

REPORT ON MATERIAL EVENTS & SIGNIFICANT CHANGES FOR THE PERIOD OF SIX MONTHS ENDED ON 30 JUNE 2014

MATERIAL EVENTS

In the annual general meeting of the company held on 11 March 2014 the shareholders declared 20% bonus shares (two shares for every 10 shares held) for the year ended on 31 December 2013.

Government has allocated land to the company in Thumrait for setting up its new compost plant.

Company has received a letter from the Ministry of Environment & Climate Affairs stating that the company does not need an environment license for cultivation of fresh mushrooms in its farm in Barka.

MATERIAL CHANGES IN FIGURES

Production – During the period Company produced 1726 Metric Tons of fresh mushrooms compared to 1773 Metric Tons for the same period last year, a decrease of 3% due to closure of Company's compost plant and dependence on outsourced compost.

Sales – During the period the company achieved a sales turnover of RO 3.330 million compared to RO 3.387 million for the same period last year, a decrease of 2% due to lower production.

Gross Profit – During the period the company made a Gross Profit of RO 1.175 million compared to a Gross Profit of RO 1.620 million for the same period last year, a decrease of 27%. Gross margin reduced mainly due to higher cost of outsourced compost.

Selling & Distribution Expenses – During the period the company incurred RO 0.192 million as Selling & distribution expenses compared to RO 0.304 million for the same period last year, a decrease of 37% due to decrease in exports and air freight.

General & Administration Expenses – During the period the company incurred RO 0.445 million as General & administration expenses compared to RO 0.476 million for the same period last year, a decrease of 7% mainly due to reduction in employee costs.

Profit before tax – During the period the company earned Profit before tax of RO 0.264 million compared to Profit before tax of RO 0.579 million for the same period last year, a decrease of 54% due to above reasons.

Income tax – During the period Company provided Income tax of RO 0.045 million compared to RO 0.059 million provided for the same period last year, a decrease of 24% due to lower income.

Total Comprehensive Income (after tax) – During the period the company earned a total Comprehensive Income (after tax) of RO 0.219 million compared to a total Comprehensive Income (after tax) of RO 0.520 million for the same period last year, a decrease of 58% due to above reasons.

General Manager

**Unaudited Statement of financial position
as at 30th June 2014**

	Notes	30 June 2014	30 June 2013
		RO	RO
Non-current assets		5,026,347	5,488,162
		<u>5,026,347</u>	<u>5,488,162</u>
Current assets			
Inventories	1	565,108	706,423
Receivables & Prepayments	2	1,424,247	1,031,308
Bank and Cash		624,043	456,506
		<u>2,613,398</u>	<u>2,194,237</u>
Total current assets		2,613,398	2,194,237
Total assets		7,639,745	7,682,399
		<u>7,639,745</u>	<u>7,682,399</u>
Current liabilities			
Interest-bearing loans	3	565,000	450,000
Trade and other creditors		433,957	538,772
Taxation		50,226	78,470
		<u>1,049,183</u>	<u>1,067,242</u>
Total current liabilities		1,049,183	1,067,242
Non-current liabilities			
Interest-bearing loans	3	1,167,740	1,382,740
Deferred Tax	4	336,652	377,612
End of service benefits		154,254	133,124
		<u>1,658,646</u>	<u>1,893,476</u>
Total non-current liabilities		1,658,646	1,893,476
Total liabilities		2,707,829	2,960,718
		<u>2,707,829</u>	<u>2,960,718</u>
Net Assets		4,931,916	4,721,681
		<u>4,931,916</u>	<u>4,721,681</u>
Shareholders' funds			
Share capital		2,718,144	2,265,120
Legal Reserve		573,648	552,624
Special Reserves		12,405	12,405
Revaluation Reserve		1,099,316	1,099,316
Accumulated Profit		528,403	792,216
		<u>4,931,916</u>	<u>4,721,681</u>
Total shareholders' equity	9	4,931,916	4,721,681
		<u>4,931,916</u>	<u>4,721,681</u>
Net assets per share (RO)	8	0.181	0.208

**Unaudited Statement of comprehensive Income
for Six months ended 30 June 2014**

	Notes	6 months ended 30 June 2014 RO	6 months ended 30 June 2013 RO
Turnover/Revenue		3,329,544	3,387,006
Direct Expenses		(2,154,406)	(1,767,364)
Gross profit		1,175,138	1,619,642
Selling & distribution exp.		(192,306)	(303,774)
Indirect expenses		(444,561)	(475,507)
Other Income		12,276	22,060
Profit before depreciation & net financing costs		550,547	862,421
Depreciation		(257,827)	(254,257)
Profit before net financing costs		292,720	608,164
Net financing costs	3	(29,107)	(29,491)
Profit before tax		263,613	578,673
Income tax	4	(44,938)	(59,043)
Profit for the period		218,675	519,630
Other comprehensive income		-	-
Total comprehensive income for the period		218,675	519,630
Profit per share (RO)	7	0.008	0.019