HM Sultan Qaboos Bin Said, Sultan of Oman

Oman Fisheries Co. S.A.O.G

Twentythird Annual Report
2011 - 2012

Oman Fisheries Co. S.A.O.G

INDEX

Oman Fisheries Co. S.A.O.G

BOARD MEMBERS

Sheikh Mohammed bin Hamad bin Ali Al Masrouri
Chairman

Saleh bin Nasser bin Juma Al Araimi
Deputy Chairman

Abdul Ameer bin Said bin Mohammed
Director

Sheikh Salah bin Hilal bin Naser Al Mawali
Director

Qais bin Mahmood bin Abdalla Al Khonji
Director

Dr. Saud bin Hamood bin Ahmed Al Habsi
Director

Hani bin Dawood bin Hamdan Al Baharani
Director

Musalam Amer Al Ammri
Director

CHAIRMAN REPORT

Dear Shareholders,

On behalf of members of the Board of Directors I am pleased to welcome you on the occasion of 23rd Annual General Meeting of the Company to review together the performance of your Company and to approve annual report and audited financial statement for the financial year ended on 31st March, 2012. I am glade to announce that your Company is committed to follow laws and regulations set up through its Articles of Association and Capital Market Authority.

Financial results and performance of the company

Your company had achieved consolidated sales turnover of RO 26.31 Million for the financial year ended on 31st March, 2012 as compared to last year turnover of RO 17.64 Million and thereby increase of 49% in total turnover. The main contributing factor for increase in the sales is fish procured from the local fishermen. During this year Company had made sales of RO 20.78 Million by procuring from the local fishermen as compared to the last year turnover of RO 11.53 Million and thereby increase of 80%. The efforts and plans of the Management have resulted in the increase of operating profit by 62% as compared to the last year. Your company had achieved consolidated operating profit of RO 863,113 for the financial year ended on 31st March, 2012 as compared to 531,477 for last year.

In the area of Investment, drop of Muscat Security Market index by 478 points; from 6,168 points as on 1st April, 2011 and 5,690 points as on 31st March, 2012 had affected to the investment of the Company for the investment made through Bank Muscat and Vision Investment Company. In last financial year your company had suffered financial loss of RO 179,019 by way of reduction in the fair value of the investment made in Muscat Security Market. Because of the heavy losses suffered in the past years, the Board Members had decided to sell some portion of the investment and to invest the proceeds in the core business of the Company like for constructing new fish processing plants, procuring fishing boats etc.

Even there is loss in the investment; your Company is manage to achieve consolidated net profit of RO 995,891 as compared to the last year achievement of RO 871,605.

In light of the above achievement, the Board of Directors had recommended dividend of 7% of the nominal value of shares and remuneration of RO 29,200 for the members of Board of Directors.

Company's Operation

The Company had continued to put its efforts on implementation of Strategic Five Years Business Growth Plan. In order to follow up the implementation of Business Plan and to monitor the performance of the Company, the Members of the Board of Directors had constructed a Committee of three members under the leadership of Deputy Chairman. In this regard, I would like to inform you that operations of the Company and growth achieved by the Company are going on according to the Business Plan and the Executive Management, managed to overcome from lot of problems by implementation of 5 years Business Plan.

As promised in last year, your company had finished construction of 1st phase of Cold Store having capacity of 8,000 Mt. Actual operation of new cold store has been started from April, 2012.

Future Outlook

During the last quarter of the financial year, the Board of Directors had approved establishment of two new processing plants of the Company; one in Salalah and other one in Soqura. These two new plants will increase the production capacity of the Company as per the target set out in the Business Growth Plan. We hope that these plants will start production by March, 2013.

The executive management of the Company is currently working on completing feasibility studies of two projects: 1. establishing new subsidiary company for the operation of the fishing vessels and 2. activating the role of Oman Fisheries Co. in the local market in order to support Government's initiative of food security.

Internal Control

The system of internal control of the Company is in line with the size of its operations, business activities and in conformity with the requirement of the Capital Market Authority. The Company had established in-house internal audit department who is directly reporting to the Board of Directors in addition to this Company had appointed KPMG as internal auditor. The Internal Audit Committee formed by the Board of Directors reviews effectiveness of internal controls and interacts on regular basis with internal auditor to review their reports. Further, Oman Fisheries Co. is also subject to the State Audit Institution as Government of Sultanate of Oman is holding 24% stake and Company had signed concession agreement for procuring fish from Omani water with Ministry of Agricultural Fisheries and Wealth. This will give more confident to the Shareholders on the operations, administration and financial position of the Company.

Achievements and Appreciation

Dear Shareholders, we are pleased to inform you that your Company had achieved two prestigious awards during this financial year.

1. Certificate for best quality in fisheries in Arab Countries from The Arab Administrative Development Organization – Co. operative with Tatwij Academic.

   Oman Fisheries Co. SAOG has been providing as best quality fish to its customers and this had recognized through this award. Company got best quality award in fisheries sector in GCC region.

2. Your Company has been awarded Second Place in Corporate Governance Excellence Award for Year 2011 in the industrial sector by Capital Market Authority of Sultanate of Oman. This reflects that the Company has been consistently adhering to the highest level of Corporate Governance over the years.

Acknowledgement

On behalf of the Board of Directors and Management of the Company, I wish to acknowledge and expressed my sincere gratitude to His Majesty Sultan Qaboos Bin Said and his Government for establishing good working environment in the fisheries sector and for taking good steps for food security in the Country. Further, on behalf of all of us I am sincerely thankful to the Ministry of Agricultural and Fisheries and all Government agencies for their continuous support to Oman Fisheries Co. SAOG.

Further, we are extending our thanks to the employees of the Company for their continuous efforts and we are wishing them all the success for the coming financial year.

May Allah guide us all to keep steps on the right path and crown our efforts with success.

Mohammed bin Hamad bin Ali al Masrouri

Chairman

PRICEWATERHOUSECOOPERS

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REPORT OF FACTUAL FINDINGS

TO THE SHAREHOLDERS OF OMAN FISHERIES CO. SAOG

We have performed the procedures prescribed in Capital Market Authority (CMA) circular number 16/2003, dated 29 December 2003, with respect to the Board of Directors' Corporate Governance Report of **Oman Fisheries Co. SAOG** (the company) as at and for the year ended 31 March 2012 and application of the corporate governance practices in accordance with CMA Code of Corporate Governance issued under Circular number 11/2002 dated 3 June 2002 and as supplemented by the Rules and Guidelines on Disclosure by Issuers of Securities and Insider Trading approved by Administrative Decision number 5/2007 dated 27 June 2007 and the Executive Regulation of the Capital Market Law issued under the Decision number 1/2009 dated 18 March 2009 (collectively the Code and additional regulations and disclosures). Our engagement was undertaken in accordance with the International Standard on Related Services applicable to agreed-upon procedures engagements. The procedures, as stated in circular number 16/2003, were performed solely to assist you in evaluating the company's compliance with the code as issued by the CMA.

We report our findings on the procedures performed in the following paragraph.

We found the Board of Directors' Corporate Governance Report reflects the company's application of the provisions of the code and additional regulations and disclosures and is free from any material misrepresentation.

Because the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance on the accompanying Corporate Governance Report.

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

Our report is solely for the purpose set forth in the first paragraph of this report 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 March 2012 and does not extend to any financial statements of Oman Fisheries Co. SAOG taken as a whole.

PricewaterhouseCoopers LLP

22 May 2012
Muscat, Sultanate of Oman

REPORT ON CORPORATE GOVERNANCE

The Company has implemented the code of Corporate Governance during the financial year issued by the Capital Market Authorities.

1. Company Philosophy on Code of Corporate Governance

The Company has always believed in fair business and corporate practices while dealing with Shareholders, employees, Customers, Creditors and Others. The Company is prompt in discharging its statutory obligations and duties. The Company is maintaining policies, procedures and systems for the purposes to ensure the fair and timely release of information about the Company.

The Board of Directors ("the Board") has had adequate representation of the qualified, Non-executive and Independent Directors. The Board has constituted various Committees of directors from time to time for the matters which require special attention. The Board has adequately empowered the Executive Management on all day-to-day matters, subject to the overall authority vested in the Board. The Directors attending the Board and Committee meetings and actively participate in their proceedings. The Company lays strong emphasis on audit and internal controls, having regard to the nature of the company's business and has introduced suitable checks and balances to ensure sound integrity of the operations. The Company also lays a very high emphasis on total compliance with the various laws and regulations of the Country.

2. Board of Directors

As per the Article 19 of Articles of Association of the Company the strength of the Board is eight Directors, and all of them are Non executive and Independent among them 6 Directors are elected by shareholders during the AGM and 2 directors are appointed by resolution from the Cabinet.

The primary functions of the Company's Board of directors in general include amongst others the following:

- To approve business and financial policies to meet the objectives of the Company and enhance shareholders value.
- Review and approve the Company's annual budget / plans and monitoring corporate performance against the budget.
- Approve and implement the disclosure policy in compliance with regulatory requirements.
- Ensure compliance with regulatory requirements, policies, procedures and laws.
- Nominating members of subcommittees and defining their roles, responsibilities and authorities.
- Evaluate and appoint senior management executives.
- Review effectiveness of systems and procedure of internal controls.
- Constantly monitor and oversee the Corporation's financial position, adherence to reporting standards and policy of public disclosure of material information.

To facilitate proper governance, the Company's management places before the Board, at least, the minimum information as required by Article 4 of the Code of Corporate Governance.

The current Board of directors as on 31st March 2012 consists of 8 members, six of them were elected on 23rd June 2009 and other two were appointed by the Cabinet and the details of them is as follows:

Composition of the Board of Directors:

Name of the Director	Designate	Category, basis & Capacity of Membership	Number of other Boards of SAOG Companies in which Director
Sheikh Mohammed bin Hamad bin Ali al Masrouri	Chairman	Non – Executive, Independent & In Personal Capacity	-
Mr. Saleh bin Nasser bin Juma al Araimi	Deputy Chairman	Non – Executive, Independent & In Personal Capacity	2
Sheikh Salah bin Hilal bin Naser al Mawali	Director	Non – Executive, Independent & In Personal Capacity	1
Mr. Abdul Ameer bin Said bin Mohammed	Director	Non – Executive, Independent & In Personal Capacity	-
Mr. Hani Bin Dawood Bin Hamdan Al Bahrani	Director	Non – Executive, Independent & Nominee of Ministry of Finance.	-
Dr. Saud Bin Hamood Bin Ahmed Al-Habsi	Director	Non – Executive, Independent & Nominee of Ministry of Fisheries Wealth.	-
Mr. Qais bin Mahmood bin Abdalla al Khonji	Director	Non – Executive, Independent & In Personal Capacity	1
Mr. Musalam Amer Al – Ammri	Director	Non – Executive, Independent & In Personal Capacity	-

Number of Meetings held and Dates of the meeting:

Meeting Description	Name of Directors / Members	Designation	Date of holding Meeting
Board of Directors Meeting	All Directors		• 24/05/2011 • 20/09/2011 • 29/11/2011 • 26/03/2012
Executive Committee Meeting	Mr. Saleh bin Nasser bin Juma al Araimi Sheikh Salah bin Hilal bin Naser al Mawali Dr. Saud Bin Hamood Bin Ahmed Al-Habsi Mr. Hani Bin Dawood Bin Hamdan Al Bahrani Mr. Qais bin Mahmood bin Abdalla al Khonji Mr. Musalam Amer Al – Ammri	– Chairman	• 04/10/2011 • 23/10/2011 • 18/03/2012
Internal Audit Committee Meeting	Mr. Abdul Amir bin Said Mohammed Sheikh Salah Bin Hilal Bin Naser Al Mawali Mr. Hani Bin Dawood Bin Hamdan Al Bahrani	– Chairman	• 14/05/2011 • 21/05/2011 • 30/07/2011 • 29/10/2011 28/01/2012
Business Plan Monitoring Committee Meeting	Mr. Saleh bin Nasser bin Juma al Araimi Sheikh Salah bin Hilal bin Naser al Mawali Dr. Saud Bin Hamood Bin Ahmed Al-Habsi	Chairman	• 10/10/2011 • 14/02/2012

Name of Director	Attendance of Meeting for the year ended 31/03/2012					Total Sitting Fees paid (RO)
	Annual General Meeting	Board Meeting	Internal Audit Committee Meeting	Executive Committee Meeting	Business Plan Monitoring Committee	
Sheikh Mohammed bin Hamad Al Masrouri	Yes	4	-	-	-	1,900
Mr. Saleh bin Nasser bin Juma al Araimi	-	3	-	2	2	2,300
Sheikh Salah bin Hilal bin Naser Al Mawali	Yes	4	5	3	2	3,950
Mr. Abdul Amir bin Said bin Mohammed	-	4	5	-	-	2,900
Dr. Saud Bin Hamood Bin Ahmed Al-Habsi	Yes	4	-	3	2	2,750
Mr. Hani Bin Dawood Bin Hamdan Al Bahrani	Yes	4	4	3	-	3,150
Mr. Qais bin Mahmood bin Abdalla Al Khonji	Yes	3	-	2	-	1,600
Mr. Musalam Amer Al - Ammri	Yes	4	-	3	-	2,250

3. Process of Nomination of Directors:

The Company's Board of Directors comes up for election once in three years. Accordingly, the present Board Election was to be held during the year's AGM.

Persons wishing to get nominated for the position of Director must hold minimum qualifying shares, as stipulated under Article 19 of the Company's Articles and Memorandum of Association, in addition to meeting other requirements as stipulated under the Commercial Companies Law. Currently the minimum numbers of shares for qualification is 30,000.

The Shareholder who wishes to be nominated, subject to the above qualification, shall collect the nomination forms either from the Company's office or the Capital Market Authority and complete the same and deposit it with the Company at least two (2) days before the date of the Annual General Meeting. The candidate shall ensure that all information required in the form is provided in an accurate and clear manner.

At the Annual General Meeting, all nominations that have been accepted by CMA shall qualify for the election to the Board, as per procedures laid down under the law.

4. Audit Committee

The Board of Directors has formed an Audit Committee, comprising of three independent directors. The committee was reconstituted on. The summary of responsibilities is as under:

- Examination of the adequacy and effectiveness of the internal control systems, policies and Procedures established by the management and ensure that recommendation made by the auditors in this regard are implemented.
- Oversee the activities of the statutory and internal auditors, including their appointment, scope of work, performance, review of their findings and recommendation and management action thereon.

- Ensure compliance with Laws and Regulations of the Sultanate.
- Report to the Board regarding committee activities and recommendations and keep the Board aware of matters affecting the business affairs and financial condition of the Company.
- Authorize the implementation of the Board's strategy.
- Oversee the implementation of the Board's strategy.
- Considering the name of the auditor in the context of their independence, fees and terms of engagement and recommending their name to the board for putting before the AGM for appointment.
- Review the audit plan and results of the audit and whether auditors have full access to all relevant documents.
- Checking the financial fraud particularly fictitious and fraudulent portion of the financial statements.
- Review the quarterly and yearly financial statements before issues, review of qualifications in the draft financial statements and discussion of accounting principles. In particular, change in accounting policies, principles and accounting estimates in comparison to previous year, any adoption of new accounting policy, any departure from International Accounting Standards (IAS) and non-compliance with disclosure requirements prescribed by the CMA.
- Serving as a channel of communication between external auditors and the board and also internal auditors and the board.
- Reviewing risk management policies and looking into the reasons of defaults in payment obligations of the company.
- Reviewing the specific transactions with related parties for making suitable recommendations to the board and setting rules for entering the small values transactions with related parties without obtaining the prior approval of audit committee and the board.

5. Executive Committee

The Board Executive Committee, which comprises of 6 directors, is chaired by the Dy. Chairman to the Board of Directors and meets as and when required. The objective of the Executive Committee is to discharge responsibilities on behalf of the board in deciding on specific and any other matters. The Executive Committee also reviews and recommends to the Board of Directors the annual budget of the Company.

6. Remuneration Matters

a) Sitting Fees of RO 20,800 was paid to the directors during the year. During this year Board of directors had proposed remuneration of RO 29,200 (P.Y. 30,300/-).

The top six senior executives of the Company have received a total amount of R.O. 135,436.

The above includes salary, benefits, bonuses, gratuity, etc.

b) There are no incentives payable to the above based on performance criteria.

c) Consolidated audit fees payable for the financial year 2011-2012 is RO. 9,000.

7. Details of Non-Compliance by the Company.

There were no penalties or strictures imposed on the Company by MSM/CMA or any statutory authority for the last 3 years. There are no areas in which company is not compliant with the code of Corporate Governance.

8. Means of Communication with the Shareholders

a) Quarterly results are published in Arabic and English local newspaper and the Shareholders are notified that the detailed accounts will be sent to any Shareholder who requests the same.

b) Annual Reports containing the audited financial statements together with the Chairman's Report, Related Party Transactions and invitation to attend the AGM are sent by registered Post to all shareholders.

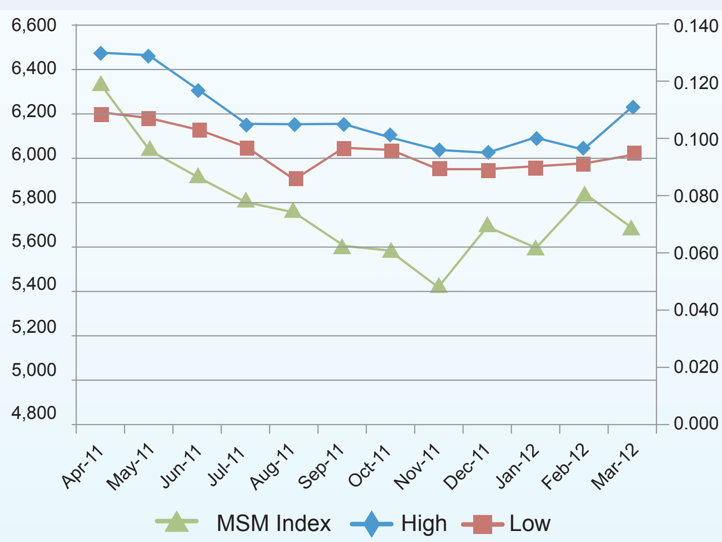
c) Management Discussion and Analysis Report is a part of this Annual report.

d) The company has its own website and the information relating to the Company products and facilities are posted on the website for all interested parties. The company's website is www.omanfisheries.com

9. Market Data

a) The following table depicts the high, and low of company's share traded during the financial year ended 31st March 2012 with month end general index.

MONTH	HIGH	LOW	MSM Index
April 11	0.130	0.109	6,336
May 11	0.129	0.107	6,040
June 11	0.117	0.103	5,916
July 11	0.105	0.097	5,808
August 11	0.105	0.086	5,768
September 11	0.105	0.097	5,602
October 11	0.100	0.096	5,588
November 11	0.096	0.089	5,421
December 11	0.095	0.089	5,695
January 12	0.100	0.090	5,594
February 12	0.096	0.091	5,838
March 12	0.111	0.095	5,690



b) Distribution of Shareholding

The share capital comprises of 125,000,000 fully paid ordinary shares of R.O. 0.100 each.

Major shareholders as of 31/03/2012

Shareholders	Number	No. Of Shares held	Shareholding %
Government of Sultanate of Oman	1	30,000,000	24.00 %
State General Reserve Fund	1	8,136,235	7.00%
Others – Public	16,512	86,863,765	69.00%

10. Review of Internal Control Systems and their adequacy

The company has been constantly monitoring and upgrading its internal control procedures and systems. The company has appointed in house internal audit team and audit committee's regular involvement in the review process, has reviewed the internal controls and procedures adopted by the company and found them to be effective.

11. Internal Audit Department

Company having in-house Internal Audit Department headed by CA. Aleena Merin Uthup who is a Chartered Accountant from The Institute of Chartered Accountants of India. She also holds Masters in Commerce Degree and JAIIB certificate from The Indian Institute of Banking and Finance. Her Previous Experience includes 3 years of working with an audit firm and 2 years of working as a Manager in a Nationalized Bank in India.

Further, Company had appointed KPMG audit firm to assist her for carrying out Internal Audit function. KPMG is a global network of professional firms providing Audit, Tax and Advisory services operating in 146 countries and having 138,000 people working in member firms around the world. KPMG Oman established in 1975 currently has a staff compliment of over 140 employees including 3 partners, 6 directors and 17 managers.

12. External or Statutory Auditors and their Professional Profile

PwC firms provide industry-focused assurance, tax and advisory services to enhance value for their clients. More than 161,000 people in 154 countries in firms across the PwC network share their thinking, experience and solutions to develop fresh perspectives and practical advice. See pwc.com for more information.

Established in the region for over 30 years, PwC's Middle East network has offices in 12 countries: Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Oman, Palestine, Qatar, Saudi Arabia and the United Arab Emirates, with around 2,500 people. Complementing our depth of industry expertise and breadth of skills is our sound knowledge of local business environments across the Middle East.

PricewaterhouseCoopers LLP is one of the leading accredited accounting firms in Oman with 4 partners and over 150 employees. They have a reputation for providing quality professional services to a well-diversified client portfolio, both in the public and private sectors. The total fee paid or due to PricewaterhouseCoopers for audit services in 2011 - 2012 is RO 9,000.

13. Legal consultant

M/s Yassir Al Salami & Associates is a noted local legal consultant who employs qualified professional lawyers and was appointed as our retainer legal consultants for pursuing the company's legal matters.

14. Acknowledgment

The Board of Directors acknowledges confirmation of:

- Its responsibility for the preparation of the financial statements in accordance with the applicable standards and rules.
- Review of the efficiency and adequacy of internal control systems of the Company and that it compliance with internal rules and regulations
- There are no material matters effects the continuation of the Company and its ability to continue its operation during the next financial year.

For **OMAN FISHERIES CO SAOG**

AUTHORISED SIGNATORY

For **OMAN FISHERIES CO SAOG**

AUTHORISED SIGNATORY

Introduction

The Management of the Oman Fisheries Co. SAOG (OFC) is pleased to present Discussion and Analysis report for the Financial Year 2012. Readers are encouraged to consider the information presented here in conjunction with information contained in the financial statements that follow this section.

Oman Fisheries Co. SAOG was formed by royal Decree no. 87/79 issued by His Majesty Sultan Qaboos bin Said by which Oman National Fisheries was merged with Oman Fisheries Co. Oman Fisheries Co. SAOG started its operation from 2nd April 1989. The paid up capital of the Oman Fisheries Co. SAOG is RO 12,500,000 consisting of 125,000,000 shares of RO 0.100 each. Company has family of more than 15,000 shareholders and Government of Oman is holding 24% stake.

Business Plan, Vision and Mission of the Company:

The company has successfully started implementing the approved 5 Year Business Growth Plan (2010/11 to 2014/15). A revised Orgnaisation Structure to support the Business Plan had been developed by the management and approved by the Board during this year. Various communications methods were used by the Executive Management to communicate Vision, Mission and Goals and Objectives of Business Plan cascading down to all the levels of the employees in the organization. We have started establishing and implementing Performance Management Framework towards effective monitoring process.

Internal Control System and their adequacy

OFC realise the importance of having in place an adequate system of internal control and the company has appointed a full time Chartered Accountant for conducting Internal Audit. In addition to this a reputed firm of Chartered Accountants has been appointed who is coordinating with the internal auditor of the company to conduct internal audit services and provide independent reports on internal control systems followed for managing the operations. Internal Auditor has no major observations with relation to internal control system, misconduct or non compliance on the part of the company.

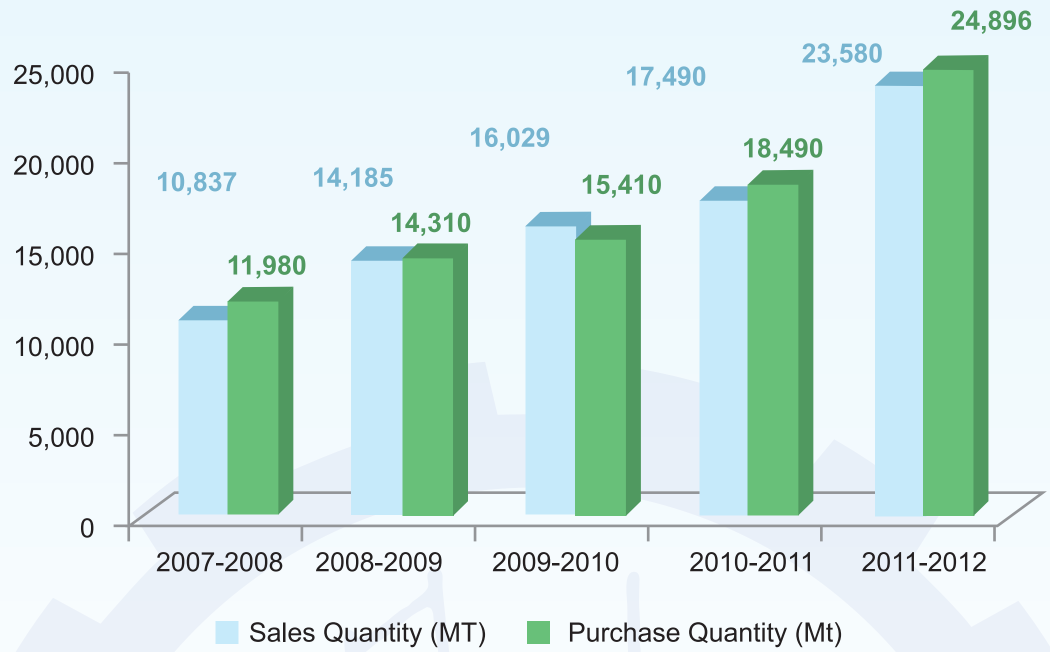
Business Highlights and Overview of Financial Performance:

With the change in the Management this is third consecutive year for the company where we are able to generate operating profit. During the financial year 2011 – 2012, your Company had achieved record breaking sales turnover of RO 26 Million which is about 49% more then 2010 – 2011 turnover which had lead to increase in the Operating profit by 72% as compared to previous year. Your company had achieved operating profit of RO 894,886 during this year as compared to operating profit of RO 520,289 of previous year. As per the Ministry decision Operating Trawlers' in Omani Water had been banned from May 2011 and hence this year only 3 vessels had worked under company's license as compared to 13 vessels of last year. This had led to significant decrease in the trawler catch but the Management had put more efforts in collecting fish from the local fishermen. In order to achieve target Operating Profit as set out in Business Growth Plan we had concentrated on better product mix and high margin species. The result of the change in operational approach is shown in the following table and graph:

Financial Performance Comparison for last 5 year Period

Particulars	2007 - 2008	2008 - 2009	2009 - 2010	2010 - 2011	2011 - 2012
Total Revenue	10,071,614	11,061,905	11,938,444	17,882,890	26,531,937
Operating Profit / (Loss)	(453,385)	(253,253)	442,348	520,289	894,886
Net Other Income	2,070,789	(1,342,308)	1,144,339	449,162	259,126
Profit before Taxation	1,617,404	(1,595,561)	1,586,687	969,451	1,154,012
Profit after Taxation	1,589,817	(1,612,954)	1,479,766	860,417	1,027,664

Procurement and Sales Growth **(Quantity in tons)**



Company's Activities, Sources of Incomes and Future Plans:

The Management adopted proactive and aggressive directions of change, diversification, expansion and innovation for enhancing Company's activities and source of income with the aim of achieving maximum benefits. As part of this during this year Your Company had set up new subsidiary company namely Al Ameen Stores and Refrigeration LLC by holding 99% of its share. This Company is mainly involved in 3rd Party Logistic (3PL) service with a Warehouse capacity of 8,000 metric tons of storing frozen and chilled food products like fish, fish products, chicken, meat, vegetables and fruits. Thus your Company had started expanding horizontally and vertically.

The core activities of the company are grouped into:

I. Fishing

II. Fish Procurement from Local fishermen

III. Value Added Products

IV. Sale of Fish and Fish Products

V. Administrative activities.

The brief outline of current operations of above activities and the new initiatives taken by the Executive Management in order to translate the approach of change, diversification and innovations is given below:

I Fishing:

As per the concession agreement signed with the Government, the Company has been allotted fishing Quota of 20,000 MT of bottom fishing and 30,000 MT of large pelagics. However the company during the past periods could not exploit such quotas in the optimal use for one or another reason. With effect from May 2011 trawling has been in Oman.

To overcome from the above, the company had submitted its five-year plan to Ministry of Fisheries to own and operate a fleet of fishing vessels and coastal fisheries, which will enable, God willing, the exploitation of quota granted to the company to catch both demersal and pelagic fish. The Ministry has already approved first two phases of coastal fishing boats of 24 licenses. We had bought 4 vessels last financial year and we are going to manufacture 10 vessels in next financial year. We had planned to start operating them from the end of third quarter of the 2012 - 2013. The coastal fishing will help us in securing raw material for out factory and make fish available for local consumption.

II Fish Procurement from Local fishermen:

The slogan of our Business Growth Plan is "Procurement is the Name of Game" and we have used "Blue Ocean Strategy" as tool towards achieving this objective. The result of the successful implementation of the "Blue Ocean Strategy" is increased purchases from local fishermen and the achievement of Procurement Strategy of 20% growth.

Procurement growth at 20% CAGR

Procurement Performance : FY:2011-12

	Qty in MT	Value in RO. '000	Growth aganist Business Plan
Actual	24,896	18,951	49% ✔
Budgetted	21,850	13,589	31%
Business Plan	20,887	12,676	25%

III Manufacturing Breaded Products and Value Addition:

During this financial year we had developed 3 new products. The company continued its participation in the International Sea Food fair such as Brussels and Boston which are considered to be the largest gathering of manufacturers and producers of fish and seafood in the world.

Value Additions

In support of the decisions taken on the Fisheries Symposium conducted on 21st and 22nd March, 2012 at Grand Hayat, Muscat towards Value Additions to Fish, we have achieved the sale of 2,251 tons which is 26 percentages more than the Business Plan Target of 1,792 tons in the categories of VAP and SVAP products sales.

Move Frotm Whole Round Fish Sales To:	2010-11 Actual	2011-12 Actual	2011-12 - Business Plan	Achieved
SVAP / Value Added Products	1,929	2,251	1,792	✔ 126 %

IV Sales:

Sales growth at 15% CAGR

Sales Performance - FY:2011-12

2011-12	Qty in MT	Value in RO '000	Growth aganist Business Plan
Actual	24,015	26,312	72%
Budgetted	21,430	23,055	54%
Business Plan	17,408	19,047	25%

Table-F2

OFC is proud to highlight that the sales volume has increased by 72% compared to the Business Plan.

Local Sales:

The company is continuing its efforts to support to the Government's initiatives of food security achievement in Oman. Last year during the off-season we have stocked around 2000 tons of fish for local sales and our prices were made less during this period. Total sales for last financial year was 4,400 Mt.

OFC now in process to finalize strategic plan for the local market, which will be presented to the board during next financial year, in which we are aiming to increase local sales from 4,400 Mt to 30,000 Mt which is ambitious target for the next three years.

Increasing the Processed Fish Exports:

The species we export are by and large are not preferred by Omani consumers and therefore a considerable volume of these species were generally taken by the traders/truckers as a fresh fish without any value additions to the neighboring countries for sales. With our innovative initiatives; this year we were successful in attracting many of these traders supplying these species to us. OFC had processed and exported these fish and played a positive role in increasing the fisheries sector contribution to the national GDP. The major species exported are shown in the table below:

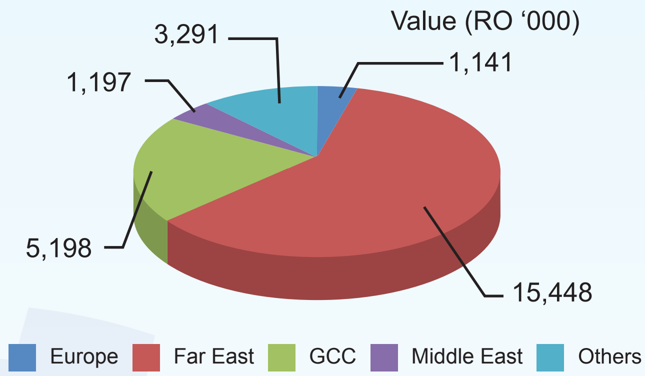
Major 5 Species Exported by the Company during last financial year

Sr. No.	Specie Name	% of total Export Sales of OFC
1	Cuttle Fish (SHK)	29
2	Sardine (SL)	22
3	Crab (CRB)	8
4	Ribbon Fish (W)	7
5	Hilsha (SH)	5

"Non-Selectivity" is another slogan practiced as part of the Business Growth Plan and the company started exploring new markets like Bangladesh, Iraq and North African segments for these especially low value species which were not fetching any value to fishermen before. Currently your company had expanded its activities in more than 40 Countries around the globe.

Data regarding region wise sales (RO '000') are given in the following table along with chart:

Region	Value (RO '000')	in terms of %
Europe	1,141	4
Far East	15,448	59
GCC	5,198	20
Middle East	1,197	5
Others	3,291	12
Total	26,274	100%



Branding of Products:

International Brand Image and Brand of choice in Oman is one of the Focal strategies of the company. In order to achieve this strategy, the company had initiated many corporate Brand image building activities. The product packaging had been redesigned for the products. During this year Company had started promoting its brand through selling of company's products in new packaging, through advertisement in hypermarkets, in local news papers, bill boards etc. We believe there is a good scope for the company to be benefited and to be built on this.

Learning & Development

Learning and development of staff is an important item in our Human Resource department's agenda. As part Business Plan implementation priorities, we focused on improving the quality of the Individual development plans and imparting training to nurture skills, knowledge required to achieve objectives effectively and efficiently.

The Management had realigned its strategy to ensure continuity going forward. Management had taken various steps to meet the challenges of skill up-gradation, capability building programs, leadership development programs and reward system. Management had set Key Performance Indicators (KPIs) for each department and on achievement of KPIs employees of that department will be rewarded suitably. All this is motivating staff and promoting young Omani talents towards handling key areas of the Company. The Management had planned to achieve 60% Omanisation in next 3 years.

Risks:

Procurement of the company is purely depend on wild catch which naturally prone to the influence of various parameters like landing patterns, fish migration pattern, etc.

Due to the increased competition and more lucrative jobs offered by other sectors the company is facing difficulty in getting required number of Omani nationals for fishing and fish processing jobs.

Future Plans:

In order to achieve ambitious target of year 2013 – 2014 the Management had planned to construct 2 new factories, one in Salalah and another in Soquara and by this we had planned to add another 7,000 Mt of production capacity. Further, during this year Management had planned to make production agreement with maximum fishing companies in Oman in order to secure production.

The company is in the process of completing two feasibility studies which we are planning to implement in the financial year 2012-13

1. Establishing a sister company towards carrying out Coastal Fishing and related supporting activities

2. Business Plan to activate the role of OFC local sales and be able to contribute towards Food Security initiatives of the nation and aiming to achieve the following key objectives:

    - Making Freshfish available to consumers especially in the cities with high populations.
    - Maintaining superior and consistent Quality with Better price
    - Creating job opportunities for the nationals
    - Promoting corporate image Building the Brand of OFC's taQa as the "Brand of Choice in Oman".

Achievements:

During this year your company had received two prestigious awards.

1. Certificate for best quality in fisheries in Arab Countries from The Arab Administrative Development Organization – Co. operative with Tatwij Academic. Oman Fisheries Co. SAOG has been providing as best quality fish to its customers and this had recognized through this award. Company got best quality award in fisheries sector in GCC region.

أكاديميّة تتويج للتميّز والجودة

٢٠١١

وسام الاستحقاق الذهبي

تمنح المنظمة العربية للتنمية الادارية - جامعة الدول العربية
والاكاديمية تتويج للتميز والجودة في المنطقة العربية
بناء على الصلاحيات المعطاة لها في نظامها الداخلي

شركة الاسماك العمانية – سلطنة عمان

الوسام الذهبي
في مجال التميّز والجودة على مستوى الوطن العربي

أ. بيار مكرزل
أكاديميّة تتويج للتميز والجودة

برج خليفة، دبي، الامارات العربية المتّحدة في ١ ديسمبر ٢٠١١

أ.د. رفعت الفاعوري
المنظمة العربية للتنمية الادارية

2. The Management is pleased to inform that your Company has been awarded Second Place in Corporate Governance Excellence Award for Year 2011 in the industrial sector by Capital Market Authority of Sultanate of Oman. This reflects that the Company has been consistently adhering to the highest level of Corporate Governance over the years.

Capital Market Authority
Oman Centre for Corporate Governance

الهيئة العامة لسوق المال
مركز عمان لحوكمة الشركات

جائزة الاجادة في حوكمة الشركات ٢٠١١م
Corporate Governance Excellence Awards 2011

This is to certify that Oman Fisheries Co. SAOG
Awarded Second Place in Corporate Governance Excellence Awards in the Industrial Sector for the year 2011

منحت شركة الأسماك العمانية ش م ع ع
المركز الثاني في جائزة الإجادة في حوكمة الشركات
ل قطاع الصناعة لعام ٢٠١١م

Capital Market Authority congratulates the company on this achievement, and wishing them prosperity and success

بهذه المناسبة تتقدم الهيئة العامة لسوق المال
بأجمل التهاني والتبريكات بهذا الإنجاز
متمنين لكم المزيد من التقدم والإزدهار

Abdullah bin Salim Al Salmi
Acting Executive President

عبد الله بن سالم السالمي
القائم بأعمال الرئيس التنفيذي

3. We sincerely offer our gratitude and thanks to the CMA authorities for this prestigious recognition to our Company. This award had endorsed our commitment to be a responsible corporate citizen.

Acknowledgement

On behalf of the Management, I thank the Chairman and board of Directors for their continued guidance and direction in managing the Company as a successful organization.

Our sincere appreciation and thanks to the officials in the Ministry of Agricultural and Fisheries Wealth, The Ministry of Finance, Oman Chamber of Commerce and Industry and all other Governmental bodies who supported us to achieve the what we had achieved.

Our heart felt thanks and appreciation to all our valued customers and suppliers for whole heartedly supporting the company and extending their co – operation.

Said Rashid Al Rawahi

General Manager

General Manager, Mr. Said Rashid AL Rawahi Post Graduate Diploma in Fisheries from University of Hull and Bachelor of Fisheries (B.Sc.) from Sultan Qaboos University, born in 1969; having more then Seventeen years of professional experience in Fisheries Sector. After holding several senior positions as Manager and Deputy General Manager in the Fisheries industry, now holding the post of General Manager of Oman Fisheries co SAOG since January 2010. He had handled various positions and is well versed with Human Resource Management in Complex and High pressure Environment. He had Demonstrated excellence in handling processes and procedures systematically and has trusted upon team effort and synergy. He has invented and implemented new investigative techniques in management and successfully imparting training to the young Omanis. Under his wise leadership company had turned from operating loss to operating profit.

Finance Manager, CA Sujal J. Shah, is Bachelor of Commerce and a Chartered Accountant from The Institute of Chartered Accountants of India; having post qualification experience of more than 6 years. He is working with the company from February 2008. He is the head of the Finance and Accounts department and reporting to the General Manager. He is mainly involved with setting up and monitoring internal controls, treasury management and liaison with auditors.

Manager Business Analytics & Performance Monitoring, Mr. S. Shanmugham M.Sc, P.G.D.O.R(Operations Research), CISA having more than 20 years of professional experience and held senior positions in IT solutions implementation, establishing Systems, policies and procedures in various organizations covering Fisheries Industry, Engineering, Contracting and Trading companies. Currently assisting management in the implementation of the Business Growth Plan of the company. Monitoring performance, Generating and presenting analytic reports and trends to the management.

MANAGEMENT TEAM

Project Manager, Mr. K. V. Kuruvilla is the Project Manager for Oman Fisheries Co. He holds Bachelor's Degree in Mechanical Engineering. He has been involved in Oman Fisheries various projects of Infrastructural developments, modifications in the plants in order to comply with the EU specifications. He also has long working experience in the management of Operation and Maintenance of Refrigeration Plants for Fish Processing. He has also extensively worked on Company's Feasibility studies for 10,000 Mt. Cold Storage Project in Barka construction of which is completed within the time schedule designed in the feasibility study. Now he is involved in the construction of two new fish processing plant at Salalah and Soqura in order to increase production capacity of the Company and Coastal Fishing Project of owning 100 Fishing vessels.

Commercial Manager, Mr. A N Kumar holds Bachelor's degree in Fisheries. He has an experience of 32 years in processing and marketing seafood. He has developed and marketed many unknown and low value species. He has brought the sales volume from 4000 Mt. to 24,000 Mt. He has involved in establishment of overseas factories. He made very large number of clients in the domestic and international markets for Oman Fisheries co SAOG.

HR Manager, Mr. Omar bin Salim Al-Jahwari holds Bachelor's degree in Marine Science and Fisheries from SQU, in addition he attended many training courses inside and outside Oman. He participated in several Symposiums and Activities. He has experience in Human Resources, Administrative, Aquaculture and Projects. He participated in the preparation of the Business Growth Plan of the company.

Quality Controller, Mr. Rashid Hamood Saif Al-Badi holds Bachelor Degree in Marine Sciences and Fisheries and Minor in Agricultural Economics. He is graduated in October 2009 and working with Oman Fisheries Company since November 2009. He has experience in Quality Control, Human Resources Management, and Administration. He had attended many training courses in Quality Management System and Human Resource management. He had participated in training program in Microbiology lab at Bahrain Research center in 2008. He is Certified as Lead Auditor in Quality Management system, certified by International Register of Certificated Auditor (IRCA).

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers LLP
PO Box 3075, Ruwi 112
Suites 204-210 Hatat House
Wadi Adai, Muscat
Sultanate of Oman
Telephone +(968) 2455 9110
Facsimile +(968) 2456 4408

Independent auditors report to the shareholders of Oman Fisheries Co. SAOG and its subsidiaries

Report on the financial statements

We have audited the accompanying financial statements of Oman Fisheries Co. SAOG (the Parent company) and its subsidiaries (together, the Group), which comprise the Parent company's and consolidated statement of financial position as at 31 March 2012 and the Parent company's and consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the disclosure requirements of the Capital Market Authority and the Commercial Companies Law of 1974, as amended and for such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion the accompanying Parent company's and consolidated financial statements present fairly, in all material respects the financial position of the Parent company and of the Group as at 31 March 2012, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other legal and regulatory requirements

Further, as required by the Rules and Guidelines on Disclosure by Issuers of Securities and Insider Trading ('R&G') issued by the Capital Market Authority ('CMA') of the Sultanate of Oman, we report that the financial statements of the Group and of the Parent company have been properly prepared, in all material respects, in accordance with the R&G, with the Rules for Disclosure and Proformas issued by the CMA and with the Commercial Companies Law of 1974 as amended.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

22 May 2012

Muscat, Sultanate of Oman

CONSOLIDATED AND PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2012

		Group		Parent company	
		2012	2011	**2012**	2011
	Note	**RO**	RO	**RO**	RO
Sales	6	**26,312,052**	17,640,782	**26,274,284**	17,608,307
Insurance claims		**23,965**	145,611	**23,965**	145,611
(Loss)/profit on sale of property, plant and equipment		**(18,233)**	9,143	**(18,233)**	9,143
Other operating income	7	**255,939**	119,880	**251,921**	119,829
		26,573,723	17,915,416	**26,531,937**	17,882,890
Cost of goods sold	8	**(20,454,387)**	(12,905,557)	**(20,454,387)**	(12,905,557)
Staff costs	9	**(1,959,634)**	(1,674,179)	**(1,941,182)**	(1,657,974)
Other operating expenses	10	**(2,997,926)**	(2,515,568)	**(2,942,819)**	(2,510,461)
Fishing levy		**(12,353)**	(58,647)	**(12,353)**	(58,647)
Depreciation	15	**(284,765)**	(222,659)	**(284,765)**	(222,633)
Contribution to Agricultural and Fisheries Development Fund		**(1,545)**	(7,329)	**(1,545)**	(7,329)
Operating profit		**863,113**	531,477	**894,886**	520,289
Investment loss - net	11	**(77,563)**	(5,908)	**(77,563)**	(5,908)
Foreign exchange gains - net		**22,753**	35,596	**22,753**	35,596
Finance income - net	12	**313,936**	419,474	**313,936**	419,474
Profit before taxation		**1,122,239**	980,639	**1,154,012**	969,451
Taxation	13	**(126,348)**	(109,034)	**(126,348)**	(109,034)
Profit and total comprehensive income for the year		**995,891**	871,605	**1,027,664**	860,417
Earnings per share	14	**0.008**	0.007	**0.008**	0.007

The notes and other explanatory information on pages 6 to 34 form an integral part of these financial statements.

Report of the auditors - Page 1.

CONSOLIDATED AND PARENT COMPANY STATEMENT OF FINANCIAL POSITION

At 31 March 2012

	Note	Group 2012 RO	Group 2011 RO	Parent company 2012 RO	Parent company 2011 RO
ASSETS					
Non-current assets					
Property, plant and equipment	15	**3,502,740**	1,040,421	**1,433,796**	1,040,421
Investment in subsidiaries	16	**-**	-	**515,750**	15,750
Due from subsidiaries	33(b)	**-**	-	**62,249**	54,424
Held to maturity financial assets	17	**1,101,793**	1,103,433	**1,101,793**	1,103,433
Fixed deposits	22	**-**	4,100,000	**-**	4,100,000
Deferred taxation	28	**5,763**	27,530	**5,763**	27,530
		4,610,296	6,271,384	**3,119,351**	6,341,558
Current assets					
Inventories	18	**2,616,426**	1,766,863	**2,616,426**	1,766,863
Trade and other receivables	20	**2,860,663**	2,059,666	**4,501,672**	2,121,313
Financial assets at fair value through profit or loss	21	**1,906,109**	2,015,081	**1,906,109**	2,015,081
Fixed deposits	22	**6,500,000**	3,265,783	**6,500,000**	3,265,783
Cash and cash equivalents	22	**1,700,193**	2,222,647	**1,669,534**	2,176,998
		15,583,391	11,330,040	**17,193,741**	11,346,038
Total assets		**20,193,687**	17,601,424	**20,313,092**	17,687,596
EQUITY					
Capital and reserves					
Share capital	23	**12,500,000**	12,500,000	**12,500,000**	12,500,000
Legal reserve	24	**3,195,192**	3,095,603	**3,196,760**	3,093,994
Capital reserve	25	**29,269**	29,269	**29,269**	29,269
Retained earnings		**892,783**	871,481	**1,013,860**	963,962
Total equity		**16,617,244**	16,496,353	**16,739,889**	16,587,225
LIABILITIES					
Non-current liability					
End of service benefits	27	**187,277**	184,822	**185,255**	182,395
Current liabilities					
Short term loan	29	**2,162,850**	-	**2,162,850**	-
Trade and other payables	30	**1,098,792**	776,849	**1,097,574**	774,576
Taxation	13	**127,524**	143,400	**127,524**	143,400
		3,389,166	920,249	**3,387,948**	917,976
Total liabilities		**3,576,443**	1,105,071	**3,573,203**	1,100,371
Total equity and liabilities		**20,193,687**	17,601,424	**20,313,092**	17,687,596
Net assets per share	31	**0.133**	0.132	**0.134**	0.133

The financial statements including notes and other explanatory information were approved and authorised for issue by the Board of Directors on 20 May 2012 and were signed on their behalf by:

MOHAMMED BIN HAMAD AL MASROURI
CHAIRMAN

ABDULAMEER BIN SAID BIN MOHAMMED
DIRECTOR

Report of the auditors - Page 1.

CONSOLIDATED AND PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2012

	Note	Share capital RO	Legal reserve RO	Capital reserve RO	Retained earnings RO	Total RO
Group						
At 1 April 2010		12,500,000	3,008,442	29,269	87,037	15,624,748
Comprehensive income						
Profit and total comprehensive income for the year		-	-	-	871,605	871,605
Transaction with owners:						
Transfer to legal reserve	24	-	87,161	-	(87,161)	-
At 31 March 2011		12,500,000	3,095,603	29,269	871,481	16,496,353
At 1 April 2011		**12,500,000**	**3,095,603**	**29,269**	**871,481**	**16,496,353**
Comprehensive income:						
Profit and total comprehensive income for the year		**-**	**-**	**-**	**995,891**	**995,891**
Transaction with owners:						
Dividend	26	**-**	**-**	**-**	**(875,000)**	**(875,000)**
Transfer to legal reserve	24	**-**	**99,589**	**-**	**(99,589)**	**-**
Total transactions with owners		**-**	**99,589**	**-**	**(974,589)**	**(875,000)**
At 31 March 2012		**12,500,000**	**3,195,192**	**29,269**	**892,783**	**16,617,244**
Parent company						
At 1 April 2010		12,500,000	3,007,952	29,269	189,587	15,726,808
Comprehensive income						
Profit and total comprehensive income for the year		-	-	-	860,417	860,417
Transaction with owners:						
Transfer to legal reserve	24	-	86,042	-	(86,042)	-
At 31 March 2011		12,500,000	3,093,994	29,269	963,962	16,587,225
At 1 April 2011		**12,500,000**	**3,093,994**	**29,269**	**963,962**	**16,587,225**
Comprehensive income:						
Profit and total comprehensive income for the year		**-**	**-**	**-**	**1,027,664**	**1,027,664**
Transaction with owners:						
Dividend	26	**-**	**-**	**-**	**(875,000)**	**(875,000)**
Transfer to legal reserve	24	**-**	**102,766**	**-**	**(102,766)**	**-**
Total transactions with owners		**-**	**102,766**	**-**	**(977,766)**	**(875,000)**
At 31 March 2012		**12,500,000**	**3,196,760**	**29,269**	**1,013,860**	**16,739,889**

The notes and other explanatory information on pages 6 to 34 form an integral part of these financial statements.

Report of the auditors - Page 1.

CONSOLIDATED AND PARENT COMPANY STATEMENT OF CASH FLOWS

For the year ended 31 March 2012

		Group		Parent company	
		2012	2011	**2012**	2011
	Note	**RO**	RO	**RO**	RO
Operating activities					
Cash (used in)/generated from operations	32	**(62,402)**	5,122	**(1,616,356)**	(18,191)
Interest paid		**(18,450)**	(2,952)	**(18,450)**	(2,952)
Interest received		**235,165**	437,556	**235,165**	437,556
Tax paid		**(120,457)**	(128,163)	**(120,457)**	(128,163)
Net cash from/(used in) operating activities		**33,856**	311,563	**(1,520,098)**	288,250
Investing activities					
Purchase of property, plant and equipment	15	**(2,765,317)**	(379,517)	**(696,373)**	(379,517)
Insurance claim received for property, plant and equipment		**23,965**	9,404	**23,965**	9,404
Purchase of financial assets at fair value through profit or loss		**(696,471)**	(566,291)	**(696,471)**	(566,291)
Proceeds from sale of financial assets at fair value through profit or loss		**635,985**	508,956	**635,985**	508,956
Dividend received		**91,895**	145,724	**91,895**	145,724
Fixed deposits encashed		**865,783**	116,164	**865,783**	116,164
Proceeds from held to maturity investments matured during the year		**-**	1,500,000	**-**	1,500,000
Investment in subsidiary		**-**	-	**(500,000)**	-
Net cash (used in)/from investing activities		**(1,844,160)**	1,334,440	**(275,216)**	1,334,440
Financing activities					
Short term loan		**2,162,850**	-	**2,162,850**	-
Dividend paid		**(875,000)**	-	**(875,000)**	-
Net cash from financing activities		**1,287,850**	-	**1,287,850**	-
Net change in cash and cash equivalents		**(522,454)**	1,646,003	**(507,464)**	1,622,690
Cash and cash equivalents at beginning of year		**2,222,647**	576,644	**2,176,998**	554,308
Cash and cash equivalents at end of year		**1,700,193**	2,222,647	**1,669,534**	2,176,998

The notes and other explanatory information on pages 6 to 34 form an integral part of these financial statements.

Report of the auditors - Page 1.

1 Legal status and principal activities

Oman Fisheries Co. SAOG ('the company' or 'the Parent company') is an Omani Joint Stock Company registered under the Commercial Companies Law of Oman. The principal activities of the Company are the procurement, processing and sale of fresh, frozen and coated fish, fishing and the sale of fishing rights.

On 27 August 2005, the company incorporated a company in UAE, Oman Fisheries Co. FZE with an initial registered share capital of RO 15,750. Oman Fisheries Co. FZE ('the Subsidiary') registered in United Arab Emirates as a free zone company, is a wholly owned subsidiary of the company. The subsidiary company is engaged in the business of distribution of the products of the Parent Company and it started its operations on 1 February 2006.

On 19 September 2011, the company incorporated a company in Oman, Al Ameen Stores and Refrigeration LLC, with an initial registered share capital of RO 500,000. The Parent company holds 99% of the share capital of the subsidiary and through a director, Mr Saleh bin Nasser bin Juma al Araimi, holds the remaining 1%. Thus, effectively Al Ameen Stores and Refrigeration LLC is a wholly owned subsidiary of the Parent company. The subsidiary is registered under the Commercial Companies Law of the Sultanate of Oman and is mainly involved in the business of storing fish, meat, chicken, vegetables, and fruits.

The consolidated financial statements for the year ended 31 March 2012 comprise of the Parent Company and the two subsidiaries, (together, the Group).

2 Summary of significant accounting policies

The principal accounting policies are summarised below. These policies have been consistently applied to each of the years presented, unless otherwise stated.

2.1 Basis of preparation

(a) These financial statements are prepared on the historical cost basis, as modified by the revaluation of investments held as financial assets at fair value through profit or loss and in accordance with International Financial Reporting Standards (IFRS), the requirements of the Commercial Companies Law of the Sultanate of Oman, 1974 (as amended) and comply with the disclosure requirements set out in the 'Rules and Guidelines on Disclosure by issuer of Securities and Insider Trading' issued by the Capital Market Authority (CMA) of the Sultanate of Oman.

(b) The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The areas where accounting assumptions and estimates are significant to the financial statements are disclosed in the accounting policies and note 4.

(c) Standards and amendments effective in 2011- 2012 and relevant for the Group's operations:

For the year ended 31 March 2012, the Group has adopted all of the new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for periods beginning on 1 April 2011.

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

2 Summary of significant accounting policies (continued)

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.3 Revenue recognition

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

Sales represent the invoiced value of fish supplied by the Group during the year. Sale of fishing rights is recognised on an accrual basis.

2.4 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

2 Summary of significant accounting policies (continued)

(c) Group companies

The accounting records of the subsidiary, Oman Fisheries Co. FZE are maintained in UAE Dirhams (AED). The Rial Omani amounts included in the consolidated financial statements have been translated at an exchange rate of 0.105 Omani Rial to each AED for the statement of comprehensive income and the statement of financial position items, as the AED to RO exchange rate has effectively remained fixed during the year, both currencies being pegged to the US Dollar.

2.5 Finance costs and income

Finance cost comprises of interest payable on overdraft facility and short term loan and finance income comprises of interest income from deposits and held to maturity financial assets. Finance income and cost are accounted on accrual basis using the effective interest rate method.

2.6 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are included in 'other operating expense' in the statement of comprehensive income on a straight-line basis over the period of the lease.

2.7 Taxation

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

Current tax is recognised in the statement of comprehensive income as 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 tax. Deferred income tax assets and liabilities are offset as there is a legally enforceable right to offset these in Oman.

The principal temporary differences arise from depreciation on property, plant and equipment, provision for doubtful debts and provision for slow moving inventories.

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

2.8 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. The cost of property, plant and equipment is their purchase price together with any incidental expenses that are directly attributable to the acquisition of the item. 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 establishment and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial year in which they are incurred.

The cost of property, plant and equipment is written down to residual value in equal installments over the estimated useful lives of the assets. The estimated useful lives are:

2 Summary of significant accounting policies (continued)

	Years
Buildings and cabins	5 - 25
Plant and equipment	3 - 10
Boats and trawlers	5 - 15
Motor vehicles	3 - 05
Furniture, fixtures and office equipment	3 - 10

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

Capital work-in-progress is not depreciated until it is transferred into one of the above categories at the time when it is ready for use.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

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

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

2.9 Investment in subsidiaries

Classification

A company is a subsidiary company, if Oman Fisheries Co SAOG has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights so as to obtain benefits from the investee company's activities.

Valuation

Investments in subsidiaries are stated at cost less any diminution in the value of specific investment, which is other than temporary by the Parent company. Investment income is accounted for in the year in which entitlement is established.

2.10 Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss, held to maturity and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Classification

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management.

Valuation

Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the statement of comprehensive income. Financial assets at fair value through profit or loss are subsequently carried at fair value.

2 Summary of significant accounting policies (continued)

The fair values of quoted investments are based on current market bid prices. Gains or losses arising from changes in the fair value are presented in the statement of comprehensive income in the period in which they arise.

Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred subsequently all risks and rewards of ownership.

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

(b) Held to maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intent and ability to hold to maturity.

Held-to-maturity investments are initially recognised at cost and subsequently re-measured at amortised cost using the effective interest rate method less any provision for impairment.

Interest receivable from held to maturity is accounted for on the accruals basis.

(c) Loans and receivables

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

2.11 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on the weighted average cost method. The cost of inventories comprises of direct cost of materials and related expenses. Net realisable value is the price at which inventories can be sold in the normal course of business after allowing for the costs of realisation. Provision is made where necessary for obsolete, slow moving and defective items.

2.12 Trade and other receivables

Trade and other receivables are initially recognised at their fair value and subsequently stated at amortised cost using effective interest rate method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of any provision is recognised in the statement of comprehensive income within 'other operating expenses'. Subsequent recoveries of amounts previously written off are credited against 'other operating expenses' in the statement of comprehensive income.

2.13 Cash and cash equivalents

For the purpose of statement of cash flows, the Group considers all bank balances, including short term deposits with a maturity of three months or less from the date of placement, to be cash equivalents.

2 Summary of significant accounting policies (continued)

2.14 End of service benefits and leave entitlements

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

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

2.15 Trade and other payables

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

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

2.16 Earnings 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 Parent company/Group by the weighted average number of ordinary shares outstanding during the period.

2.17 Directors' remuneration

The Directors' remuneration is governed as set out by the Commercial Companies Law and the rules prescribed by the Capital Market Authority. The Annual General Meeting shall approve the remuneration and the sitting fees for the Board of Directors and its sub-committees provided that such fees shall not exceed a minimum of 5% of the annual net profit after deduction of the legal reserve and the optional reserve as distribution of dividends to the shareholders. Such fees shall not exceed RO 200,000 in one year. The sitting fees for each Director shall not exceed RO 10,000 in one year.

2.18 Dividend distribution

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

2.19 Segment reporting

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

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks including effects of changes in: market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Risk management is carried out by the management under policies approved by the Board of Directors.

3 Financial risk management (continued)

(a) Market risk

(i) 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 currency risk arising from currency exposures with respect to US Dollar, UAE Dirham, Saudi Riyal and Euro. In respect of the Group's transactions denominated in US Dollar, Saudi Riyal and UAE Dirham, the Group is not exposed to currency risk as the Rial Omani, Saudi Riyal and UAE Dirham are pegged to the US Dollar.

At 31 March 2012, if the Rial Omani had weakened/strengthened by 5% against the Euro with all other variables held constant, pre-tax profit for the year of the Group and the parent company would have been RO 7,449 (2011 - RO 3,175) higher/lower primarily as a result of monetary assets.

(ii) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether these changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities in the market.

The Group is exposed to equity price risk because of investment in certain publicly listed companies at the Muscat Securities Market (MSM) which have been classified as financial assets at fair value through profit or loss. The Group limits market risk by maintaining a selective and strategic portfolio and by regular monitoring of the market. In addition the Group monitors actively the key factors that effect stock market movements.

The table below summarises the impact of increase/(decreases) of the MSM Index on the gains/losses on equity securities on the assumption that the equity index had increased/decreased by 5% with all other variables held constant:

Index	**Group**	**Parent company**	Group	Parent company
	2012	**2012**	2011	2011
	RO	**RO**	RO	RO
MSM	**95,305**	**95,305**	100,754	100,754

(iii) 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 is exposed to fair value interest rate risk on its held to maturity financial assets, fixed deposits placed with the commercial banks and short term loan from a commercial bank as these carry fixed interest rates.

Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's policy is to maintain almost all of its borrowings in fixed rate instruments. During 2012 and 2011, the Group's borrowings were denominated in Rial Omani currency. The Group analyses its interest rate exposure on a regular basis and reassesses the source of borrowings and renegotiates interest rates at terms favorable to the Group.

3 Financial risk management (continued)

At 31 March 2012, if the interest rate were to shift by 0.5%, there would be a maximum increase or decrease in the interest income by RO 38,009 (2011 - RO 42,346).

At 31 March 2012, if the interest rate were to shift by 0.5% on short term loan, there would be a maximum increase or decrease in the interest expense of RO 10,814 (2011 - nil).

(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.

Credit risk arises from fixed deposits, cash and cash equivalents and credit exposures to customers including outstanding amounts due from related parties and committed transactions (refer to note 19 for credit quality of banks and financial institutions).

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's large customer base, including the default risk of the industry in the country of operation, which customers operate, has an influence on credit risk. Exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit. All export customers' risks are either covered by letters of credits, insurance or by way of a bank guarantees.

The Group has significant concentrations of credit risk, details of which are provided in note 20. The Group manages concentration of its credit risk by monitoring collections within the credit period.

The maximum exposure to credit risk for trade receivables at the reporting date for the Group and the Parent company by geographical region is as follows:

	Group		Parent company	
	2012	2011	**2012**	2011
	RO	RO	**RO**	RO
Local customers	**421,333**	515,295	**392,624**	484,126
Foreign customers	**1,134,869**	518,080	**1,134,869**	518,080
	1,556,202	1,033,375	**1,527,493**	1,002,206

The Group categorises its customers as hypermarkets, private entities and other retail customers. The maximum exposure to credit risk for trade receivables at the reporting date for the Group and Parent company by type of customer is as follows:

	Group		Parent company	
	2012	2011	**2012**	2011
	RO	RO	**RO**	RO
Hypermarkets	**56,709**	38,795	**56,709**	38,795
Private entities	**1,276,593**	875,603	**1,247,884**	844,434
Other retail customers	**222,900**	118,977	**222,900**	118,977
	1,556,202	1,033,375	**1,527,493**	1,002,206

3 Financial risk management (continued)

(c) Liquidity risk

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

In accordance with prudent risk management, the Board of Directors aim to maintain sufficient cash and an adequate amount of committed credit facilities.

At 31 March 2012 and 2011, trade and other payables and short term loan fall due within twelve months of the reporting date, accordingly undiscounted values of these liabilities are not materially different from their carrying amounts.

3.2 Fair value estimation

All the financial assets and liabilities of the company except for the financial assets at fair value through profit or loss are carried at amortised cost. Financial assets at fair value through profit or loss, where quoted market prices are available, are included in Level-1.

Level 1 - Quoted prices (unadjusted) in active markets for identical assets.

Level 2 - Inputs for the assets that are not based on observable market data (that is, unobservable inputs).

The face value less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate to their fair values. The fair values of fixed deposits and short term loan are considered to approximate to their carrying amounts as these carry interest rates which are believed to be the commercial interest rates.

The table below summarises the carrying amounts and their fair values of the financial assets not presented in the statement of financial position at their fair value.

	Group and Parent company			
	2012		2011	
	Carrying value	**Fair value**	Carrying value	Fair value
	RO	**RO**	RO	RO
Held-to-maturity financial assets	**1,101,793**	**1,235,853**	1,103,433	1,173,902

3.3 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 an optimal capital structure to reduce the cost of capital.

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

4 Critical accounting estimates

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

4 Critical accounting estimates (continued)

a) Impairment of trade receivables

An estimate of the collectible amount of trade receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates (note 20).

b) 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 (note 18).

5 Segment information

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 fishing, procurement, processing and sale of fish. The Board also considers the geographical segments. The directors review monthly analysis of these geographical segments by monitoring volume and value and the related debtors. 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 and receivables, based on the reports reviewed by the directors are set out as follows:

Geographical segments

The geographical analysis relating to the primary segment based on the location of the Group's customers is as follows:

	Sales			
	Group		Parent company	
	2012	2011	**2012**	2011
	RO	RO	**RO**	RO
Far East	**15,447,730**	8,862,550	**15,447,730**	8,862,550
GCC and Middle East	**6,432,743**	6,196,510	**6,394,975**	6,164,034
Africa and others	**3,291,022**	1,349,548	**3,291,022**	1,349,549
Europe	**1,140,557**	1,232,174	**1,140,557**	1,232,174
	26,312,052	17,640,782	**26,274,284**	17,608,307

	Trade receivables			
	Group		Parent company	
	2012	2011	**2012**	2011
	RO	RO	**RO**	RO
GCC and Middle East	**678,925**	664,230	**650,216**	633,061
Far East	**652,110**	130,081	**652,110**	130,081
Africa and others	**115,276**	139,379	**115,276**	139,379
Europe	**82,154**	71,251	**82,154**	71,251
	1,528,465	1,004,941	**1,499,756**	973,772

6 Sales

	Group		Parent company	
	2012	2011	**2012**	2011
	RO	RO	**RO**	RO
Procured from fishermen	**20,779,413**	11,530,427	**20,779,413**	11,530,427
Purchased from Bahrain center	**1,784,612**	729,504	**1,784,612**	729,504
Purchased from Yemen centre	**1,665,196**	3,157,059	**1,665,196**	3,157,059
Breaded products	**770,681**	840,331	**732,913**	807,856
Frozen fish purchased from other suppliers and trawlers operating outside Oman	**630,626**	698,944	**630,626**	698,944
Purchased from Saudi Arabia centre	**551,502**	413,984	**551,502**	413,984
Received from trawler companies under fishing rights	**107,796**	223,037	**107,796**	223,037
Received from operation of own boats	**22,226**	47,496	**22,226**	47,496
	26,312,052	17,640,782	**26,274,284**	17,608,307

7 Other operating income

	Group		Parent company	
	2012	2011	**2012**	2011
	RO	RO	**RO**	RO
Custom duty and fishing levy refunds	**99,994**	42,748	**99,994**	42,748
Income from sale of ice	**87,390**	16,214	**87,390**	16,214
Income from fish filleting activity	**15,798**	10,697	**15,798**	10,697
Others	**52,757**	50,221	**48,739**	50,170
	255,939	119,880	**251,921**	119,829

8 Cost of goods sold

	Group		Parent company	
	2012	2011	**2012**	2011
	RO	RO	**RO**	RO
Opening stock of fish	**1,549,202**	1,235,807	**1,549,202**	1,235,807
Purchases	**19,487,375**	12,161,024	**19,487,375**	12,161,024
Processing charges	**870,043**	627,136	**870,043**	627,136
Packing material consumed	**672,407**	430,792	**672,407**	430,792
Hire charges of cold store	**190,002**	-	**190,002**	-
Closing stock of fish	**(2,314,642)**	(1,549,202)	**(2,314,642)**	(1,549,202)
	20,454,387	12,905,557	**20,454,387**	12,905,557

9 Staff costs

	Group		Parent company	
	2012	2011	**2012**	2011
	RO	RO	**RO**	RO
Salaries, wages and bonus	**1,578,730**	1,341,734	**1,561,605**	1,327,786
Air passage and leave salary	**120,314**	102,304	**119,575**	101,804
Housing expenses	**64,653**	49,733	**64,653**	49,523
Staff insurance	**39,015**	23,467	**39,015**	23,300
Social security costs	**33,354**	31,254	**33,354**	31,254
End of service benefits (note 27)	**23,884**	33,537	**23,534**	32,933
Others	**99,684**	92,150	**99,446**	91,374
	1,959,634	1,674,179	**1,941,182**	1,657,974

10 Other operating expenses

	Group		Parent company	
	2012	2011	**2012**	2011
	RO	RO	**RO**	RO
Freight	**1,203,630**	954,209	**1,203,630**	954,209
Repairs and maintenance	**359,308**	288,766	**359,304**	288,760
Vehicle expenses	**302,211**	322,712	**299,839**	319,627
Electricity, water and fuel	**200,687**	167,862	**200,687**	167,862
Export related expenses	**144,538**	110,603	**144,538**	110,603
Sundry expenses	**101,655**	93,406	**98,634**	89,454
Ice charges	**101,649**	105,217	**101,649**	105,217
Advertisement and sales promotion expenses	**101,049**	59,769	**95,806**	59,157
Professional fees	**69,963**	48,261	**68,963**	48,261
Insurance costs	**67,163**	57,814	**66,988**	57,638
Agency fee	**53,203**	107,486	**56,354**	116,014
Rent	**48,260**	41,896	**42,652**	36,845
Communication expenses	**40,650**	40,167	**40,281**	39,764
Pre-operative expenses of a subsidiary	**40,082**	-	**-**	-
Traveling and entertainment	**39,308**	40,645	**39,286**	40,634
Dry-docking expenses of boat	**36,169**	-	**36,169**	-
Directors' remuneration	**29,200**	30,300	**29,200**	30,300
Printing and stationery	**23,661**	15,465	**23,571**	15,357
Directors' sitting fees	**20,800**	19,700	**20,800**	19,700
Bank charges	**15,437**	12,666	**15,165**	12,435
Provision for doubtful debts (note 20)	**(697)**	(1,376)	**(697)**	(1,376)
	2,997,926	2,515,568	**2,942,819**	2,510,461

11 Investment loss - net

	Group and Parent company	
	2012	2011
	RO	RO
Dividend income	**91,895**	145,724
Gain on sale of financial assets at fair value through profit or loss	**9,561**	9,048
Fair value loss on financial assets at fair value through profit or loss - net (note 21)	**(179,019)**	(160,680)
	(77,563)	(5,908)

12 Finance income - net

	Group and Parent company	
	2012	2011
	RO	RO
Finance cost		
Interest expense on short term loan and overdraft	**(18,450)**	(2,952)
Finance income		
Interest income on deposits	**247,429**	293,676
Interest income on held to maturity financial assets	**84,957**	128,750
	332,386	422,426
Finance income - net	**313,936**	419,474

13 Taxation

(a) The tax charge/(credit) for the year is analysed as follows:

	Group and Parent company	
	2012	2011
	RO	RO
Current tax		
In respect of current year	**122,524**	116,690
In respect of prior years	**(21,708)**	-
In respect of prior years	**3,765**	-
	104,581	116,690
Deferred tax (note 28)		
In respect of current year	**21,767**	(3,163)
In respect of prior year	**-**	(4,493)
	21,767	(7,656)
	126,348	109,034

13 Taxation (continued)

(b) The reconciliation of tax on the accounting profit at the applicable rate of 12% (2011 - 12%) after the basic exemption limit of RO 30,000 (2011 - RO 30,000) with the taxation charge in the statement of comprehensive income is as follows:

	Parent company	
	2012	2011
	RO	RO
Tax expense on accounting profit of RO 1,154,012 (2011 - RO 969,451)	**134,882**	112,734
Add/(less) tax effect of:		
Income not subject to tax	**(12,175)**	(18,573)
Expenses not deductible	**21,584**	19,366
Tax - prior years	**(21,708)**	-
Additional tax in respect of prior years	**3,765**	-
Reversal of excess deferred tax in prior year	**-**	(4,493)
Tax charge for the year	**126,348**	109,034

(c) The tax assessments for the years ended 31 March 2009 to 2012 are yet to be agreed with the Oman Taxation Authorities. Board of Directors is of the opinion that any additional taxes that may be assessed would not be significant to the financial position of the Parent company at 31 March 2012.

(d) Oman Fisheries FZE is registered in Free Zone Establishment with limited liability at Sharjah Airport International Free Zone (SAIF Zone) in the Emirate of Sharjah and is not subject to taxation in the UAE.

(e) In relation to Al Ameen Stores and Refrigeration LLC, a new subsidiary added during the year, the tax assessment for the period ended 31 March 2012 has not yet been agreed with Oman Taxation Authorities.

(f) The movement in current tax liability is as follows:

	Group and Parent company	
	2012	2011
	RO	RO
At 1 April	**143,400**	154,873
Charge for the year	**122,524**	116,690
Charge for prior years	**3,765**	-
Reversal for prior years	**(21,708)**	-
Paid during the year	**(120,457)**	(128,163)
At 31 March	**127,524**	143,400

14 Earnings per share

The earnings per share has been derived by dividing the net profit for the year attributable to shareholders by the weighted average number of shares outstanding. As there are no dilutive potential shares, the diluted earnings per share is identical to the basic earnings per share.

	Group 2012	Group 2011	**Parent company 2012**	Parent Company 2011
Profit attributable to shareholders (RO)	**995,891**	871,605	**1,027,664**	860,417
Weighted average number of shares outstanding	**125,000,000**	125,000,000	**125,000,000**	125,000,000
Earnings per share (RO)	**0.008**	0.007	**0.008**	0.007

15 Property, plant and equipment

Group

	Land, buildings and cabins	Plant and equipment	Boats and trawlers	Motor vehicles	Furniture, fixtures and office equipment	Capital work in progress	Total
	RO	RO	RO	RO	RO	RO	RO
Cost							
1 April 2011	1,586,751	2,016,810	257,300	218,930	275,544	5,174	4,360,509
Additions	125,951	133,757	159,108	190,299	56,472	2,099,730	2,765,317
Disposals	-	-	-	(25,675)	-	-	(25,675)
Transfers	5,174	-	-	-	-	(5,174)	-
31 March 2012	1,717,876	2,150,567	416,408	383,554	332,016	2,099,730	7,100,151
Depreciation							
1 April 2011	1,289,850	1,627,479	19,644	173,654	209,461	-	3,320,088
Charge for the year	63,891	123,042	29,747	38,098	29,987	-	284,765
Disposals	-	-	-	(7,442)	-	-	(7,442)
31 March 2012	1,353,741	1,750,521	49,391	204,310	239,448	-	3,597,411
Net book value							
31 March 2012	364,135	400,046	367,017	179,244	92,568	2,099,730	3,502,740

15 Property, plant and equipment (continued)

	Land, buildings and cabins	Plant and equipment	Boats and trawlers	Motor vehicles	Furniture, fixtures and office equipment	Capital work in progress	Total
	RO	RO	RO	RO	RO	RO	RO
Cost							
1 April 2010	1,453,507	1,879,407	3,267	206,756	264,507	235,516	4,042,960
Additions	133,244	164,502	18,517	39,175	39,412	5,174	400,024
Disposals	-	(27,099)	-	(27,001)	(28,375)	-	(82,475)
Transfers	-	-	235,516	-	-	(235,516)	-
31 March 2011	1,586,751	2,016,810	257,300	218,930	275,544	5,174	4,360,509
Depreciation							
1 April 2010	1,235,130	1,545,098	3,266	181,338	214,811	-	3,179,643
Charge for the year	54,720	109,245	16,378	19,317	22,999	-	222,659
Disposals	-	(26,864)	-	(27,001)	(28,349)	-	(82,214)
31 March 2011	1,289,850	1,627,479	19,644	173,654	209,461	-	3,320,088
Net book value							
31 March 2011	296,901	389,331	237,656	45,276	66,083	5,174	1,040,421

Parent Company

	Land, buildings and cabins	**Plant and equipment**	**Boats and trawlers**	**Motor vehicles**	**Furniture, fixtures and office equipment**	**Capital work in progress**	**Total**
	RO	**RO**	**RO**	**RO**	**RO**	**RO**	**RO**
Cost							
1 April 2011	**1,586,751**	**2,016,810**	**257,300**	**218,930**	**275,277**	**5,174**	**4,360,242**
Additions	**125,951**	**133,757**	**159,108**	**190,299**	**56,472**	**30,786**	**696,373**
Disposals	**-**	**-**	**-**	**(25,675)**	**-**	**-**	**(25,675)**
Transfers	**5,174**	**-**	**-**	**-**	**-**	**(5,174)**	**-**
31 March 2012	**1,717,876**	**2,150,567**	**416,408**	**383,554**	**331,749**	**30,786**	**5,030,940**
Depreciation							
1 April 2011	**1,289,850**	**1,627,479**	**19,644**	**173,654**	**209,194**	**-**	**3,319,821**
Charge for the year	**63,891**	**123,042**	**29,747**	**38,098**	**29,987**	**-**	**284,765**
Disposals	**-**	**-**	**-**	**(7,442)**	**-**	**-**	**(7,442)**
31 March 2012	**1,353,741**	**1,750,521**	**49,391**	**204,310**	**239,181**	**-**	**3,597,144**
Net book value							
31 March 2012	**364,135**	**400,046**	**367,017**	**179,244**	**92,568**	**30,786**	**1,433,796**

15 Property, plant and equipment (continued)

	Land, buildings and cabins	Plant and equipment	Boats and trawlers	Motor vehicles	Furniture, fixtures and office equipment	Capital work in progress	Total
	RO	RO	RO	RO	RO	RO	RO
Cost							
1 April 2010	1,453,507	1,879,407	3,267	206,756	264,240	235,516	4,042,693
Additions	133,244	164,502	18,517	39,175	39,412	5,174	400,024
Disposals	-	(27,099)	-	(27,001)	(28,375)	-	(82,475)
Transfers	-	-	235,516	-	-	(235,516)	-
31 March 2011	1,586,751	2,016,810	257,300	218,930	275,277	5,174	4,360,242
Depreciation							
1 April 2010	1,235,130	1,545,098	3,266	181,338	214,570	-	3,179,402
Charge for the year	54,720	109,245	16,378	19,317	22,973	-	222,633
Disposals	-	(26,864)	-	(27,001)	(28,349)	-	(82,214)
31 March 2011	1,289,850	1,627,479	19,644	173,654	209,194	-	3,319,821
Net book value							
31 March 2011	296,901	389,331	237,656	45,276	66,083	5,174	1,040,421

Included above at a net book value of RO 7,912 (2011 - RO 10,367) are buildings and cabins constructed on leasehold land. The lease agreement will expire on 31 December 2012 and is renewable annually. The annual rental of this land is RO 10,288 (2011 - RO 10,288).

16 Investment in subsidiaries

The movement in investment in subsidiaries is as follows:

	Parent company	
	2012	2011
	RO	RO
At 1 April	**15,750**	15,750
Investment during the year	**500,000**	-
At 31 March	**515,750**	15,750

16 Investment in subsidiaries (continued)

Details regarding the Parent company's subsidiaries are set out below: (refer to note 1 for shareholding patterns of subsidiaries)

Company name	Country of incorporation	Year end	Percentage held		Principal activities
			2012	**2011**	
Oman Fisheries Co. FZE	UAE	31 March	**100%**	100%	Procurement and sale of fish and fish products
Al Ameen Stores and Refrigeration LLC	Sultanate of Oman	31 March	**100%**	-	Storing of fish, meat, chicken, vegetables and fruits.

17 Held to maturity financial assets

	Group and Parent company	
	2012	2011
	RO	RO
At 1 April	**1,103,433**	2,607,214
Matured during the year	**-**	(1,500,000)
Premium amortised during the year	**(1,640)**	(3,781)
At 31 March	**1,101,793**	1,103,433

Held to maturity financial assets comprise of bonds issued by commercial banks of RO 131,017 (2011 - RO 131,278) which earn interest at the rate of 7% per annum with maturity on 18 June 2013 and of RO 970,776 (2011 - RO 972,155) which earn interest at the rate of 8% per annum with maturity on 7 May 2016.

18 Inventories

	Group and Parent company	
	2012	2011
	RO	RO
Fish	**2,314,642**	1,549,202
Packing materials	**219,477**	160,436
Maintenance spares	**89,960**	65,518
Others	**12,347**	11,707
	2,636,426	1,786,863
Less: provision for slow moving and obsolete maintenance spares	**(20,000)**	(20,000)
	2,616,426	1,766,863

During the year, inventories amounting to RO 62,525 (2011 - RO 21,947) were directly written off against cost of sales due to obsolescence.

19 Financial instruments

(a) Categories of financial instruments

The accounting policies for financial instruments have been applied to the line items below:

Group

31 March 2012	**Loans and receivables**	**Held to maturity financial assets**	**Financial assets at fair value through profit or loss**	**Total**
Assets as per statement of financial position	**RO**	**RO**	**RO**	**RO**
Held to maturity financial assets	**-**	**1,101,793**	**-**	**1,101,793**
Financial assets at fair value through profit or loss	**-**	**-**	**1,906,109**	**1,906,109**
Trade and other receivables (excluding prepayments and advances to suppliers)	**2,179,247**	**-**	**-**	**2,179,247**
Fixed deposits	**6,500,000**	**-**	**-**	**6,500,000**
Cash and cash equivalents	**1,700,193**	**-**	**-**	**1,700,193**
Total	**10,379,440**	**1,101,793**	**1,906,109**	**13,387,342**

31 March 2012	**Total financial liabilities**
Liabilities as per statement of financial position	**RO**
Trade and other payables (excluding accrued expenses and advances from customers)	**428,923**
Short term loan	**2,162,850**
	2,591,773

31 March 2011	Loans and receivables	Held to maturity financial assets	Financial assets at fair value through profit or loss	Total
Assets as per statement of financial position	RO	RO	RO	RO
Held to maturity financial assets	-	1,103,433	-	1,103,433
Financial assets at fair value through profit or loss	-	-	2,015,081	2,015,081
Trade and other receivables (excluding prepayments and advances to suppliers)	1,629,054	-	-	1,629,054
Fixed deposits	7,365,783			7,365,783
Cash and cash equivalents	2,222,647	-	-	2,222,647
Total	11,217,484	1,103,433	2,015,081	14,335,998

31 March 2011	Total financial liabilities
Liabilities as per statement of financial position	RO
Trade and other payables (excluding accrued expenses and advances from suppliers	297,644

19 Financial instruments (continued)

Parent company

31 March 2012	Loans and receivables	Held to maturity financial assets	Financial assets at fair value through profit or loss	Total
Assets as per statement of financial position	RO	RO	RO	RO
Due from subsidiaries	62,249	-	-	62,249
Held to maturity financial assets	-	1,101,793	-	1,101,793
Financial assets at fair value through profit or loss	-		1,906,109	1,906,109
Trade and other receivables (excluding prepayments and advances to suppliers)	3,827,892	-	-	3,827,892
Fixed deposits	6,500,000	-	-	6,500,000
Cash and cash equivalents	1,669,534	-	-	1,669,534
	12,059,675	1,101,793	1,906,109	15,067,577

31 March 2012	Total financial liabilities
Liabilities as per statement of financial position	RO
Trade and other payables (excluding accrued expenses and advances from customers)	428,923
Short term loan	2,162,850
	2,591,773

31 March 2011	Loans and receivables	Held to maturity financial assets	Financial assets at fair value through profit or loss	Total
Assets as per statement of financial position	RO	RO	RO	RO
Due from subsidiaries	54,424	-	-	54,424
Held to maturity financial assets	-	1,103,433	-	1,103,433
Financial assets at fair value through profit or loss	-	-	2,015,081	2,015,081
Trade and other receivables (excluding prepayments and advances to suppliers)	1,692,459	-	-	1,692,459
Fixed deposits	7,365,783	-	-	7,365,783
Cash and cash equivalents	2,176,998	-	-	2,176,998
Total	11,289,664	1,103,433	2,015,081	14,408,178

31 March 2011	Total financial liabilities
Liabilities as per statement of financial position	RO
Trade and other payables (excluding accrued expenses and advances from customers)	297,644

19 Financial instruments (continued)

(b) Credit quality of financial assets

As per the credit policy of the company, customers are extended a credit period of up to 45 days in the normal course of business. However, in some cases, due to the market conditions and historical business relationship with the customer the credit period may be extended by a further period of 15 days. The credit quality of financial assets is determined by the customers history of meeting commitments, market intelligence related information and management's trade experience.

	Group		Parent company	
Trade receivables	**2012**	2011	**2012**	2011
Counterparties without external credit rating:	**RO**	RO	**RO**	RO
Up to 2 months	**1,127,972**	747,801	**1,127,750**	730,284
Due above 2 months	**428,230**	285,574	**399,743**	271,922
	1,556,202	1,033,375	**1,527,493**	1,002,206

Cash at bank and fixed deposits

	Group		Parent company	
	2012	2011	**2012**	2011
	RO	RO	**RO**	RO
P-1	**238,461**	289,573	**238,461**	289,573
P-2	**4,480,967**	3,967,827	**4,479,968**	3,967,827
Not rated	**3,422,031**	4,611,678	**3,392,371**	4,566,029
	8,141,459	8,869,078	**8,110,800**	8,823,429

The rest of the statement of financial position items 'fixed deposits' and 'cash and cash equivalents' is cash on hand.

20 Trade and other receivables

	Group		Parent company	
	2012	2011	**2012**	2011
	RO	RO	**RO**	RO
Trade receivables	**1,556,202**	1,033,375	**1,527,493**	1,002,206
Less: provision for impairment of receivables	**(27,737)**	(28,434)	**(27,737)**	(28,434)
	1,528,465	1,004,941	**1,499,756**	973,772
Due from subsidiaries [note 33(b)]	**-**	-	**1,677,997**	95,215
Accrued income	**460,718**	363,497	**460,718**	363,497
Advances to suppliers	**406,181**	84,059	**406,181**	84,059
Prepayments	**275,235**	346,553	**267,599**	344,795
Other receivables	**190,064**	466,439	**189,421**	465,798
	2,860,663	2,265,489	**4,501,672**	2,327,136
Less: provision against other receivables	**-**	(205,823)	**-**	(205,823)
	2,860,663	2,059,666	**4,501,672**	2,121,313

20 Trade and other receivables (continued)

(a) At the reporting date 45% of trade receivables are receivable from two parties outside the Sultanate of Oman and one party in the Sultanate of Oman (2011 - 40% from two parties outside the Sultanate of Oman and one party in the Sultanate of Oman).

(b) The fair values of trade and other receivables are assumed to be the same as their carrying amounts above.

(c) Details of gross exposure of trade receivables are set out below:

	Group		Parent company	
	2012	2011	**2012**	2011
	RO	RO	**RO**	RO
Not due	**1,127,972**	747,801	**1,127,750**	730,284
Past due but not impaired	**400,493**	257,140	**372,006**	243,488
Past due and impaired	**27,737**	28,434	**27,737**	28,434
	1,556,202	1,033,375	**1,527,493**	1,002,206

(d) As of 31 March 2012, Group trade receivables of RO 400,493 (2011 - RO 257,140), Parent company of RO 372,006 (2011 - RO 243,488) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these past due trade receivables is as follows:

	Group		Parent company	
	2012	2011	**2012**	2011
	RO	RO	**RO**	RO
Due from 2 to 6 months	**291,464**	200,555	**289,425**	187,214
Due above 6 months	**109,029**	56,585	**82,581**	56,274
Total	**400,493**	257,140	**372,006**	243,488

(e) The individually impaired receivables during the year amounting to RO 27,737 (2011 - RO 28,434) related to parties specifically identified by the Parent company and were fully provided for.

(f) Movement in the provision for impairment of receivables against trade receivables is as follows:

	Group		Parent company	
	2012	2011	**2012**	2011
	RO	RO	**RO**	RO
At 1 April	**28,434**	29,810	**28,434**	29,810
Written back during the year	**(697)**	(1,376)	**(697)**	(1,376)
At 31 March	**27,737**	28,434	**27,737**	28,434

(g) Movement in the provision for impairment against other receivables is as follows:

	Group		Parent company	
	2012	2011	**2012**	2011
	RO	RO	**RO**	RO
At 1 April	**205,823**	205,823	**205,823**	205,823
Written off during the year	**(205,823)**	-	**(205,823)**	-
At 31 March	**-**	205,823	**-**	205,823

20 Trade and other receivables (continued)

(h) The net carrying amounts of the Group's trade receivables are denominated in the following currencies:

	Group		Parent company	
	2012	2011	**2012**	2011
	RO	RO	**RO**	RO
USD	**814,490**	472,210	**814,490**	472,210
Rial Omani	**570,200**	432,410	**570,200**	432,409
Euro	**82,154**	33,938	**82,154**	33,938
UAE Dirhams	**61,621**	66,383	**32,912**	35,215
	1,528,465	1,004,941	**1,499,756**	973,772

(i) The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Group does not hold any collateral as security.

21 Financial assets at fair value through profit or loss

(a) The movement in financial assets at fair value through profit or loss is as follows:

	Group and Parent company	
	2012	2011
	RO	RO
At 1 April	**2,015,081**	2,109,378
Purchase of investments	**696,471**	566,291
Investments sold during the year	**(626,424)**	(499,908)
Fair value loss (note 11)	**(179,019)**	(160,680)
At 31 March	**1,906,109**	2,015,081

(b) Investments at fair value through profit or loss can be analysed based on sectors as follows:

	Group and Parent company			
	Fair value		Cost	
	2012	2011	**2012**	2011
	RO	RO	**RO**	RO
Shares quoted on the Muscat Securities Market				
Banking	**734,399**	783,237	**778,458**	858,056
Services	**687,052**	768,152	**788,383**	675,964
Industrial	**395,428**	357,315	**440,315**	563,181
Investment	**89,230**	106,377	**92,848**	78,560
	1,906,109	2,015,081	**2,100,004**	2,175,761

21 Financial assets at fair value through profit or loss (continued)

(c) Details of investments held at fair value through profit or loss for which the Group's and parent's holding exceeds 10% of the market values of the Group's investments portfolio, are as follows:

2012	**% of investment portfolio**	**Number of shares**	**Market value RO**	**Cost RO**
Shares quoted on the Muscat Securities Market:				
Bank Muscat SAOG	**10.46%**	**324,157**	**199,356**	**197,609**
Omani Qatari Telecommunication Co. SAOG	**11.81%**	**375,849**	**225,116**	**262,443**

2011	% of investment portfolio	Number of shares	Market value RO	Cost RO
Shares quoted on the Muscat Securities Market:				
Bank Muscat SAOG	11%	321,718	220,699	238,107

22 Fixed deposits and cash and cash equivalents

	Group		**Parent company**	
	2012	2011	**2012**	2011
	RO	RO	**RO**	RO
Deposits	**6,500,000**	7,365,783	**6,500,000**	7,365,783
Cash and bank balances	**1,700,193**	2,222,647	**1,669,534**	2,176,998
	8,200,193	9,588,430	**8,169,534**	9,542,781
Less: deposits with maturities between 3 to 12 months classified as short term deposits	**(6,500,000)**	(3,265,783)	**(6,500,000)**	(3,265,783)
Less: deposits with maturities over 12 months classified as non-current fixed deposits	**-**	(4,100,000)	**-**	(4,100,000)
Cash and cash equivalents	**1,700,193**	2,222,647	**1,669,534**	2,176,998

Deposits are denominated in Rial Omani and are placed with the commercial banks at interest rates ranging between 1.25% to 4.75% per annum (2011 - 1.50% to 5.25%) and have maturities of one year from the date of placement.

23 Share capital

(a) The authorised and issued share capital comprises of 125,000,000 (2011 - 125,000,000) fully paid ordinary shares of RO 0.100 each (2011 - RO 0.100) each.

(b) Shareholders of the company who own 10% or more of the company's shares and the number of shares they hold are as follows:

	31 March 2012 Number	**31 March 2012 % Holding**	31 March 2011 Number	31 March 2011 % Holding
Government of the Sultanate of Oman	**30,000,000**	**24**	30,000,000	24

24 Legal reserve

In accordance with the Commercial Companies Law of Oman 1974, as amended, annual appropriations of 10% of the profit for the year are made to this reserve until the accumulated balance amounts to at least one third of the value of each company's paid-up share capital. This reserve is not available for distribution.

25 Capital reserve

Capital reserve represents the excess of share issue fees received, after deducting expenses incurred up to 31 March 1990. This reserve is not available for distribution.

26 Proposed dividend

The Board of Directors, at their meeting held on 20 May 2012 proposed a 7% cash dividend of RO 0.007 per share for face value of RO 0.100 per share (2011 - 7% cash dividend of RO 0.007 per share for face value of RO 0.100 per share) totalling to RO 875,000 (2011 - RO 875,000), which is subject to the approval of shareholders at the forthcoming Annual General Meeting.

27 End of service benefits

	Group		Parent company	
	2012	2011	**2012**	2011
	RO	RO	**RO**	RO
At 1 April	**184,822**	163,481	**182,395**	161,658
Charge for the year (note 9)	**23,884**	33,537	**23,534**	32,933
Paid during the year	**(21,429)**	(12,196)	**(20,674)**	(12,196)
At 31 March	**187,277**	184,822	**185,255**	182,395

28 Deferred taxation

Deferred income tax is calculated on all temporary differences under the liability method using a principal tax rate of 12% (2011 - 12%). The net deferred tax asset in the statement of financial position and deferred tax (charge)/credit in the statement of comprehensive income is attributable to the following items:

Group and Parent company	**1 April 2011**	**Credited/ (charged) to statement of compre hensive income**	**31 March 2012**
	RO	**RO**	**RO**
Deferred tax asset			
Provisions	**30,511**	**(24,782)**	**5,729**
Deferred tax (liability)/asset			
Accelerated depreciation	**(2,981)**	**3,015**	**34**
Net deferred tax asset	**27,530**	**(21,767)**	**5,763**

28 Deferred taxation (continued)

Group and Parent company

	1 April 2010	Credited/ (charged) to statement of compre hensive income	31 March 2011
	RO	RO	RO
Deferred tax assets			
Provisions	30,676	(165)	30,511
Deferred tax liabilities			
Accelerated depreciation	(10,802)	7,821	(2,981)
Net deferred tax asset	19,874	7,656	27,530

29 Short term loan

The Parent company has obtained a short term loan from a local commercial bank for a period of 6 months during the year (2011 - nil) at a commercial rate of interest of 1.5% (2011 - nil) per annum. Subsequent to the year end, the Parent company has fully repaid the loan.

30 Trade and other payables

	Group		Parent company	
	2012	2011	**2012**	2011
	RO	RO	**RO**	RO
Trade payables	**428,923**	297,644	**428,923**	297,644
Accrued expenses	**418,428**	372,783	**418,210**	370,510
Advances from customers	**251,441**	106,422	**250,441**	106,422
	1,098,792	776,849	**1,097,574**	774,576

31 Net assets per share

Net assets per share is calculated by dividing the net assets attributable to shareholders of the Group's and Parent company at the year end by the number of shares outstanding at the yearend as follows:

	Group		Parent company	
	2012	2011	**2012**	2011
Net assets (RO)	**16,617,244**	16,496,353	**16,739,889**	16,587,225
Number of shares at 31 March	**125,000,000**	125,000,000	**125,000,000**	125,000,000
Net assets per share (RO)	**0.133**	0.132	**0.134**	0.133

32 Cash (used in)/generated from operations

The reconciliation of the profit before taxation to cash (used in)/generated from operations is shown below:

	Group		Parent company	
	2012	2011	**2012**	2011
Operating activities	**RO**	RO	**RO**	RO
Profit before taxation	**1,122,239**	980,639	**1,154,012**	969,451
Adjustment for:				
Depreciation	**284,765**	222,659	**284,765**	222,633
Interest income	**(332,386)**	(422,426)	**(332,386)**	(422,426)
Dividend income	**(91,895)**	(145,724)	**(91,895)**	(145,724)
Profit on sale of financial assets at fair value through profit or loss	**(9,561)**	(9,048)	**(9,561)**	(9,048)
Profit on disposal of property, plant and equipment	**(5,732)**	(9,143)	**(5,732)**	(9,143)
Interest expense	**18,450**	2,952	**18,450**	2,952
Fair value losses on financial assets at fair value through profit or loss	**179,019**	160,680	**179,019**	160,680
Investment amortisation premium	**1,640**	3,781	**1,640**	3,781
Provision for end of service benefits	**23,884**	33,537	**23,534**	32,933
Operating results before payment of end of service benefits and working capital changes	**1,190,423**	817,907	**1,221,846**	806,089
Payment of end of service benefits	**(21,429)**	(12,196)	**(20,674)**	(12,196)
Inventories	**(849,563)**	(389,719)	**(849,563)**	(389,719)
Trade and other receivables (including due from subsidiaries)	**(703,776)**	(380,286)	**(2,290,963)**	(390,610)
Trade and other payables	**321,943**	(30,584)	**322,998**	(31,755)
Cash (used in)/generated from operations	**(62,402)**	5,122	**(1,616,356)**	(18,191)

33 Related parties

The Group and the Parent company enter into transactions with shareholders with significant influence (refer note 23 for details of shareholders with over 10% shareholding), other shareholders and with entities over which Directors have an interest (other related parties). The parent in addition transacts with subsidiaries in the ordinary course of business, the Group and Parent company sell goods and procure goods and services from these related parties.

33 Related parties (continued)

(a) Transactions with related parties during the year were as follows:

(i) Sale of goods and services

	Parent company	
	2012	2011
	RO	RO
Sale of goods:		
- Subsidiary	**109,483**	90,349

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

Due from subsidiaries

	Parent company	
	2012	2011
	RO	RO
Due from subsidiaries	**1,740,246**	149,639
Less: due within one year	**(1,677,997)**	(95,215)
Due after one year	**62,249**	54,424

Amounts due from subsidiaries do not carry interest and have no fixed repayment schedule but management has estimated the receipts expected in the next twelve months and classified them as a current receivable.

No provision has been required in 2012 and 2011 in respect of amounts due from subsidiaries.

(c) Directors' remuneration and sitting fees

	Group and Parent company	
	2012	2011
	RO	RO
Sitting fees for directors	**20,800**	19,700
Directors' remuneration	**29,200**	30,300
	50,000	50,000

(d) Key management compensation

	Group and Parent company	
	2012	2011
	RO	RO
Salaries and allowances	**127,815**	104,674
Other benefits and expenses	**14,725**	11,270
End of service benefits	**3,471**	4,032
	146,011	119,976

34 Contingent liabilities

At 31 March 2012, the Group and Parent company had contingent liabilities in respect of bank guarantees amounting to RO 1,322,000 (2011 - RO 1,344,988) given in the normal course of business against which no material liabilities are expected to arise.

35 Commitments

Purchase commitments

At 31 March 2012, the Group and Parent company had outstanding purchase orders and letters of credit amounted to RO 714,845 (2011 - RO 79,435).

Capital commitments

At 31 March 2012, the Group had outstanding capital commitments of RO 351,021 (2011 RO 22,303) and Parent company had capital commitments of RO 28,202 (2011 - RO 22,303).

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