 31 December 2021	**575,868**	**49,231,997**	**1,288,408**	**431,700**	**34,780,279**	**341,016**	**538,222**	**233,113**	**246,184**	**87,666,786**
Accumulated depreciation										
At 1 January 2021	**-**	**6,693,142**	**826,342**	**181,446**	**9,720,213**	**315,675**	**458,110**	**156,005**	**-**	**18,350,933**
Charge for the year (note 7)		**1,477,121**	**123,851**	**20,667**	**1,597,373**	**4,156**	**27,734**	**11,472**	**-**	**3,262,374**
Disposals	**-**		**(39,517)**	**-**	**-**	**-**	**(980)**	**-**	**-**	**(40,496)**
At 31 December 2021	**-**	**8,170,263**	**910,676**	**202,113**	**11,317,586**	**319,831**	**484,864**	**167,477**	**-**	**21,572,811**
Net book value										
31 December 2021	**575,868**	**41,061,734**	**377,732**	**229,588**	**23,462,693**	**21,185**	**53,357**	**65,636**	**246,184**	**66,093,976**

12 RIGHT OF USE ASSETS

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

	Parent Company		Group	
	2021 RO	2020 RO	**2021 RO**	2020 RO
Cost				
At 1 January	**1,962,698**	1,563,005	**2,622,500**	1,925,709
Additions during the year	**387,863**	361,586	**387,863**	441,375
Adjustment due to modification of lease liability	**25,738**	38,107	**25,738**	255,416
At 31 December	**2,376,299**	1,962,698	**3,036,101**	2,622,500
Accumulated depreciation				
At 1 January	**662,784**	321,715	**716,418**	336,466
Charge for the year (note 4 and 5)	**371,784**	341,069	**410,667**	379,952
At 31 December	**1,034,568**	662,784	**1,127,085**	716,418
Net carrying amount at 31 December	**1,341,731**	1,299,914	**1,909,016**	1,906,082

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

	Parent Company		Group	
	2021	2020	**2021**	2020
	RO	RO	**RO**	RO
Right-of-use assets				
Land	**748,829**	762,936	**1,316,114**	1,369,104
Vehicles	**592,902**	536,978	**592,902**	536,978
Building	**-**	-	**-**	-
	1,341,731	1,299,914	**1,909,016**	1,906,082

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

	Parent Company		Group	
	2021	2020	**2021**	2020
	RO	RO	**RO**	RO
Right-of-use assets				
Land	**39,845**	38,138	**78,728**	77,021
Vehicles	**331,939**	300,560	**331,939**	300,560
Building	**-**	2,371	**-**	2,371
	371,784	341,069	**410,667**	379,952

During the year, the Group has tested its property, plant and equipment along with right of use assets forming part of its cash generating unit for impairment and had noted impairment indicators in term of the cash generating unit at the Parent Company level. Management has accordingly computed the recoverable amount of its cash generating unit as per value in use model. No impairment was noted as the recoverable amount exceeded its cash generating unit's carrying value. Refer to note: 2.1 (e) (i) for critical accounting estimates and judgment involved.

13 INTANGIBLE ASSETS

	Parent		Group	
	2021	2020	**2021**	2020
	RO	RO	**RO**	RO
Cost				
At 1 January	**510,819**	510,819	**578,827**	578,827
At 31 December	**510,819**	510,819	**578,827**	578,827
Accumulated amortisation				
At 1 January	**510,353**	502,674	**561,637**	540,319
Charge for the year	**466**	7,679	**14,030**	21,318
At 31 December	**510,819**	510,353	**575,667**	561,637
Net carrying amount				
At 31 December	**-**	466	**3,160**	17,190

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

14 INVESTMENT IN SUBSIDIARIES

			Parent	
	%	**Year of**	**2021**	2020
	holding	**incorporation**	**RO**	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 have not noted any impairment indicators for these investments in subsidiaries at the year end.

15 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Parent company / Group

	2021		2020	
	%	**RO**	%	RO
A'Namaa Poultry Company SAOC (refer note 16)	**6.47%**	**-**	6.47%	2,482,329
Osool Poultry SAOC	**23.47%**	**6,639,096**	26.27%	6,726,943
		6,639,096		9,209,272

15 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)

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

	A'Namaa Poultry Company SAOC		Osool Poultry SAOC	
	2021	2020	**2021**	2020
	RO	RO	**RO**	RO
Opening balance	**2,482,329**	2,271,433	**6,726,943**	4,131,046
Share of losses in associates	**(59,847)**	(49,170)	**(87,847)**	(33,799)
Fair value gain on reclassification	**9,160**	-	**-**	-
Net movement for the year in profit /loss	**(50,687)**	210,896	**(87,847)**	(4,363)
Investment reclassified fair value through other comprehensive income [note: 16]	**2,431,642**		**-**	-
Additional investment	**-**	-	**-**	2,600,260
Gain on dilution	**-**	260,066	**-**	-
Gain on additional stake	**-**	-	**-**	29,436
	-	2,482,329	**6,639,096**	6,726,943

(a) During the year, the Parent Company's and the Group's share of losses in the associate companies amounted to RO 138,534. The share of losses has been recognised in the consolidated statement of profit or loss for the year.

(b) During the year, the Parent Company's representation on the Board of the investee company A'Namaa Poultry Company SAOC has ceased with effect from 23 March 2021. The Board and management have determined that due to such cessation, the Parent Company and the Group does not have any influence on the investee company from the above date. Hence, the investment was fair valued and reclassified to fair value through other comprehensive income (FVOCI) on such date.

(c) The shareholding in the Osool Poultry Company SAOC has been adjusted based on the effective shareholding considering the capital contributed by the other shareholders of the investee.

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

	Net assets	Total assets	Total liabilities	Total income	Total expenses	Results
31 December 2021	**RO**	**RO**	**RO**	**RO**	**RO**	**RO**
Osool Poultry SAOC	**28,293,353**	**65,549,787**	**37,256,434**	**3,840,116**	**(4,209,522)**	**(369,406)**

	Net assets	Total assets	Total liabilities	Total income	Total expenses	Results
31 December 2020	RO	RO	RO	RO	RO	RO
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)

16 EQUITY INVESTMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Parent		Group	
	2021	2020	**2021**	2020
	RO	RO	**RO**	RO
Reclassified from associate (note: 15)	**2,431,642**	-	**2,431,642**	-
Fair value loss on revaluation (OCI)	**(4,425)**	-	**(4,425)**	-
Net fair value at 31 December	**2,427,217**	-	**2,427,217**	-

The financial asset at fair value through other comprehensive income (FVOCI) is designated as level 3 in the fair value hierarchy, because its 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 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

	Parent		Group	
	2021	2020	**2021**	2020
	RO	RO	**RO**	RO
Unquoted local investment	**47,671**	47,671	**47,671**	47,671

The Parent Company holds 100,000 shares of RO 1 each (2020: 100,000 shares of RO 1 each) in Al Najd Agricultural Development SAOC.

The financial asset at fair value through profit or loss (FVTPL) is designated as level 3 in the fair value hierarchy, because its 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. There was no transfer in fair value level hierarchy during the year.

18 INVENTORIES

	Parent		Group	
	2021	2020	**2021**	2020
	RO	RO	**RO**	RO
Raw materials and consumables	**1,919,941**	2,174,460	**2,586,672**	2,815,802
Finished products	**6,250,700**	2,028,900	**6,103,924**	1,949,100
Stores and spares	**1,006,500**	902,840	**1,217,223**	1,097,491
	9,177,141	5,106,200	**9,907,819**	5,862,393

The Group has considered and made no provisions in the current and the previous year based on the fast moving nature of its inventory balances.

19 BIOLOGICAL ASSETS

	Parent and Group	
	2021	2020
	RO	RO
Mature biological assets (Broiler birds)	**1,734,989**	873,020
Immature biological assets (Parent/Breeder chicks)	**523,556**	391,295
Hatchable eggs	**675,920**	566,495
	2,934,465	1,830,810

At 31 December 2021, 3,009,987 Nos. broiler birds (2020 - 1,857,490 Nos. broiler birds) and 212,228 Nos. chicks (2020 - 182,206 Nos. chicks) were part of biological assets.

19 BIOLOGICAL ASSETS (Continued)

Movement in mature biological assets (Broiler birds):

	Parent and Group	
	2021	2020
	RO	RO
1 January	**873,020**	708,500
Produced during the year	**41,172,680**	21,164,911
Sold during the year	**(40,310,711)**	(21,000,391)
31 December	**1,734,989**	873,020

The fair values of the broiler birds and hatchable eggs have been categorised as Level 3 and Level 1 hierarchy respectively. 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 0.830	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 1% 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 2021 and 2020.

20 TRADE AND OTHER RECEIVABLES

	Parent Company		Group	
	2021	2020	**2021**	2020
	RO	RO	**RO**	RO
Trade receivables *(note 20.1)*	**8,260,903**	5,850,294	**8,395,884**	5,999,890
Due from a related party (note 31)	**40,069**	216,330	**40,069**	47,221
Advances to staff and suppliers	**1,264,060**	899,039	**1,329,514**	904,317
VAT receivables	**431,301**	-	**391,201**	-
Prepayments	**126,755**	108,921	**158,649**	375,956
Other receivables	**113,812**	53,171	**137,690**	53,171
	10,236,900	7,127,755	**10,453,007**	7,380,555

20.1 Trade receivables

	Parent Company		Group	
	2021	2020	**2021**	2020
	RO	RO	**RO**	RO
Gross trade receivables	**8,630,697**	6,220,085	**8,814,955**	6,418,961
Allowance for impairment	**(369,794)**	(369,794)	**(419,071)**	(419,071)
	8,260,903	5,850,294	**8,395,884**	5,999,890

The ageing of trade receivables and the movement in provision at the reporting date is disclosed in note 32.

21 TERM DEPOSITS

	Parent Company		Group	
	2021	2020	**2021**	2020
	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 3% to 3.25% per annum (2020 - 2% to 3.5%). These deposits are pledged against bank overdraft (note 26).

22 CASH AND BANK BALANCES

	Parent Company		Group	
	2021	2020	**2021**	2020
	RO	RO	**RO**	RO
Cash on hand	**86,271**	65,551	**88,641**	68,451
Cash at bank	**70,093**	215,992	**295,127**	324,032
	156,364	281,543	**383,768**	392,483

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.

22.1 Reconciliation of liabilities arising from financing activities

	Parent Company		Group	
Net debt	**2021**	2020	**2021**	2020
	RO	RO	**RO**	RO
Cash and bank balances	**156,364**	281,543	**383,768**	392,483
Term deposits	**2,000,000**	2,000,000	**2,000,000**	2,000,000
Borrowings	**(49,697,929)**	(38,544,432)	**(51,343,037)**	(40,711,743)
Lease liabilities	**(1,454,909)**	(1,364,730)	**(2,113,139)**	(2,094,331)
Net debt	**(48,996,474)**	(37,627,619)	**51,613,666**	(40,413,591)

All debts noted above are at fixed interest rates.

23 SHARE CAPITAL

a) The authorised and the issued (fully paid) share capital comprises of 120,000,000 (2020: 120,000,000) ordinary shares of 100 baisa (2020: 100 baisa).

b) The shareholders of the Company who own 8% or more of the Company's shares at 31 December 2021 and 2020 and the number of shares held by them are set out below:

	2021		2020	
	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%

During the year, dividends of 0.020 baisa (2020: Nil) per share totalling RO 2,400,000 relating to the year 2020 were declared and paid.

24 LEGAL RESERVES

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.

25 OTHER RESERVE

During the year, Parent Company has created a fair value reserve with respect to its equity investment reclassified from associate investment to fair value investment through comprehensive income. On disposal of this equity investment, any related balance within the FVOCI reserve will be transferred to retained earnings.

26 BORROWINGS

Non-current:

	Parent Company		Group	
	2021	2020	**2021**	2020
	RO	RO	**RO**	RO
Term loans from commercial banks:				
Term loan 1 (a)	**-**	-	**621,861**	1,119,501
Term loan 2 (b)	**-**	-	**565,074**	623,741
Term loan 3 (c)	**32,338,817**	31,370,834	**32,338,817**	31,369,615
Term loan 4 (d)	**4,672,170**	5,016,051	**4,672,170**	5,017,269
	37,010,987	36,386,885	**38,197,922**	38,130,126
Less: current portion of term loan including interest	**(1,195,260)**	(1,196,661)	**(1,838,368)**	(1,840,909)
	35,815,727	35,190,224	**36,359,554**	36,289,217

Current:

	Parent Company		Group	
	2021	2020	**2021**	2020
	RO	RO	**RO**	RO
Current portion of term loans including interest	**1,195,260**	1,196,661	**1,838,368**	1,840,909
Short term loans	**9,528,990**	1,055,908	**9,528,990**	1,055,908
Bank overdrafts (e)	**3,157,952**	1,101,639	**3,637,986**	1,525,709
	13,882,202	3,354,208	**15,005,344**	4,422,526

(a) Term loan 1 is denominated in Omani Rial and was availed in 2015 from a local Islamic bank by a subsidiary. The loan is subject to a profit rate of 5.5% (2020: 5.5%) 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) Term loan 2 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 5.8% (2020: 5.25%) per annum. It is repayable in twenty quarterly instalments commencing from Jan 2021. The loan is secured against first commercial charge on building and equipment (note 11).

(c) 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 6.25% per annum. The loan is repayable in twenty two semi-annual instalments commencing from January 2023. The loan is secured against first commercial charge on building and equipment (note 11).

26 BORROWINGS (continued)

(d) Term loan 4 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% (2020: 5.25%) per annum. It is repayable in eighteen semi-annual installments which commenced from April 2021. The loan is secured against first commercial charge on building and equipment (note 11).

(e) The overdraft is repayable on demand and therefore the carrying amounts approximate their fair values. Bank overdraft is secured by a lien over a term deposit amounting to RO 2,000,000 (2020 - RO 2,000,000), assignment of certain accounts receivable and carries interest / profit ranging from 0.3% to 0.4%% (2020 - 0.4% to 0.5%) per annum above short term deposit rate / wakala deposit rate. The rate is subject to renegotiation with the banks upon renewal of the facilities, which generally takes place on an annual basis.

(f) The Parent Company facility agreement with the bank contains certain covenants pertaining to maintaining debt service coverage ratio, debt service reserve account and debt to equity ratio. At 31 December 2021, the Parent Company was not in compliance with the debt service coverage ratio and debt service reserve account and has informed the breach of covenant to the bank. The bank agreed to waive the covenant compliance requirement for the financial year 2021 prior to the year end. Accordingly, the outstanding balance of the term loan has not been fully reclassified to current liabilities.

27 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 increase in the rent. 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 25,738. 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 right of use assets.

The balance sheet shows the following amounts relating to leases:

	Parent Company		Group	
	2021	2020	**2021**	2020
	RO	RO	**RO**	RO
Lease liabilities				
Land	**804,537**	800,523	**1,419,151**	1,435,128
Vehicles	**650,372**	564,207	**650,372**	564,207
Building	**-**	-	**43,616**	94,996
Total	**1,454,909**	1,364,730	**2,113,139**	2,094,331

27 LEASE LIABILITIES (continued)

Movement of lease liabilities during the year

	Parent Company		Group	
	2021	2020	**2021**	2020
	RO	RO	**RO**	RO
Lease liabilities				
Lease liability recognised as at 1 January	**1,364,730**	1,274,778	**2,094,331**	2,008,977
Additions during the year	**387,863**	361,586	**387,864**	441,375
Modification of lease liability	**25,738**	38,107	**25,738**	255,416
Interest charge (note: 9)	**115,252**	107,002	**161,083**	156,148
Payments during the year	**(438,674)**	(416,743)	**(555,877)**	(767,585)
Closing as at 31 December	**1,454,909**	1,364,730	**2,113,139**	2,094,331
Current	**299,845**	263,750	**366,233**	326,491
Non-current	**1,155,064**	1,100,979	**1,746,906**	1,767,840
Total	**1,454,909**	1,364,730	**2,113,139**	2,094,331

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

	Parent Company		Group	
	2021	2020	**2021**	2020
	RO	RO	**RO**	RO
Interest expense (included in note9)	**115,252**	107,002	**161,083**	156,148
Expense relating to short-term leases (note 7)	**1,988,646**	1,645,326	**1,988,646**	1,078,482

28 END OF SERVICE BENEFITS

	Parent Company		Group	
	2021	2020	**2021**	2020
	RO	RO	**RO**	RO
At 1 January	**944,562**	774,467	**1,011,050**	823,952
Charge for the year (note 8)	**199,100**	201,815	**213,388**	219,272
Paid during the year	**(100,508)**	(31,720)	**(104,028)**	(32,174)
At 31 December	**1,043,154**	944,562	**1,120,410**	1,011,050

In accordance with the provisions of IAS 19, the management has carried out an exercise to assess the present value of its obligations as at 31 December 2021 and 2020, using the projected unit credit method, in respect of employees' end of service benefits payable under the Oman Labour Law. Under this method an assessment has been made of an employee's expected service life with the Group and the expected basic salary at the date of leaving the service. Management has assumed average increment / promotion costs in line with the operating performance of the Group and expected future outlook. The expected liability at the date of leaving the service has been discounted to net present value using a discount rate of 6% (2020 – 6%).

29 TRADE AND OTHER PAYABLES

	Parent Company		Group	
	2021	2020	**2021**	2020
	RO	RO	**RO**	RO
Trade payables	**4,100,830**	2,474,986	**4,393,455**	2,738,078
Due to related parties [note: 31(b)]	**910,951**	-	**182,870**	-
Accruals	**180,200**	114,099	**519,906**	161,440
Other payables	**1,987,089**	1,622,377	**2,075,373**	1,886,503
Retentions payable	**1,047,100**	1,188,014	**1,047,100**	1,188,014
	8,226,170	5,399,476	**8,218,704**	5,974,035

30 CASH GENERATED FROM OPERATIONS

	Parent Company		Group	
	2021	2020	**2021**	2020
	RO	RO	**RO**	RO
Operating activities				
(Loss) / profit before taxation	**(3,343,788)**	1,574,713	**(2,071,067)**	2,569,071
Adjustment for:				
Depreciation on property, plant and equipment	**2,796,831**	1,242,538	**3,262,374**	1,674,122
Depreciation on right of use assets	**371,784**	341,069	**410,667**	379,952
Amortization	**466**	7,679	**14,030**	21,318
Provision for expected credit losses	**-**	(26,978)	**-**	(26,978)
Finance income	**(75,427)**	(67,734)	**(75,427)**	(67,734)
Finance expense	**2,489,397**	450,486	**2,622,348**	583,087
Gain on disposal of property, plant and equipment	**-**	(23,645)	**-**	(23,645)
Share of loss from associates	**138,534**	(206,532)	**138,534**	(206,532)
Accruals of end of service benefits	**199,100**	201,815	**213,388**	219,272
	2,576,897	3,493,411	**4,514,847**	5,121,933
Income tax paid	**(26,834)**	(351,323)	**(172,135)**	(463,048)
Payment of end of service benefits	**(100,508)**	(31,720)	**(104,028)**	(32,174)
	2,449,555	3,110,368	**4,238,684**	4,626,711
Working capital changes:				
Inventories	**(4,070,941)**	(556,778)	**(4,045,426)**	(442,384)
Biological assets	**(1,103,655)**	(427,220)	**(1,103,655)**	(427,220)
Trade and other receivables	**(3,052,370)**	2,962,663	**(2,796,343)**	2,313,641
Trade and other payables	**2,826,694**	(2,336,654)	**1,244,791**	(2,587,635)
Cash used in / (generated) from operations	**(2,950,717)**	2,752,379	**(2,461,949)**	3,483,113

31 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:

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

	Parent Company		Group	
	2021	2020	**2021**	2020
	RO	RO	**RO**	RO
Purchase of goods and services				
- Subsidiaries	**5,639,175**	5,280,076	**-**	**-**
- Other related parties	**1,463,265**	-	**1,463,265**	**-**
Sales of goods				
- Subsidiary	**942,786**	741,005	**-**	**-**
- Other related parties	**162,403**	205,252	**162,403**	202,252

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

	Parent Company		Group	
	2021	2020	**2021**	2020
	RO	RO	**RO**	RO
Receivable from: (note: 20)				
- Subsidiaries	**-**	169,673	**-**	**-**
- Other related parties	**40,069**	46,657	**40,069**	47,221
	40,069	216,330	**40,069**	47,221
Payable to: (note: 29)				
- Subsidiaries	**728,081**	-	**-**	-
- Other related parties	**182,870**	-	**182,870**	-
	910,951	-	**182,870**	-

31 RELATED PARTIES (continued)

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	
	2021	2020	**2021**	2020
	RO	RO	**RO**	RO
Short-term employment benefits	**361,305**	379,943	**361,305**	379,943
End of service benefits and social security costs	**10,662**	8,002	**10,662**	8,002
	371,967	387,945	**371,967**	387,945

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

	Parent Company		Group	
	2021	2020	**2021**	2020
	RO	RO	**RO**	RO
Directors' remuneration (note 6)	**-**	45,433	**-**	45,433
Directors' meeting attendance fees (note 6)	**42,700**	46,900	**46,100**	51,400
Directors' travel and related expenses	**1,908**	3,545	**1,908**	3,545
	44,608	95,878	**48,008**	100,378

32 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.

32 FINANCIAL RISK MANAGEMEN (continued)

(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	**2021**	2020	**2021**	2020
		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%	**46,539,977**	37,442,793	**47,726,912**	39,186,034
Lease Liabilities	6.5%	**1,454,909**	1,364,730	**2,113,139**	2,094,331
Bank Overdraft	5.5% to 6.5%	**3,157,952**	1,101,639	**3,637,986**	1,525,709
		51,152,838	39,909,162	**53,478,037**	42,806,074

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.

(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).

32 FINANCIAL RISK MANAGEMEN (continued

	Increase/ decrease in foreign currency to the RO	Effect on the profit before tax on currency fluctuation
2021	5%	**576**
	-5%	**(576)**
2020	5%	380
	-5%	(380)

(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 81% of the outstanding accounts receivable at 31 December 2021 (2020: twenty-five largest customers: 76%).

32 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	
	2021	2020	**2021**	2020
	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	**156,364**	281,543	**383,768**	392,483
Trade receivables (gross)	**8,630,697**	6,220,085	**8,814,955**	6,418,961
Other receivables	**113,812**	53,171	**137,690**	53,171
Due from Related parties	**40,069**	216,330	**40,069**	47,221
	10,940,942	8,771,129	**11,376,482**	8,911,836

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	**2021**	2020	**2021**	2020
Bank balances	**RO**	RO	**RO**	RO
Alizz Islamic Bank	**5,195**	-	**130,086**	56,872
Bank Dhofar SAOG	**773**	788	**773**	788
National Bank of Oman SAOG	**6,466**	33,323	**104,920**	75,243
Oman Arab Bank SAOC	**1,440**	72,558	**1,440**	72,688
Bank Muscat SAOG	**56,219**	104,123	**57,908**	113,241
Al Yusr Islamic Bank	**-**	5,200	**-**	5,200
	70,093	215,992	**295,127**	324,032
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.

32 FINANCIAL RISK MANAGEMENT (continued)

Age analysis of current trade receivable is as follows:

Parent

2021	Weighted average loss rate	Gross carrying amount	Expected credit loss	Net carrying amount
		RO	RO	RO
Not past due	0.00%	4,664,903	115	4,664,788
< 60 days	0.07%	2,929,498	2,182	2,927,316
61-120 days	0.37%	496,322	1,832	494,490
121-180 days	2.61%	35,059	914	34,145
181-240 days	42.65%	103,403	44,106	59,297
> 241 days	79.86%	401,512	320,645	80,867
		8,630,697	369,794	8,260,903

(b) Credit risk (continued)

Group

2021	Weighted average loss rate	Gross carrying amount	Expected credit loss	Net carrying amount
		RO	RO	RO
Not past due	0.00%	4,665,253	115	4,665,138
< 60 days	0.07%	3,152,759	2,182	3,150,577
61-120 days	0.51%	356,951	1,832	355,119
121-180 days	2.50%	36,522	914	35,608
181-240 days	42.65%	103,403	44,106	59,297
> 241 days	73.97%	500,067	369,922	130,145
		8,814,955	419,071	8,395,884

Parent

2020	Weighted average loss rate	Gross carrying amount	Expected credit loss	Net carrying amount
		RO	RO	RO
Not past due	0.09%	3,331,237	2,998	3,328,239
< 60 days	0.40%	2,226,605	8,906	2,217,699
61-120 days	0.60%	41,148	247	40,901
121-180 days	2.90%	25,712	746	24,969
181-240 days	35.80%	38,883	13,920	24,963
> 241 days	61.63%	556,500	342,977	213,523
		6,220,085	369,794	5,850,294

32 FINANCIAL RISK MANAGEMENT (continued)

Group

2020	Weighted average loss rate	Gross carrying amount	Expected credit loss	Net carrying amount
		RO	RO	RO
Not past due	0.09%	3,398,648	3,059	3,395,589
< 60 days	0.40%	2,303,882	9,216	2,294,666
61-120 days	0.60%	41,352	248	41,104
121-180 days	2.90%	30,419	882	29,537
181-240 days	35.80%	38,883	13,920	24,963
> 241 days	64.67%	605,777	391,746	214,031
		6,418,961	419,071	5,999,890

The related party balances and 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 2021 reconcile to the opening loss allowances as follows:

	Parent Company		Group	
	2021	2020	**2021**	2020
	RO	RO	**RO**	RO
Opening loss allowance as at 1 January	**369,794**	396,770	**419,071**	446,047
Increase in loan loss allowance recognised in profit or loss during the year	**-**	21,250	**-**	21,250
Reverse during the year	**-**	(48,226)	**-**	(48,226)
Net movement during the year	**-**	(26,978)	**-**	(26,978)
At 31 December	**369,794**	369,794	**419,071**	419,071

(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.

32 FINANCIAL RISK MANAGEMENT (continued)

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 2021	**RO**	**RO**	**RO**	**RO**	**RO**
Financial liabilities					
Long term loans	**37,010,987**	**54,255,580**	**2,619,863**	**20,240,470**	**31,395,247**
Lease liabilities	**1,454,909**	**2,273,648**	**317,736**	**865,242**	**1,090,670**
Short term loans	**9,528,990**	**9,528,990**	**9,528,990**	**-**	**-**
Bank Overdraft	**3,157,952**	**3,157,952**	**3,157,952**	**-**	**-**
Trade and other payables	**8,226,170**	**8,226,170**	**8,226,170**	**-**	**-**
	59,379,008	**77,442,340**	**23,850,711**	**21,105,712**	**32,485,917**

Group

		Cash flows			
	Carrying amount	Contractual cash flow	Less than 1 year	More than 1 to 5 years	More than 5 years
31 December 2021	**RO**	**RO**	**RO**	**RO**	**RO**
Financial liabilities					
Long term loans	**38,197,922**	**55,568,913**	**3,307,746**	**20,865,920**	**31,395,247**
Lease liabilities	**2,113,139**	**3,674,529**	**423,746**	**1,083,645**	**2,167,138**
Short Term loans	**9,528,990**	**9,528,990**	**9,528,990**	**-**	**-**
Bank overdraft	**3,637,986**	**3,637,986**	**3,637,986**	**-**	**-**
Trade and other payables	**8,218,704**	**8,218,704**	**8,218,704**	**-**	**-**
	61,696,741	**80,629,122**	**25,117,172**	**21,949,565**	**33,562,385**

Parent		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	36,386,885	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	1,055,908	1,055,908	1,055,908	-	-
Bank Overdraft	1,101,639	1,101,639	1,101,639	-	-
Trade and other payables	5,399,476	5,399,476	5,399,476	-	-
	45,308,637	59,097,699	9,840,595	26,795,785	22,461,319

32 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 2020	RO	RO	RO	RO	RO
Financial liabilities					
Long term loans	38,130,126	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	1,055,908	1,055,908	1,055,908	-	-
Bank overdraft	1,525,709	1,525,709	1,525,709	-	-
Trade and other payables	5,974,035	5,974,035	5,974,035	-	-
	48,780,109	60,130,593	13,415,640	29,768,492	16,946,461

(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	
	2021	2020	**2021**	2020
	RO	RO	**RO**	RO
Debt (including lease liability)	**51,152,838**	39,909,162	**53,478,037**	42,806,074
Capital/Equity	**35,454,699**	40,754,371	**39,498,057**	43,719,172
Debt to equity ratio (times)	**1.443**	**0.979**	**1.354**	0.979

The adverse impact of Coronavirus still continues throughout the world has impacted our market, sales, and broader operations. The Group is facing some operational challenges due to a sudden increase in the raw material prices. The prices of the feed material ingredients have increased in the region of 30% - 50% during the year which resulted in a significant increase in the cost of production thereby impacting the gross margins. The depressed market situation due to long durations of restrictions and lockdown adversely affected the overall business environment. Further, the influx of imported and cheaper prized chicken also affected our sales and realization. In this environment, the Group has already taken measures to manage its liquidity and capital carefully until the impact of pandemic subsides. 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.

(e) Fair value of financial instruments

For assets subsequently measured at FV refer to note 16,17 & note 19 for fair value measurement techniques and disclosures. The carrying values of the remaining financial assets and liabilities approximate their fair values.

33 COMMITMENTS

(a) Purchase commitments

At 31 December 2021, the Parent Company and Group had purchase commitments amounting to RO 4,657,498 (2020: RO 1,000,290) mainly relating to purchase of raw material.

(b) Capital commitments

At 31 December 2021, the Parent Company and the Group had capital commitments amounting to RO nil (2020: RO 1,857,581).

(c) Guarantees

The Parent Company has provided a letter of comfort for a term loan obtained by a subsidiary. Refer note 26 for details.

34 BASIC AND DILUTED LOSS / 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	
	2021	2020	**2021**	2020
(Loss) / profit for the year (RO)	**(2,895,247)**	1,594,092	**(1,816,690)**	2,439,108
Weighted average number of shares outstanding during the year	**120,000,000**	120,000,000	**120,000,000**	120,000,000
(Loss) / earnings per share - Basic and diluted (RO)	**(0.024)**	0.013	**(0.015)**	0.020

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

35 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	
	2021	2020	**2021**	2020
	RO	RO	**RO**	RO
Net assets – Shareholders' funds (RO)	**35,454,699**	40,754,371	**39,498,057**	43,719,172
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)	**0.295**	0.340	**0.329**	0.364

36 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:

36 SEGMENT REPORTING (continued)

Trade receivables	Parent Company		Group	
	2021	2020	**2021**	2020
	RO	RO	**RO**	RO
Local	**7,143,136**	5,064,890	**7,327,394**	5,263,766
GCC countries	**1,487,561**	1,155,195	**1,487,561**	1,155,195
	8,630,697	6,220,085	**8,814,955**	6,418,961

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

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