شركة الأسماك العمانية

Oman Fisheries Co. S.A.O.G

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ANNUAL REPORT
2016-2017

HM Sultan Qaboos Bin Said, Sultan of Oman

Oman Fisheries Co. S.A.O.G

Twentyeight Annual Report
2016 - 2017

Oman Fisheries Co. S.A.O.G

INDEX

شركة الأسماك العمانية

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

Musalam Amer Al Ammri
Director

Sheikh Salah bin Hilal bin Naser Al Mawali
Director

Diyab Bin Khalfan bin Hidaib Al Siyabi
Director

Mal Allah Ali Yousuf Al Zadjali
Director

Eng. Nahlah Abdul Wahab Ahmed Al Hamdi
Director

CHAIRMAN'S REPORT

Dear Shareholders,

On behalf of the Board of Directors, I present the Company's audited consolidated results for the financial year ended 31st March 2017.

Turnover and summary of results:

Your Company has successfully managed to make a turnaround, after suffering losses since last four consecutive years, with a total profit of OMR 1,652,248 despite facing the most challenging business environment due to global economic slowdown owing to oil price volatility.

The audited results of the financial year ended 31st March 2017, represent the consolidation of Oman Fisheries Company SAOG, Oman Fisheries Company FZE and Al Ameen Stores and Refrigeration LLC.

2016-17 is the second year of new three year strategy plan (2015-16 to 2017-18).

The key strategic pillars to the three year strategic plan were as follows:

- Sustainable profitability
- Controlling costs
- Breakeven point identification
- Targeting business growth.

In the light of the implementation of three year strategy the summarised performance is as under:

The company has achieved a consolidated turnover of RO 27.94 Million in 2016-17 as compared to the previous year turnover of RO 25.96 Million (8% increase for the same period). Further following notable achievements were accomplished during the year;

- Your Company managed to achieve a record 90 percent production in most of the branches in line with active procurement and production. To ensure maximization of production all technical human and operational resources were synchronized to ensure optimum utilization of resources at minimum cost.

- Besides optimizing own production your Company also entered into tie-ups with several SME processing units to add to its volume and ensure more focus on market building and strengthening its core position.
- Your Company also had overall fair turnover in Al Ameen of OMR 3,498,097/- in 2016-17 compared to OMR 3,348,012/- in 2015-16.
- Business Plans are on way to activate the role of OFC local sales and be able to contribute towards Food Security initiatives of the nation

Human Resources Development and Omanisation:

As part our Your Cos. plans to strengthen the set-up and expand its base, Company appointed Dr. Khalid Mansoor Sabil Al Zadjali as new CEO with effect from January 2017.

Dr. Khalid holds doctorate degree in agricultural resources management from the University of Dublin in the Irish Republic. He was erstwhile Director General of the Fishing Ports and the Director General for Planning and Development at Ministry of Agriculture and Fisheries. He had also represented the government in the Board of Directors of Oman Fisheries Company since 2014 and held various positions as Vice Chairman for the Board of Directors and Chairman of the Executive Committee.

Dr. Khalid has wide experiences in the field of planning and project management, where he worked on the planning and technical preparation and supervision of the laws and regulations of the Agricultural and Fisheries sector for action and legislation implementation in the Sultanate of Oman and the Cooperation Council for the Arab States of the Gulf.

Management had also 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.

As part of CSR initiatives, the company has sponsored the higher education to key Omani talents thereby harnessing their potential to become future leaders in this sector.

Contribution to Food Security

Your Company stands strongly committed to support Government's initiative of food security and food safety besides making available fish across the Sultanate of Oman.

Besides you Company works closely with Ministry of Agriculture and Fisheries to ensure availability of fish during the holy month of Ramadan and in other festive occasions at various places in most affordable and controlled prices.

Future outlook

As a part of its ongoing expansion plans Al Ameen 2nd phase of 3,000 MT has been undertaken and is nearing completion within a record time of 11 months. Once complete the AL Ameen cold store of 9,000MT will be the largest facility of its kind in Oman.

Besides AL Ameen food division is rapidly seeking vertical growth by adding multiple international brands under its arms for sole distributorships in Oman and GCC.

Management is also looking ahead into the proposal of venturing into commercial fishing operations with foreign partners for reaping the abundant marine resources of Oman waters.

Besides the above Your Company is actively encouraging SMEs' in setting up franchise fish shops all over Oman with financial and technical assistance of OFC.

Corporate Social Responsibility

Your Company remains committed to offering a responsibly-derived range of quality seafood products.

Further our vision is to secure healthy marine and freshwater resources to provide high quality nutritious food for our domestic and international customers.

Your Company has a brand image of supplier of high quality and responsibly sourced seafood to the global leaders in food sector-both wholesale and retail. Our customer's reputations are strongly stamped by our values.

All fish harvested in our fishing operations are sourced from sustainable sources and within fishing quotas. We have Implement ERP system to track throughout our supply chains enabling us to trace seafood back to the fishing vessel, the areas where it was caught, landed and sold.

On the Social front, the company had sponsored and supported many social events, local communities on their various initiatives. Your Company has been actively engaged in training the fishermen on the aspects of fish quality enhancement besides educating them on eco-friendly fishing practices. The Company since its foundation has advocated for environmental protection and improvement, whether directly through its own investment in means which allow maximum respect for Nature, or by means of encouraging the enactment of laws and regulations which may protect it.

Internal control systems:

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 which is directly reporting through Internal Audit Committee to the Board of Directors. In addition to this Company had appointed Protiviti 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. Government of Sultanate of Oman through Oman Food and Investment Company (OFIC) is holding 24% stake in Company. Company is committed to follow laws and regulations set up through its Articles of Association and Capital Market Authority.

Acknowledgement

On behalf of the Board of Directors and Management of the Company, I wish to acknowledge and express 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 Company SAOG.

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

Mohammed Bin Hamad Al Masrouri
Chairman

KPMG
4th Floor, HSBC Bank Building
MBD
P.O. Box 641
P.C. 112
Sultanate of Oman
Tel +968 24709181
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Report to the Shareholders of Oman Fisheries Company SAOG ("the Company") of Factual Findings in connection with the Corporate Governance Report of the Company and application of the Corporate Governance practices in accordance with Capital Market Authority Code of Corporate Governance

We have performed the procedures prescribed in the Capital Market Authority ("CMA") Circular No. 16/2003 dated 29 December 2003 ("the Procedures") with respect to the Corporate Governance Report of the Company ("the Report") and its application of the Corporate Governance practices in accordance with the CMA Code of Corporate Governance issued under Circular No. 11/2002 dated 3 June 2002 and the revised CMA Code of Corporate Governance issued under CMA Circular 4/2015 dated 22 July 2015 (together the "Governance Code"). The Report is set out on pages 1 to 8.

Our engagement was undertaken in accordance with the International Standard on Related Services applicable to agreed-upon procedures engagements. The Procedures were performed solely to assist the Shareholders in evaluating the Company's compliance with the Governance Code. The Procedures we performed were as follows:

1. Corroborated, as required, the matters disclosed in the Report by reference to: internal audit reports issued during the year ended 31 March 2017; Audit Committee and Board minutes of meetings held during the year ended 31 March 2017; and relevant supporting Company records.

2. Confirmed that the Report discloses matters discussed in the Board of Director's report on review of the effectiveness of the Company's system of internal controls and that these matters were reported by Company's internal auditor to the Audit Committee during the year ended 31 March 2017.

3. Checked that the Report includes disclosures set out in Annexure 3 of the Governance Code.

4. Checked whether matters, if any, reported in the Auditors' report on the financial statements for the year ended 31 March 2017 relating to: Adequacy and efficacy of the internal control systems in place; going concern considerations; and the adequacy of policies and procedures set up by the Company were also included in the Auditor's presentation to the Audit Committee.

5. Read the Minutes of Board and Audit Committee meetings during the year ended 31 March 2017 to confirm that any matters of non-compliance with the Governance Code mentioned therein are also included in the Report.

As a result of performing the Procedures, we have no exceptions to report.

Because the 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 Company's Corporate Governance Report. Had we performed additional procedures or had we performed an audit or review of the Report in accordance with International Standards on Auditing or International Standards on Review Engagement, other matters might have come to our attention that would have been reported to you. This report is solely for the purpose set forth in the second paragraph of this report, and for inclusion, with the Report, in the Company's annual report, and is not to be used for any other purpose. This report relates only to the Company's Corporate Governance Report included in the Company's annual report for the year ended 31 March 2017 and does not extend to any financial statements or any other reports of the Company, taken as a whole.

31 May 2017

Paul Callaghan

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 every three years during the AGM and 2 directors represent the share of Oman Food Investment Holding Company SAOC (OFIC).

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.

Composition of Board of Directors

The current Board of directors as on 31st March 2017 consists of 8 members, six of them were elected on 15th June 2015 and other two represent share of OFIC. The details of them are as follows:

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
Mr. Abdul Ameer bin Said bin Mohammed	Director	Non – Executive, Independent & In Personal Capacity	-
Sheikh Salah bin Hilal bin Naser al Mawali	Director	Non – Executive, Independent & In Personal Capacity	3
Mr. Mal Allah Ali Yousuf Al Zadjali	Director	Non – Executive, Independent & Nominee of Ministry of Finance.	-

Mr. Musalam Amer Al – Ammri	Director	Non – Executive, Independent & In Personal Capacity	-
Mr. Dhiyab bin Khalfan bin Hidaib Al Siyabi	Director	Non – Executive, Independent & In Personal Capacity	-
Eng. Nahlah Abdul Wahab Ahmed Al Hamdi *	Director	Non – Executive, Independent & Nominee of OFIC.	-

* Dr. Khalid Mansoor Sabil Al Zadjali remained a Board Member and Deputy Chairman till 09/01/2017 when he was appointed as CEO of OFC.

* Mr. Saleh bin Nasser bin Juma al Araimi was appointed as Deputy Chairman of the Board effective from 12/02/2017.

* Nahlah Abdul Wahab Ahmed Al Hamdi was nominated as Director on the Board of company on 12/02/2017 by Oman Food Investment Holding Company SAOC.

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		• 03 May 2016 • 05 June 2016 • 06 June 2016 • 12 June 2016 • 22 June 2016 • 30 June 2016 • 01 Aug 2016 • 19 Oct 2016 • 07 Nov 2016 • 13 Nov 2016 • 27 Dec 2016 • 09 Jan 2017 • 12 Feb 2017 • 27 Mar 2017

Executive Committee Meeting	Mr. Saleh bin Nasser bin Juma al Araimi * Mr. Mal Allah Ali Yousuf Al Zadjali Mr. Musalam Amer Al – Ammri Eng. Nahlah Abdul Wahab Ahmed Al Hamdi *	– Chairman	• 26 Apr 2016 • 20 July 2016 • 02 Aug 2016 • 06 Sept 2016 • 29 Sept 2016 • 17 Oct 2016 • 26 Mar 2017
Internal Audit Committee Meeting	Mr. Abdul Ameer bin Said bin Mohammed Sheikh Salah Bin Hilal Bin Naser Al Mawali Mr. Dhiyab bin Khalfan bin Hidaib Al Siyabi	– Chairman	• 06 June 2016 • 01 Aug 2016 • 04 Sept 2016 • 06 Nov 2016 • 08 Feb 2017

Sl No	Name of Director	Parent Company				
		AGM	**Board Meeting**	**Executive Committee Meeting**	**Internal Audit**	**Total Sitting Fees Paid**
1	Sheikh Mohammed Hamad Ali Al Masrouri	Yes	11	-	-	5,500
2	Dr. Kalid Mansoor Sabil Al Zadjali	Yes	10	6		5,600
3	Mr. Saleh Nasser Juma Al Araimi	Yes	12	7		6,600
4	Mr. Abdul Ameer Said Mohamed	Yes	14		5	6,700
5	Sheikh Salah Bin Hilal Bin Naser Al Mawali	Yes	13	-	5	6,050
6	Mr. Mal Allah Ali Yusuf Al Zadjali	No	14	7		6,950
7	Mr. Musalam Amer Al Ammri	Yes	12	6		6,300
8	Mr. Diyab Bin Khalfan Bin Hidaid	Yes	14		5	6,450
9	Eng. Nahlah Bin Abdul Wahab	Yes	2	1		1,050
	Total					**51,200**

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 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 4 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. Nomination and Remuneration Committee

The Board Nomination and Remuneration Committee, which comprises of 4 directors is chaired by the Dy. Chairman to the Board of Directors. The details of the members are given below:

Meeting Description	Name of Directors / Members
Nomination and Remuneration Committee	Mr. Saleh bin Nasser bin Juma al Araimi Mr. Mal Allah Ali Yousuf Al Zadjali Mr. Musalam Amer Al – Ammri Ms. Nahlah Abdul Wahab Ahmed Al Hamdi

The summary of responsibilities is as under:

- Assist the general meeting in the nomination of proficient directors and the election the most fit for purpose.
- Assist the board in selecting the appropriate and necessary executives for the executive management.
- Provide succession planning for the executive management.
- Develop a succession policy or plan for the board or at least the chairperson.
- Prepare detailed job descriptions of the role and responsibilities for directors including the chairperson. This will facilitate orientate directors towards their tasks and roles, and appraise their performance.
- Look for and nominate qualified persons to act as an interim director on the board in the event of a seat becomes vacant.
- Notwithstanding the articles of association of the company, look for and nominate qualified persons to assume senior executive positions, as required or directed by the board.
- Prepare a bonus, allowances and incentive policy for the executive management.
- Review such policies periodically, taking into account market conditions and company performance.
- Taking into consideration avoiding conflict of interests, the committee may, upon obtaining the approval of the board, seek the assistance and advice of any other party in order to better deliver its tasks.

7. Remuneration Matters

- Sitting Fees of RO 51,200 and RO 6,100 was paid to the Directors of the Parent Co. and subsidiary Co. (Al Ameen Stores and Refrigeration Company LLC) respectively. Remuneration RO 38,000 was paid to the directors of the subsidiary Co.
- The top seven senior executives of the Company have received a total amount of R.O. 151,983/- The above includes salary and benefits.
- Consolidated audit fees payable for the financial year 2016-17 is RO. 10,500/-

8. 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.

9. Means of Communication with the Shareholders

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

10. Market Data

(a) The following table depicts the high, and low of company's share traded during the financial year ended 31st March 2017 with month end general index.

MONTH	HIGH	LOW	MSM Index
Apr-16	0.069	0.066	5,943
May-16	0.060	0.059	5,811
Jun-16	0.061	0.060	5,777
Jul-16	0.062	0.061	5,844
Aug-16	0.061	0.061	5,735
Sep-16	0.064	0.063	5,726
Oct-16	0.059	0.059	5,481
Nov-16	0.060	0.060	5,488
Dec-16	0.061	0.060	5,783
Jan-17	0.102	0.100	5,776
Feb-17	0.169	0.154	5,780
Mar-17	0.180	0.177	5,551

(b) Distribution of Shareholding No Change

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

Major shareholders as of 31/03/2017

Shareholders	Number	No. Of Shares held	Shareholding %
Government of Sultanate of Oman	1	30,000,000	24.00 %
Others – Public	15,630	95,000,000	76.00%

11. 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 an in house internal audit team as well as an external firm of auditors for the review of internal controls .Further, the Audit Committee is involved in the review process and has reviewed the internal controls and procedures adopted by the company and found them to be effective.

12. Internal Audit Department

Company having in-house Internal Audit Department headed by CA. Shahzad Ahmed Chandio who is a Chartered Accountant from the Institute of Chartered Accountants of Pakistan and Certified Internal Auditor from The IIA-USA. His Previous Experience includes 5 years of working with a big four audit firm and 2 years of working in the internal audit function in Banking Sector.

Further, Company had appointed Protiviti audit firm to assist him for carrying out Internal Audit function. Protiviti is a global network of firms.

Protiviti (www.protiviti.com) is a global consulting firm that helps companies solve problems in finance, technology, operations, governance, risk and internal audit, and has served more than 60 percent of Fortune 1000 and 35 percent of Fortune Global 500 companies.

Protiviti and their independently owned Member Firms serve clients through a network of more than 70 locations in over 20 countries. They also work with smaller, growing companies, including those looking to go public, as well as with government agencies. Ranked 57 on the 2016 Fortune 100 Best Companies to Work For list, Protiviti is a wholly owned subsidiary of Robert Half (NYSE: RHI). Founded in 1948, Robert Half is a member of the S&P 500 index.

13. External or Statutory Auditors and their Professional Profile

KPMG

The shareholders of the Company appointed KPMG as the Company's auditors for the year 2016/17. KPMG is a leading Audit, Tax and Advisory firm in Oman and is a part of KPMG Lower Gulf that was established in 1973. KPMG in Oman employs more than 200 people, amongst whom are 4 Partners, 4 Directors and 24 Managers, including Omani nationals. KPMG is a global network of professional firms providing Audit, Tax and Advisory services. KPMG operates in over 152 countries and has around 189,000 people working in member firms around the world. The independent member firms of the KPMG network are affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG in Oman is accredited by the Capital Market Authority (CMA) to audit joint stock companies (SAOG's).

During the financial period ended 31 March 2017, professional service fees amounted to RO 10,500 were paid to the external auditors in respect to the services provided by them to the company.

14. Legal consultant

M/s Suliman Al Busaidi 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.

15. Acknowledgment

The Board of Directors acknowledges confirmation of:

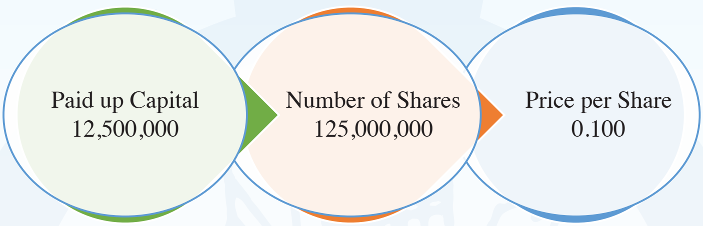
- Its responsibility for the preparation of the financial statements in accordance with the applicable standards and rules.
- Review of the efficiency and adequacy of internal control systems of the Company and that it compliance with internal rules and regulations
- There are no material matters effects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

CHAIRMAN **CHAIRMAN OF INTERNAL AUDIT COMMITEE**

Introduction

The Management of the Oman Fisheries Co. SAOG (OFC) is pleased to present Discussion and Analysis report for the Financial Year 2016-17. Our Management's Discussion and Analysis (MD&A) is provided to enable a reader to assess our results of operations and financial condition for the fiscal year ended March 31, 2017. This MD&A should be read in conjunction with our 2016-17 annual consolidated financial statements and related notes and is dated March 31, 2017

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:



Company has family of more than 17,000 shareholders and Government of Oman is holding 24% stake through Oman Food and Investment Corporation (OFIC).

Business Plan, Vision and Mission of the Company

2016-17 had been the second year of three year strategic plan (2015-16 to 2017-18).

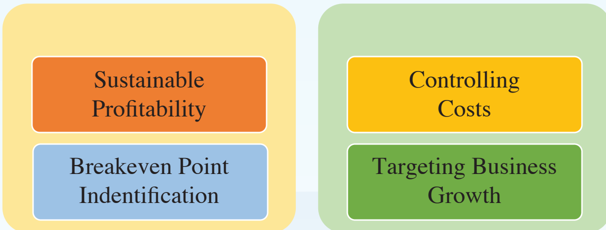
This year Oman Fisheries Co. SAOG made a tremendous turnaround with a bottom-line profit of OMR 1,652,248. This has been the first year the company made profit after four successive years of losses since 2012-13.

The summery performances of last five years are shown below:

PARTICULARS	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Total Revenue	17,915	26,592	26,309	19,795	24,542	27,304	29,066
Operating Profit/ Loss	531	863	(222)	(782)	(1,774)	(278)	1,208
Net other Income	419	259	258	144	34	(22)	(91)
Profit before Tax	981	1,122	36	(638)	(1,740)	(300)	1,116
Tax	(109)	(126)	34	(73)	(14)	(146)	536
Profit after Tax	872	996	70	(711)	(1,754)	(446)	1,652

The turnaround has been quite commendable considering the Global and regional economic downturn due to Oil price volatility which has affected most of the companies in Oman and also to a great extent the agricultural sector.

The Company continued to focus on the key pillars of the three year strategy plan. The key pillars are as follows:

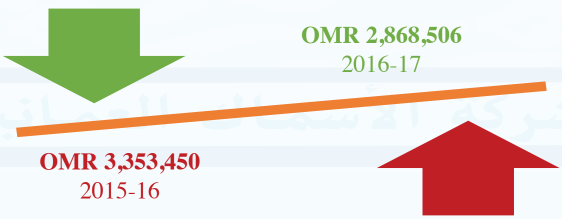


Your Company had embarked on significant changes in the business and management structure.

Management recognizes the core strength of the Company lies in Marketing and quality.

Accordingly focus has been emphasized in those areas while controlling costs in other areas through outsourcing and concentrating solely in profit yielding ventures.

The operating costs has been reduced by more than R.O.650,000/- (OMR 2,868,506/- compared to previous year 2015-16 R.O.3, 353,450/-).

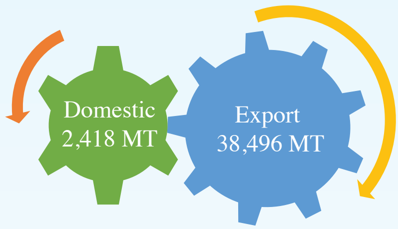


Quality division has been strengthened to ensure stringent inspection at every stage of processing. The division directly reports to CEO.

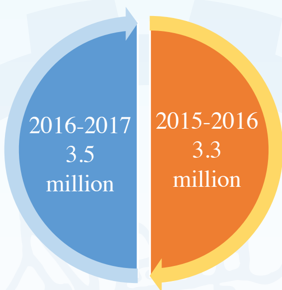
This drastically reduced the quality complaints to less than 1 percent and uplifted the brand image of OFC products.

The marketing division along with its sub-unit- trading division penetrated in newer markets while retaining its shareholding in the existing markets.

With core focus on marketing, Oman Fisheries Company (Parent Co.) achieved in 2016-17 for the first time historic turnover on both export and domestic front, breaking all-time records of the Co. in the past.



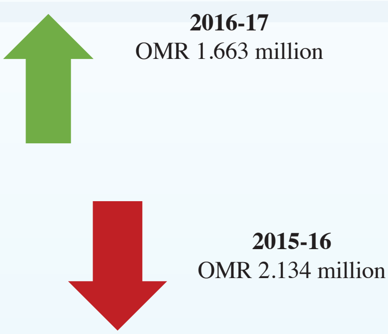
Al Ameen Refrigeration Company LLC (Al Ameen) also achieved record turnover of 2,326 MT for the first time thereby achieving turnover of OMR 3.5 million.



Other significant achievements of 2016-17

Reduction in employee costs by OMR 185,623/- without compromising quality and efficiency.

Reduction in inventory by 22 percent compared to previous year (OMR 1.663 million in 2016-17 compared to OMR 2.134 million in 2015-16.



Reduction in overall short term loan holding by 100 percent. (OMR Nil in 2016 - 17 compared to OMR 1.163 million in 2015-16).

Increase in debtors' turnover from 13 percent in 2015-16 to 14 percent in 2016-17.

With the Company having a glorious turnaround and having a firm foot on success guided by strong strategy and continuous monitoring by the management and the Board, it is hoping to achieve newer heights profitability in the next year.

Internal Control System and their adequacy

OFC has a well-established governance and accountability structure to support departmental assessments and oversight of its system of internal control. The internal control and risk management system is organized around three operational levels: Group, business segments and entities. Each level is directly involved in and responsible for designing and implementing internal control, in line with the degree of centralization targeted by General Management. The Internal Control management framework includes:

- Organizational accountability structures for internal control management to support sound financial management;
- Roles and responsibilities of senior managers for internal control management, as well as those of managers;
- Values and ethics;
- Ongoing communication and training on statutory requirements, as well as policies and procedures for sound financial management and control;
- Risk-based management evaluation; and
- Regular monitoring of internal control management, as well as the provision of related assessments and action plans of the departmental Head through the Internal Audit Department and Internal Audit Committee.

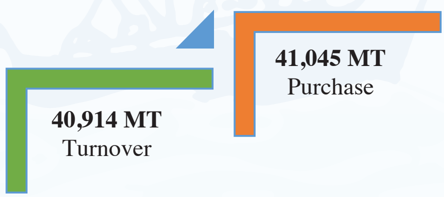
Under these internal control principles, which are part of the corporate governance of the Company the Audit Committee is responsible and consistently monitoring the efficiency of internal control and risk management procedures, assisted by the Internal Control and Audit Department.

OFC realizes the importance of having in place an adequate system of internal control and the company has in place an Internal Audit Department for conducting Internal Audit. In addition to the Internal Audit Department, a reputed external authority has been appointed to coordinate with Internal Audit Department 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 noncompliance on the part of the company.

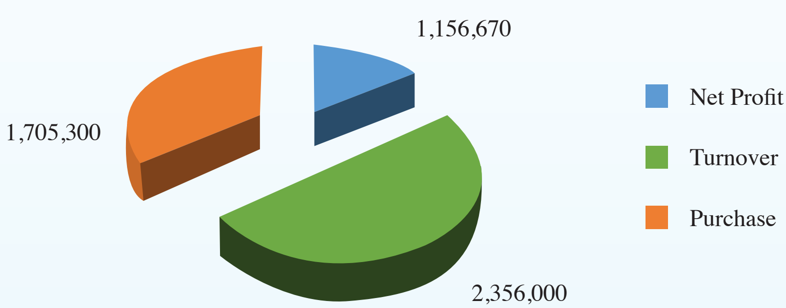
The operations of the Company are audited by external ISO agency to ensure that the Company strictly adheres to HACCP norms. No major noncompliance is reported on this front too.

Business Highlights and Overview of Financial Performance

The parent company managed to turnaround by posting a net profit of OMR 1,156,670/- along with a record turnover of 40,914 MT equivalents to OMR 23.56 million and purchase of 41,045 MT worth of OMR 17.053 million.



Financial Performance 2016 - 2017



This has been achieved despite of global slowdown and heavy competition in the export market from unregulated exporters.

OFC concentrated not only on processed products from its own plants but also embarked on trading activities through other processing plants in Oman and abroad. This venture in itself added 10,405 MT with gross revenue of OMR 3,372 Million.

Further following core strategies were undertaken to ensure steady growth of the business:

- Contrary to earlier years -OFC has focused more on High margin species like Cuttle Fish, Ribbon Fish, Cat Fish, Indian Mackerel and Hilsa for export market.
- This year the primary focus had been sourcing more from the landing centers and fishermen at the grass root level rather than the middlemen. This assisted the Co. to add significant margin by cutting the commission of the middlemen.
- All the five branches of OFC namely Ghala, Ashkara, Masirah, Shograh and Salalah had achieved record production during the fishing season.
- Average debtors collection period has dropped from erstwhile 115 days to less than 35 days.
- Stock holding has been reduced from 150 days to less than 30 days thereby increasing stock turnover ratio.
- Last but not least-The Co. has paid back all the short term loans and currently running with its own capital after accumulating around OMR 3.5 million cash reserves in short term deposits.

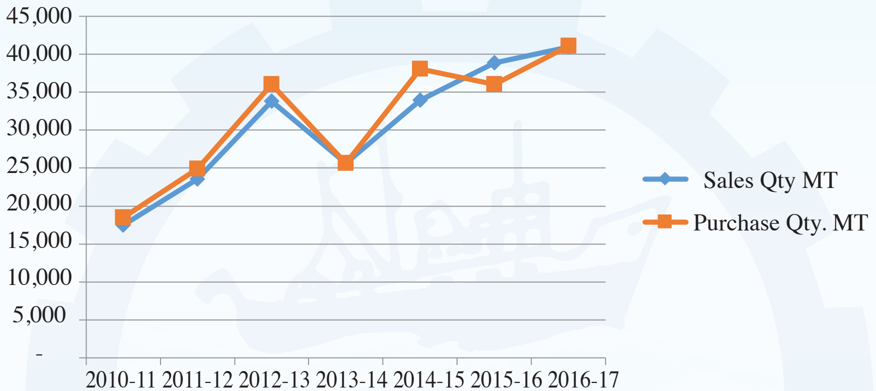
The operational performance in financial and quantitative terms is shown in the following table and graph respectively:

PARTICULARS	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Total Revenue	17,883	26,532	26,273	19,108	23,559	23,665	24,282
Operating Profit/ Loss	520	895	(361)	(1,003)	(2,162)	(1,539)	566
Net Other Income	449	259	312	201	85	23	(20)
Profit Before Tax	969	1,154	(49)	(802)	(2,077)	(1,516)	546
Tax	(109)	(126)	34	-	-	(7)	611
Profit After Tax	**860**	**1,028**	**(15)**	**(818)**	**(2,077)**	**(1,523)**	**1,157**

Procurement and Sales Growth

PARTICULARS	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Sales Qty MT	17,490	23,580	33,795	25,635	33,922	38,876	40,914
Purchase Qty. MT	18,490	24,896	36,029	25,654	38,064	36,029	41,045

Procurement and sales growth of last seven years are graphically depicted below:



After new CEO took over the task OFC had taken further steps ahead to strive forward by adopting following strategies:

- Re-connecting and rejuvenating the fishermen network: The fishermen network who had been erstwhile major suppliers are being contacted under the procurement hub for allocating quota of their supply in various OFC branches to ensure consistent supply of fish throughout the year at most competitive prices.
- Re-operating the vessels in active fishing grounds: Vessels of Co. are currently operating actively in Southern part of Oman throughout the year ensuring steady supply for local sales.
- Re-opening Buraimi plant: Management recognizes the importance of value addition in fisheries sector and in order to set this avenue as key driver, Buraimi plant was restarted. The plant is expected to go on full scale commercial production within June 2017.
- Co. has re-connected with most of the SME fish processors with a trading contract under its belt. MOUs have been signed with most to act as outsourcers for supply of frozen fish under Co. brand name.

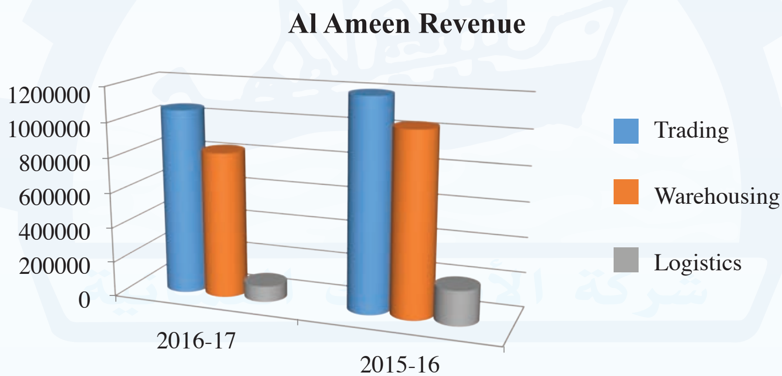
- Active presence in Central Fish market: Co. has set up steering committee to continuously be present in the Central Fish market both as seller and buyer of fish in all seasons.

Company's Activities, Sources of Incomes and Future Plans

As a part of its growth both in horizontal and vertical base, a new subsidiary Company AL Ameen Co. was formed in 2012-13. This Company is involved in 3rd Party Logistic (3PL) service, trading of edible commodities and storage services. Its Warehouse capacity of 6,000 metric tons of storing frozen and chilled food products like fish, fish products, chicken, meat, vegetables and fruits.

It has achieved a net profit after tax of OMR 567.560/- in its fifth year of operations, principally due to supply of 1,059 MT of frozen lamb meat from New Zealand to MOD and sale of 1,218 MT of chicken in domestic market

In addition to the trading activities, Al Ameen also contributed OMR 0.834 million revenue from its warehousing (compared to 1.040 million in 2015-16) and OMR 92,774/- revenue from its logistics division (compared to OMR 199,971/-in 2015-16).



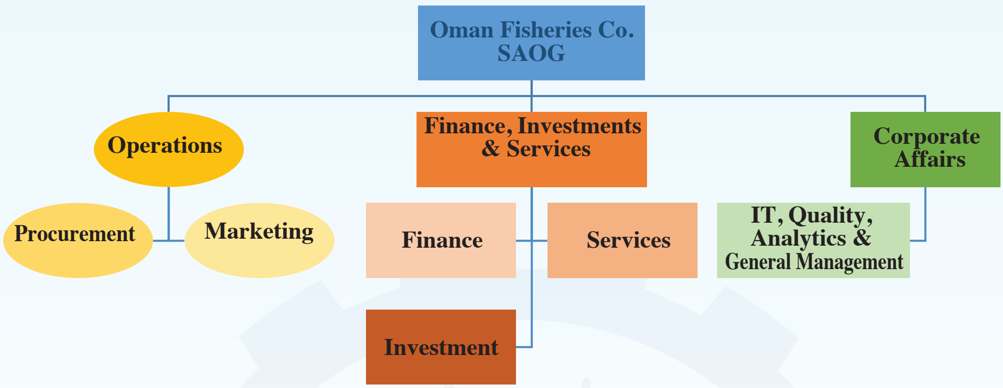
In order to advance continued growth of Al Ameen, management embarked on expansion of the warehouse facility from existing 6000 MT to 9000 MT, thereby adding 3000 MT of additional capacity.

The state-of–art facility which is due to open by July 2017, boasts of four cold stores chambers along with one chiller.

Once opened it will be one of the largest cold store facility in Oman with one-stop service center equipped with logistics and traded products.

Core activities of the company

As per the three year strategy highlight OFC Parent Co. operations were divided into three divisions which are portrayed hereunder:



Fisheries Co. SAOG

With the induction of CEO there are plans to re organize the Co. Organogram in order to derive utmost benefits from the resources and effective implementation of the strategy.

Operation of OFC under the above mentioned broad divisions have been elaborated below:

Operations

Procurement of Fish and Fish products

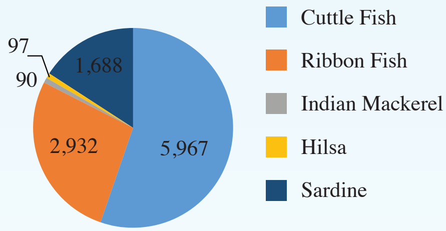
The year was marked with record landing of fish which had facilitated the Co. to operate all its branches at optimum capacity and reach a record production of 27,461 MT compared to 24,907 MT in 2015-16.

Further Co. had also focused more on high margin yielding species to ensure improvement in the bottom-line.

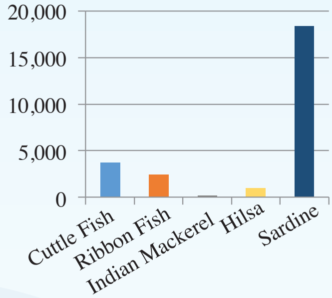
The five major species which contributed to higher bottom-line are as under:

Cuttle Fish	Ribbon Fish	Indian Mackerel	Hilsa	Sardine
3,697 MT	2,403 MT	171 MT	994 MT	18,410 MT
OMR (000) 5,967	OMR (000) 2,932	OMR (000) 90	OMR (000) 97	OMR (000) 1,688

**Sales in Value '000
2016-17**



**Quantity (MT)
2016-17**



Further in addition to own processing, Your Co. form consortium with SMEs in Oman and neighboring countries to trade their products under OFC brand name.

This trading activity reaped additional processing of `10,404 MT with a total turnover value of OMR 3,373 Million.

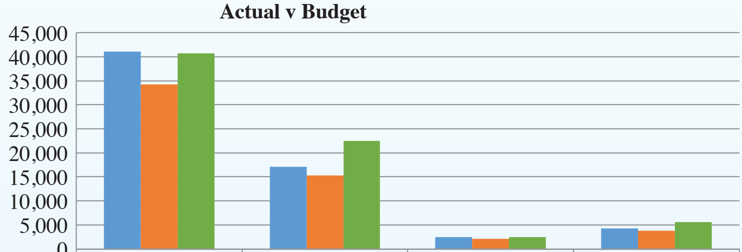
With the fund back up and active support in terms of quality, manpower and other technical support most of the SMEs have voluntarily come under OFC umbrella and their numbers continue to grow.

With the increase in network OFC now boast its active presence in all the major landing centers in Oman thereby tapping most of the sources of the landing.

Further your Company currently operates 13 boats in the Omani waters. In line with OFC strategy the boats have been currently operated by SMEs. This ensured training of SMEs in this field as well as ensuring steady supply of fish at the landing centers along with steady revenue generation.

PROCUREMENT:

Actual v Budget



	Qty (MT)	Value (000)	Growth in Qty	Growth in Value
Actual 2015-16	41,045	17,053	2,463	4,263
Budget 2016-17	34,222	15,332	2,053	3,833
3 year Plan 2016-17	40,746	22,460	2,445	5,615

Marketing

OFC recognizes marketing as the key strength of the organization. Hence primary focus in the strategy has been emphasized in marketing. Marketing department was thoroughly revamped with region wise marketing emphasis.

Far East continues to be the major revenue earner while Latin America comes close second.

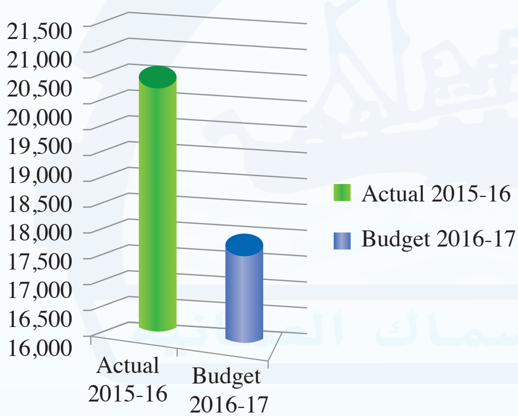
Apart from the two region OFC has strong presence in Europe and MENA (Middle East and North Africa with dedicated marketing chains in operation.

Further a separate Trading division was created to market processed fish from domestic or abroad.

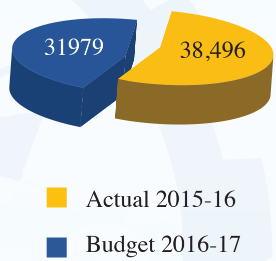
Export

Following are the key figures of export division:

Export Sales in value



Export Sales in Qty (MT)



Your company exceeded the sales target set by the budget and also achieved highest sale in the history of OFC. The sales quantity showed a growth of 11% from 34,809 MT (2015-16).

Further with Co.is working on effective specie mix procurement to yield maximum yield and Gross Profit margin.

Local Sales

The company is continuing its efforts to support to the Government's initiatives of food security achievement in Oman. During the Ramadhan season we have taken extra efforts to ensure that fresh fish is available at major market centers. Further we stocked around 1000 tons of fish for local sales to ensure steady supply of fish for local market.

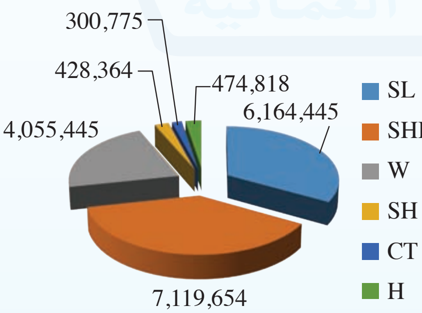
Our prices are regularly monitored and controlled at reasonable levels for local sales. Total sale for the last financial year is 2,418 MT.

As per the indication from the Government to facilitate availability of fish in Oman, OFC is in the process of setting up a strategic plan for the local market which is with the knowledge of the board. We are aiming to increase local sales multifold at a CAGR of more than 50% for the next two years.

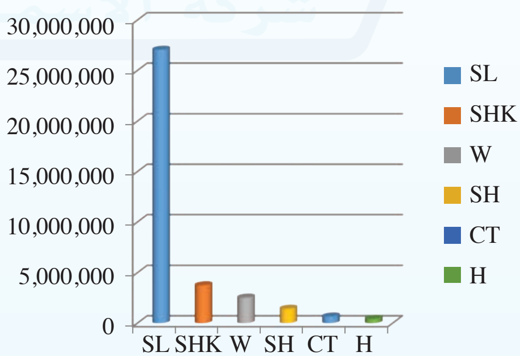
Major 6 Species Exported by the Company during last financial year

SL	SHK	W	SH	CT	H
QTY: 27,077,196	QTY: 3,773,595	QTY: 2,553,816	QTY: 1,453,376	QTY: 681,273	QTY: 439,574
VALUE OMR: 6,164,445	VALUE OMR: 7,119,654	VALUE OMR: 4,055,455	VALUE OMR: 428,364	VALUE OMR: 300,775	VALUE OMR: 474,818

Sales in Value (000)
2016-17



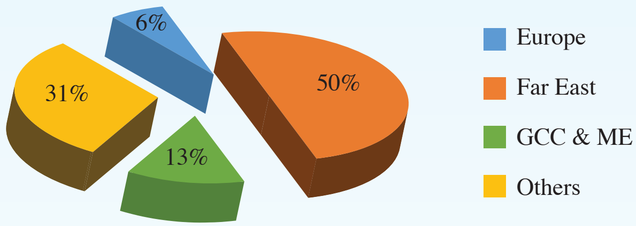
Sales in Qty (KGs)
2016-17



Summary of sales -region wise

Following is graphical depiction of region wise sales achieved from the combined efforts of Export, domestic and trading division the total combined sales was around OMR 23,631:

Sales Region Wise 2016-17



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. Besides our principal brand "taQa" we are planning to revive our other two brands "Sadaf" and "Fun fish" to penetrate at the core consumer levels and also at the tertiary levels. The product packaging had been redesigned for the products. From last year onwards Company had promoted its brand through selling of company's products in new packaging, through advertisement in hypermarkets, in local newspapers, bill boards etc. We believe there is a good scope for the company to be benefited and to be built on this.

Finance & Investment Division

As a part of the three year strategy Finance and Investment division was created. Core objectives of this division are as under:

Maximizing the return on existing investment

Investigating the opportunities for long term investment and conducting the pre- feasibility study on different long term investment options.

Increasing the core efficiency of Finance Division

Ensuring optimum rate of return on Assets of the Co.

Investment division seeks to increase overall efficiency of the asset base both fixed and current in order to generate effective rate of return on investment.

Corporate Social Responsibility

Being one of the largest processor and trader in seafood in GCC we ensure our sources are sustainable. We provide an expert service and quality disclosures to ensure our customers are impressed by the quality of our seafood and reassured that it is responsibly produced.

We ensure our suppliers comply with the certification standards demanded by the EU and encourage all the stakeholders to value these certificates.

OFC adopts strong culture of sourcing the fish from the base fishermen thereby encouraging the sustainable fishing activities.

OFC proclaims that products sold under our brands meet high quality standards. Our quality Controllers are present for round –the clock inspection at our plants and also conduct regular inspection at the suppliers' factories, vessels and farms. Our systems ensure traceability of product back from our factories to the plant, supplier or the boats that supplied the fish.

Training & Development

OFC believes in continuous and proactive training and development of its staff through its Human Resource Department.

As part Business Plan implementation priorities, we focused on improving the quality of the Individual development plans and imparting departmental 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.

As part of CSR initiatives, the company has sponsored the higher education to key Omani talents thereby harnessing their potential to become future leaders in this sector.

Risks

Procurement of the company depends largely on wild catch which is by nature 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

Future strategy and vision

With the vision to continue the turnover growth along with global presence of the brand and value of organization in line with the strategy, CEO has placed following roadmaps under RAP (Rapid Implementation Plans):

- Resuscitating Value Added Plant in Buraimi to steer vertical growth chain in fish business.
- Setting up Star Plant in Ghala as icon and complete destination of fisheries unit in Oman and GCC. The ultimate hub will be encompassing the entire value chain model of fish processing from sea to the platter.

- Collaboration with offshore units to spread the wings: Discussions are underway with foreign collaborators in various sectors some of which include commercial fishing, coastal fishing operations, offshore processing ventures and knowledge sharing ventures. Fishing Collaborations are underway with Japanese, Italian and other major commercial fishing companies from all over the world.
- Brand development: OFC has started rejuvenating the its brands namely “taQa”,”Sadaf” and “Fun-fish” to bring back the memories of good old days of OFC in the minds of customers. Most of these brands would be in all places in GCC within next few months through active brand positioning and brand marketing strategy.
- Lean approach: CEO has strategized OFC to adopt “lean approach” through which Co. would be focusing solely on value addition and margin making areas. The residual non sustainable and sick units are being terminated with immediate effect.
- Benchmark setting: Corporate as well as departmental benchmarking is being set by defining the goals and areas of focus in order to achieve the strategy goalposts.

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 special gratitude to Minster of Agriculture and Fisheries Dr. Fuad Jaffar Al Sajwani who had constantly encouraged this sector to grow and turn into major revenue earner for Oman economy.

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

Finally, I have the honor as well as my colleagues, the directors, to extend our thanks and gratitude to His Majesty Sultan Qaboos Bin Said for his wise leadership and his pertinent direction with regard to the establishment and development of This Organization in a way that serves to achieve Omani renaissance in food sector.

Dr. Khalid Mansoor Al Zadjali
Chief Executive Officer

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF OMAN FISHERIES COMPANY SAOG

Report on the audit of the financial statements

Opinion

We have audited the separate and consolidated financial statements of Oman Fisheries Company SAOG (the Parent Company) and its subsidiaries (the Group) set-out on pages 2 to 40, which comprise the separate and consolidated statements of financial position as at 31 March 2017, the separate and consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects, the financial position of the Parent Company and the Group as at 31 March 2017, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Sultanate of Oman, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Continue on page 1b

Continue from page 1a

Key audit matter - Existence and accuracy of property, plant and equipment

Refer to note 6 on pages 17 to 20 of the separate and consolidated financial statements.

Property, plant and equipment, in the amount of RO 6.8 million at 31 March 2017 (2016: RO 7.9 million), are significant to the Group as these represent approximately 39% of total assets. During the year 2016, the State Audit Institution following an investigation raised concerns regarding the process of procurement of plant and equipment by the Company in prior years. The Board has taken certain corrective actions to address these issues and as at 31 March 2016, certain items of plant and equipment with carrying value of RO 176,820 were written-off. During the current year, an additional amount of RO 184,000 has been written-off in respect of items transferred to inventories from property, plant and equipment during the prior year. Considering the severity of the matter, it raises significant uncertainty over the existence and accuracy of the amounts recorded for property, plant and equipment currently in use by the Group. Accordingly, we consider this as a key audit matter.

Our response

We evaluated the existence and accuracy of property, plant and equipment by performing, amongst other procedures, the following:

- obtained and assessed the State Audit Institution (SAI) report and an Investigation report prepared by an independent consultant to consider the issues raised by SAI in order to understand the nature of discrepancies in the procurement process and potential impact on our audit and the financial statements;
- obtained and reviewed the management follow-up report submitted based on the findings of the SAI and investigation report and considered the adequacy of corrective actions taken by Management to address the discrepancies in the procurement process;
- evaluated whether amounts written off in the current year for items transferred to inventories from property, plant and equipment in the prior year, should have been written off in the prior year financial statements;
- obtained and reviewed the report of physical verification of property, plant and equipment conducted by the Group as at 12 March 2015;
- tested the design and operating effectiveness of selected controls over the property, plant and equipment procurement process;
- selected a sample of items of property, plant and equipment from the fixed asset register and attended the physical verification of such assets together with the Management;
- obtained appropriate specific written representations from management regarding the adequacy of steps taken to address concerns raised in the SAI report; and
- based on the outcome of our evaluation, we assessed the adequacy of the disclosure in the consolidated financial statements.

Key audit matter - Valuation of inventories

Refer to note 9 on page 24 of the separate and consolidated financial statements.

Inventories are significant to the Group as these represent approximately 10% of total assets. Establishing provisions against obsolescence of inventories involves significant management judgment due to the nature of inventories and volatility of selling prices. Inventories, net of provision, amounted to RO 1.7 million at 31 March 2017 (2016: RO 2.1 million).

Continue on page 1c

Continue from page 1b

Our response

We evaluated the appropriateness of the impairment provision established in respect of inventories by, amongst others, performing the following procedures:

- tested the design and implementation of selected controls over the valuation of inventories, agreeing the cost of inventories on a sample basis to supporting documents;
- carried out sample based testing around the accuracy and valuation of amounts recorded for inventory items, including assessing age of items;
- attended the Company's annual inventory count, observing the count and inventory condition, and test-check the count of a sample of items;
- considered appropriateness of methodology used to establish inventory provisions; and
- considered the adequacy of the Group's disclosures in relation to inventories.

Other Matter

The financial statements of the Parent Company and the Group for the year ended 31 March 2016 were audited by another auditor who expressed an unmodified opinion on those financial statements dated 13 June 2016.

Other Information

Management is responsible for the other information. The other information comprises the Chairman's report and Management Discussion and Analysis report but does not include the financial statements and our auditors' report thereon.

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

In connection with our audit of the separate and consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate and consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Separate and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the separate and consolidated financial statements in accordance with IFRS and their preparation in compliance with the relevant disclosure requirements of the Capital Market Authority and the applicable provisions of the Commercial Companies Law of 1974, as amended, and for such internal control as management determines is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate and consolidated financial statements, Management is responsible for assessing the Parent Company and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Parent Company and the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Parent Company and the Group's financial reporting process.

Continue on page 1d

C.R. No: 1309366

Continue from page 1c

Auditors' Responsibilities for the Audit of the Separate and Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Parent Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Parent Company and the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate and the consolidated financial statements, including the disclosures, and whether the separate and the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the separate and consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Continue on page 1e

Continue from page 1d

Report on Other Legal and Regulatory requirements

We report that the separate and consolidated financial statements of the Group as at and for the year ended 31 March 2017, in all material respects, comply with the:

- relevant disclosure requirements of the Capital Market Authority; and
- applicable provisions of the Commercial Companies Law of 1974, as amended.

31 May 2017

Paul Callaghan

SEPARATE AND CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2017

	Notes	Parent Company 2017 RO	Parent Company 2016 RO	Group 2017 RO	Group 2016 RO
ASSETS					
Non-current assets					
Property, plant and equipment	6	**4,765,199**	5,694,200	**6,802,955**	7,961,345
Investment in subsidiaries	7	**515,750**	515,750	**-**	-
Held-to-maturity financial assets	8	**-**	965,261	**-**	965,261
Deferred tax asset	30	**624,424**	13,358	**543,686**	13,358
Total non-current assets		**5,905,373**	7,188,569	**7,346,641**	8,939,964
Current assets					
Inventories	9	**1,178,206**	1,504,722	**1,662,945**	2,134,087
Trade and other receivables	10	**4,114,066**	5,026,770	**3,951,455**	4,604,995
Financial assets at fair value through profit or loss	11	**256,936**	310,776	**256,936**	310,776
Fixed deposits	33	**3,000,000**	-	**3,000,000**	-
Cash in hand and at bank	12	**1,536,691**	1,291,974	**1,575,202**	1,371,960
Total current assets		**10,085,899**	8,134,242	**10,446,538**	8,421,818
Total assets		**15,991,272**	15,322,811	**17,793,179**	17,361,782
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	13	**12,500,000**	12,500,000	**12,500,000**	12,500,000
Legal reserve	14	**3,312,427**	3,196,760	**3,362,455**	3,246,788
Capital reserve	15	**29,269**	29,269	**29,269**	29,269
Accumulated losses		**(3,256,865)**	(4,297,868)	**(1,338,105)**	(2,874,686)
Total equity		**12,584,831**	11,428,161	**14,553,619**	12,901,371
LIABILITIES					
Non-current liabilities					
Term loans	16	**96,327**	133,480	**1,096,307**	1,333,464
Deferred tax liability	30	**-**	-	**-**	73,133
Employees' end of service benefits	17	**128,847**	140,178	**135,350**	144,980
Total non-current liabilities		**225,174**	273,658	**1,231,657**	1,551,577
Current liabilities					
Current portion of term loans	16	**34,678**	34,678	**234,682**	234,682
Short term loan	18	**-**	1,000,000	**-**	1,000,000
Trade and other payables	19	**1,574,742**	1,487,477	**1,706,363**	1,538,322
Provision for taxation	30	**-**	-	**66,858**	135,830
Amount due to related parties	21	**1,571,847**	1,098,837	**-**	-
Total current liabilities		**3,181,267**	3,620,992	**2,007,903**	2,908,834
Total liabilities		**3,406,441**	3,894,650	**3,239,560**	4,460,411
Total equity and liabilities		**15,991,272**	15,322,811	**17,793,179**	17,361,782
Net assets per share	20	**0.101**	0.091	**0.116**	0.103

These financial statements were authorized for issue and approved by the Board of Directors on 24 May 2017 and signed on their behalf by:

Mohammed Bin Hamad Al Masrouri	**Abdul Amir Bin Said Bin Mohammed**
Chairman	Director

The notes on pages 10 to 44 are an integral part of these separate and consolidated financial statements.

Independent Auditors' report is set forth on page 1.

SEPARATE AND CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2017

		Parent Company		Group	
		2017	2016	**2017**	2016
	Notes	**RO**	RO	**RO**	RO
Sales	22	**23,560,169**	22,610,353	**27,935,113**	25,958,365
Cost of goods sold	24	**(19,691,584)**	(20,181,680)	**(22,652,964)**	(21,893,671)
Gross profit		**3,868,585**	2,428,673	**5,282,149**	4,064,694
Other operating income	23	**1,112,798**	1,054,744	**1,131,310**	1,427,531
Staff costs	25	**(883,167)**	(1,131,820)	**(1,157,318)**	(1,342,941)
Other operating expenses	26	**(2,642,860)**	(3,096,150)	**(2,868,506)**	(3,353,449)
Depreciation	6	**(868,023)**	(842,583)	**(1,158,421)**	(1,118,787)
(Loss) / gain on disposal of property, plant and equipment	6	**(21,126)**	44,490	**(21,126)**	44,490
Operating profit / (loss)		**566,207**	(1,542,646)	**1,208,088**	(278,462)
Investment (loss) / income – net	27	**(32,944)**	10,025	**(32,944)**	10,025
Finance income	28	**34,748**	76,834	**34,748**	76,834
Finance costs	28	**(22,407)**	(62,990)	**(93,446)**	(108,527)
Profit / (loss) before taxation		**545,604**	(1,518,777)	**1,116,446**	(300,130)
Taxation	30	**611,066**	(7,394)	**535,802**	(146,082)
Total comprehensive income / (loss) and net profit / (loss) for the year		**1,156,670**	(1,526,171)	**1,652,248**	(446,212)
Profit / (loss) per share – basic and diluted	29	**0.009**	(0.012)	**0.013**	(0.0036)

All comprehensive profit / (loss) and net profit / (loss) is attributable to the shareholders of the Parent Company.

The notes on pages 10 to 44 are an integral part of these separate and consolidated financial statements.

Independent Auditors' report is set forth on page 1.

SEPARATE AND CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2017

Parent Company

	Share capital RO	Legal reserve RO	Capital reserve RO	Accumulated losses RO	Total RO
1 April 2015	12,500,000	3,196,760	29,269	(2,771,697)	12,954,332
Total comprehensive and net loss for the year	-	-	-	(1,526,171)	(1,526,171)
31 March 2016	12,500,000	3,196,760	29,269	(4,297,868)	11,428,161
Total comprehensive income and net profit for the year	**-**	**-**	**-**	**1,156,670**	**1,156,670**
Transfer to legal reserve	**-**	**115,667**	**-**	**(115,667)**	**-**
31 March 2017	**12,500,000**	**3,312,427**	**29,269**	**(3,256,865)**	**12,584,831**

Group

	Share capital RO	Legal reserve RO	Capital reserve RO	Accumulated losses RO	Total RO
1 April 2015	12,500,000	3,246,788	29,269	(2,428,474)	13,347,583
Total comprehensive and net loss for the year	-	-	-	(446,212)	(446,212)
31 March 2016	12,500,000	3,246,788	29,269	(2,874,686)	12,901,371
Total comprehensive income and net profit for the year	**-**	**-**	**-**	**1,652,248**	**1,652,248**
Transfer to legal reserve	**-**	**115,667**	**-**	**(115,667)**	**-**
31 March 2017	**12,500,000**	**3,362,455**	**29,269**	**(1,338,105)**	**14,553,619**

The notes on pages 10 to 44 are an integral part of these separate and consolidated financial statements.

Independent Auditors' report is set forth on page 1.

SEPARATE AND CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2017

	Parent Company		Group	
	2017	2016	**2017**	2016
	RO	RO	**RO**	RO
Operating activities				
Net profit / (loss) before taxation	**545,604**	(1,518,777)	**1,116,446**	(300,130)
Adjustment for:				
Depreciation on property, plant and equipment	**868,023**	842,583	**1,158,421**	1,118,787
Write off of property, plant and equipment	-	176,820	-	176,820
Capital work-in-progress transfer to inventories	-	184,000	-	184,000
Finance income	**(34,748)**	(76,834)	**(34,748)**	(76,834)
Dividend income	**(19,742)**	(15,003)	**(19,742)**	(15,003)
Loss on sale of financial assets at fair value through profit or loss	**1,628**	3,224	**1,628**	3,224
Loss / (gain) on disposal of property, plant and equipment	**21,126**	(44,490)	**21,126**	(44,490)
Allowance for doubtful debts	**146,000**	126,564	**146,000**	134,887
Allowance for slow moving and obsolete maintenance spares	-	23,154	-	23,154
Finance expense	**22,407**	62,990	**93,446**	108,527
Fair value gain on financial assets at fair value through profit or loss	**51,058**	1,754	**51,058**	1,754
Amortisation of premium on held to maturity asset	-	1,379	-	1,379
Provision for end of service benefits	**30,952**	26,129	**32,653**	28,354
Operating surplus/(deficit) before working capital changes	**1,632,308**	(206,507)	**2,566,288**	1,344,429
Working capital changes:				
Inventories	**326,516**	3,405,731	**471,142**	2,979,386
Trade and other receivables	**768,774**	(836,264)	**509,610**	(841,371)
Amount due to related parties	**473,010**	759,492	-	-
Trade and other payables	**87,265**	(124,396)	**168,041**	(148,909)
Cash generated from operations	**3,287,873**	2,998,056	**3,715,081**	3,333,535
End of service benefits paid	**(42,283)**	(38,272)	**(42,283)**	(40,940)
Tax paid	-	(7,394)	**(136,631)**	(7,394)
Net cash from operating activities	**3,245,590**	2,952,390	**3,536,167**	3,285,201
Investing activities				
Purchase of property, plant and equipment	**(26,052)**	(447,766)	**(89,224)**	(507,902)
Proceeds from sale of property, plant and equipment	**64,799**	62,802	**66,962**	62,802
Proceeds from sale of financial assets at fair value through profit or loss	**1,154**	1,119	**1,155**	1,120
Dividend income received	**28,140**	15,003	**28,140**	15,003
Interest received	**25,385**	76,834	**25,385**	76,834
Receipts against maturity of bond	**965,261**	-	**965,261**	-
Fixed deposits placed	**(3,000,000)**	-	**(3,000,000)**	-
Net cash (used in) / from investing activities	**(1,941,313)**	(292,008)	**(2,002,322)**	(352,143)
Financing activities				
Repayment of long term loan paid	**(37,153)**	-	**(237,157)**	(200,004)
Repayment of short term loan (paid) / received	**(1,000,000)**	(1,986,927)	**(1,000,000)**	(1,986,927)
Finance cost paid	**(22,407)**	(62,990)	**(93,446)**	(108,527)
Net cash (used in) / from financing activities	**(1,059,560)**	(2,049,917)	**(1,330,603)**	(2,295,458)
Net change in cash and cash equivalents	**244,717**	610,465	**203,242**	637,600
Cash and cash equivalents atbeginning of year	**1,291,974**	681,509	**1,371,960**	734,360
Cash and cash equivalents at end of year (note 12)	**1,536,691**	1,291,974	**1,575,202**	1,371,960

The notes on pages 10 to 44 are an integral part of these separate and consolidated financial statements.

Independent Auditors' report is set forth on page 1.

1. Legal status and principal activities

Oman Fisheries Company SAOG (“the Company” or “the Parent Company”) is an Omani Joint Stock Company registered under the Commercial Companies Law of the Sultanate 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 subsidiary in UAE, Oman Fisheries Co. FZE with an initial registered share capital of RO 15,750. Oman Fisheries Co. FZE registered in UAE as a Free Zone Company and is a wholly owned subsidiary of the Parent Company. The subsidiary started its operations on 1 February 2006 and is engaged in the business of distribution of the products of the Parent Company.

On 19 September 2011, the Parent Company incorporated a subsidiary 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%. The subsidiary is registered under the Commercial Companies Law of the Sultanate of Oman and is mainly involved in the business of storage and wholesale of fish, meat, chicken, vegetables, and fruits.

These are the separate financial statements of the Company and the consolidated financial statements including the results of the subsidiaries (together “the Group”) after the date of acquisition.

2. Basis of preparation

The Parent Company’s and the Group’s financial statements have been prepared on the historical cost basis except for financial assets at fair value through profit or loss that have been measured at fair value and held-to-maturity financial assets that are measured to amortized cost.

(a) Statement of compliance

These Parent Company and the Group’s financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), the applicable disclosure requirements of the Capital Market Authority (“CMA”) and the relevant requirements of the Commercial Companies Law of 1974, as amended.

(b) Functional and presentation currency

These financial statements have been prepared in Rial Omani, which is the Parent Company’s and the Groups’ functional and presentation Currency.

2. Basis of preparation (continued)

(c) Going Concern

The Company has accumulated losses of RO 3,256,865 at 31 March 2017. However, the Company has made a profit of RO 1,156,670 for the year and has positive operating cash flows of RO 3,245,590. Budgets for coming years indicate profitable growth and creating positives cash flows. Accordingly, management believe that a material uncertainty over the use of the going concern basis of preparation of the financial statements does not exist

(d) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Parent Company and entities controlled by the Parent Company. Control is achieved where the Parent Company has power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Subsidiaries are entities (including special purpose entities) over which the Group exercises control. Control is achieved when the Parent Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect the investee's returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated profit or loss from the date the Parent Company gains control until the date when the Parent Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Parent Company and to the non-controlling interests. Total comprehensive income of subsidiary is attributed to the owners of the Parent Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

2. Basis of preparation (continued)

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The acquisition method is used to account for the acquisition of subsidiaries by the Group when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Losses are attributed to the non-controlling interest even if that results in a deficit balance.

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences, recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss

The consolidated financial statements incorporate the following subsidiary companies in which the Group has a controlling interest:

Company name	Country of incorporation	Year end	Percentage held		Principal activities
			2017	2016	
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%	100%	Storing of fish, meat, chicken, vegetables and fruits.

In the Parent Company's separate financial statements, the investment in the subsidiary is carried at cost less impairment.

3. Summary of significant accounting policies

The significant accounting policies are set out below and have been applied consistently for all the periods presented in these financial statements:

Property, plant and equipment

Items of property, plant and equipment are stated at 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 Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss 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:

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

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 depreciation method, 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.

Financial instruments

The Group classifies its financial instruments in the following categories: 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.

3. Summary of significant accounting policies (continued)

Financial assets at fair value through profit or loss

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.

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

The fair values of quoted investments are based on current market prices. Gains or losses arising from changes in the fair value are presented in the profit or loss 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.

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 allowance for impairment.

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

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, due from related parties and trade and other receivables in the statement of financial position.

3. Summary of significant accounting policies (continued)

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 allowance for impairment. An allowance for impairment of trade receivables is established when there is an objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance 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 allowance is recognised in the profit or loss within 'other operating expenses'. Subsequent recoveries of amounts previously written off are credited against 'other operating expenses' in the profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and deposits with original maturity not greater than three months. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Impairment

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

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment is recognised immediately in profit or loss.

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

An assessment is made at each reporting date to determine whether there is an objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognised in the statement of profit or loss.Impairment is determined as follows:

3. Summary of significant accounting policies (continued)

a) For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the statement of profit or loss;

b) For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

i) Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and
- Either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(ii) Non- financial assets:

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or cash generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss in respect of goodwill is not reversed.

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. An allowance is made where necessary for obsolete, slow moving and defective items.

End of service benefits and leave allowance

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, as amended and UAE Labour Law, for a subsidiary. The obligation is calculated using the project unit credit method and is discounted to its present value using current market assessment of time value of money. 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.

3. Summary of significant accounting policies (continued)

Contributions to a defined contribution retirement plan and occupational hazard insurance for Omani employees in accordance with the Omani Social Insurances Law are recognised as an expense in the profit or loss as incurred.

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.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Provisions

A provision is recognised when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

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.

Revenue from the rental of processing plants is recognised on a straight-line basis over the rental period.

Foreign currency translation

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.

3. Summary of significant accounting policies (continued)

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 profit or loss.

Finance costs and income

Finance cost comprises of interest payable on loans 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.

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.

Dividend distribution

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

Taxation

Current tax is recognised in the profit or loss as the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

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

Deferred tax assets and liabilities are offset only when there is a legally enforceable right to set off.

3. Summary of significant accounting policies (continued)

Segment reporting

A segment is a distinguishable component of the Group that is engaged in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment) whose operating results are regularly reviewed by the entity's Chief Operating Decision Maker ("CODM"), which is subject to risks and rewards that are different from those of other segments. 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.

4. New standards and interpretation not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective for annual periods beginning on or after 1 April 2016, and have not been applied in preparing these financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

- IFRS 9 Financial Instruments, published on 12 November 2009 as part of phase I of the IASB's comprehensive project to replace IAS 39, deals with classification and measurement of financial assets. The requirements of this standard represent a significant change from the existing requirements in IAS 39 in respect of financial assets. The Standard contains two primary measurement categories for financial assets: amortized cost and fair value. The standard eliminates the existing IAS 39 categories of held to maturity, available-for-sale and loans and receivables. The standard is effective for annual periods beginning on or after 1 January 2018. Earlier application is permitted.

- IFRS 15, Revenue from contracts with customers, establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 revenue, IAS 11 construction contracts and IFRIC 13 customer loyalty programmes. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

- IFRS 16, Leases, establishes the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor') and is effective from 1 January 2019, with early adoption permitted.

4. New standards and interpretation not yet effective (continued)

Management assessed that these standards are not expected to have a significant impact on the Group's consolidated and separate financial statements

5. Critical accounting estimates and judgements

The preparation of the financial statements, as per IFRS, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the reporting date and the resultant provisions and changes in fair value for the year. Such estimates are necessarily based on assumptions about several factors involving varying, and possibly significant, degrees of judgment and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated assets and liabilities.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Useful lives of property, plant and equipment

Management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the Management believes the useful lives differ from previous estimates.

Allowance for doubtful debts

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.

Allowance for slow moving 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.

5. Critical accounting estimates and judgements (continued)

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant Management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

6. Property, plant and equipment

Parent Company	Land, buildings and cabins	Plant and equipment	Boats and trawlers	Motor vehicles	Furniture, fixture and office equipment	Capital work-in-progress	Total
	RO	RO	RO	RO	RO	RO	RO
Cost							
1 April 2015	3,860,009	3,951,675	1,175,786	626,736	520,662	1,045,802	11,180,670
Additions	104,405	291,493	-	5,850	2,897	43,121	447,766
Transfers	163,331	523,904	-	-	8,976	(696,211)	-
Write-off	-	-	-	-	-	(176,820)	(176,820)
Transfer to inventories	-	-	-	-	-	(184,000)	(184,000)
Disposals	-	(2,228)	-	(83,526)	(2,208)	-	(87,962)
1 April 2016	**4,127,745**	**4,764,844**	**1,175,786**	**549,060**	**530,327**	**31,892**	**11,179,654**
Additions	**3,675**	**9,618**	**-**	**2,163**	**10,596**	**-**	**26,052**
Write-off	**-**	**-**	**-**	**-**	**-**	**(1,105)**	**(1,105)**
Disposals	**-**	**-**	**(125,164)**	**(80,925)**	**-**	**-**	**(206,089)**
31 March 2017	**4,131,420**	**4,774,462**	**1,050,622**	**470,298**	**540,923**	**30,787**	**10,998,512**
Depreciation							
1 April 2015	1,616,193	2,097,736	334,132	315,757	348,703	-	4,712,521
Charge for the year	191,831	359,670	134,361	89,500	67,221	-	842,583
Disposals	-	(2,537)	-	(64,895)	(2,218)	-	(69,650)
1 April 2016	1,808,024	2,454,869	468,493	340,362	413,706	-	5,485,454
Charge for the year	218,204	396,792	126,159	65,642	61,226	-	868,023
Disposals	-	-	(81,551)	(38,613)	-	-	(120,164)
31 March 2017	**2,026,228**	**2,851,661**	**513,101**	**367,391**	**474,932**	**-**	**6,233,313**
Carrying value							
31 March 2017	**2,105,192**	**1,922,801**	**537,521**	**102,907**	**65,991**	**30,787**	**4,765,199**
31 March 2016	2,319,721	2,309,975	707,293	208,698	116,621	31,892	5,694,200

6. Property, plant and equipment (continued)

During the year 2016, Group has written-off certain items from capital-work-in progress based on the State Audit Institution report, which were identified as items with no future economic benefit.

Group	Land, buildings and cabins	Plant and equipment	Boats and trawlers	Motor vehicles	Furniture, fixture and office equipment	Capital work-in-progress	Total
	RO	RO	RO	RO	RO	RO	RO
Cost							
1 April 2015	5,288,018	5,127,446	1,175,786	1,067,385	567,100	1,053,004	14,278,739
Additions	122,905	325,763	-	5,850	7,864	45,520	507,902
Transfers	163,331	523,904	-	-	8,976	(696,211)	-
Write-off	-	-	-	-	-	(176,820)	(176,820)
Transfer to inventories	-	-	-	-	-	(184,000)	(184,000)
Disposals	-	(2,228)	-	(83,526)	(2,208)	-	(87,962)
1 April 2016	**5,574,254**	**5,974,885**	**1,175,786**	**989,709**	**581,732**	**41,493**	**14,337,859**
Additions	**3,674**	**32,912**	**-**	**40,462**	**12,176**	**-**	**89,224**
Transfers	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Write-off	**-**	**-**	**-**	**-**	**-**	**(1,105)**	**(1,105)**
Disposals	**-**	**-**	**(125,164)**	**(88,575)**	**-**	**-**	**(213,739)**
31 March 2017	**5,577,928**	**6,007,797**	**1,050,622**	**941,596**	**593,908**	**40,388**	**14,212,239**
Depreciation							
1 April 2015	1,832,898	2,379,874	334,132	418,628	361,845	-	5,327,377
Charge for the year	267,421	460,329	134,361	177,871	78,805	-	1,118,787
Disposals	-	(2,537)	-	(64,895)	(2,218)	-	(69,650)
1 April 2016	2,100,319	2,837,666	468,493	531,604	438,432	-	6,376,514
Charge for the year	295,433	506,504	126,159	157,602	72,723	-	1,158,421
Disposals	-	-	(81,551)	(44,100)	-	-	(125,651)
31 March 2017	2,395,752	3,344,170	513,101	645,106	511,155	-	7,409,284
Carrying value							
31 March 2017	3,182,176	2,663,627	537,521	296,490	82,753	40,388	6,802,955
31 March 2016	3,473,935	3,137,219	707,293	458,105	143,300	41,493	7,961,345

6. Property, plant and equipment (continued)

During the year 2016, Group has written-off certain items from capital-work-in progress based on the State Audit Institution report, which were identified as items with no future economic benefit.

Breakup of capital work-in-progress is as follows:

	Parent Company		Group	
	2017	2016	**2017**	2016
	RO	RO	**RO**	RO
Civil works	**30,787**	31,892	**30,787**	31,892
Software development	**-**	-	**9,601**	9,601
	30,787	31,892	**40,388**	41,493

During the year 2016, plant and machinery was acquired for the new plant to be set up in Salalah.

7. Investment in subsidiaries

The details of investment in subsidiaries during the current and prior years is as below:

	Parent Company	
	2017	2016
	RO	RO
At 1 April and 31 March	**515,750**	515,750

Company name	Country of incorporation	Year end	Percentage held		Principal activities
			2017	2016	
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%**	100%	Storing of fish, meat, chicken, vegetables and fruits.

8. Held-to-maturity financial assets

	Parent Company and Group	
	2017	2016
	RO	RO
1 April	**965,261**	966,640
Premium amortised during the year	**-**	(1,379)
Value of bond matured	**(965,261)**	-
31 March	**-**	965,261

Held-to-maturity financial assets represents bonds issued by a commercial bank which earned interest at the rate of 8% per annum. These bonds have been matured on 7 May 2016.

9. Inventories

	Parent Company		Group	
	2017	2016	**2017**	2016
	RO	RO	**RO**	RO
Fish	**1,049,906**	1,244,237	**1,049,906**	1,244,237
Trading stock	**-**	-	**484,739**	629,365
Packing materials	**143,959**	316,685	**143,959**	316,685
Maintenance spares	**78,787**	83,128	**78,787**	83,128
Others	**13,786**	15,973	**13,786**	15,973
	1,286,438	1,660,023	**1,771,177**	2,289,388
Less: allowance for slow moving and obsolete inventory	**(108,232)**	(155,301)	**(108,232)**	(155,301)
	1,178,206	1,504,722	**1,662,945**	2,134,087

Movement in allowance for slow moving and obsolete inventory was as follows:

	Parent Company and Group	
	2017	2016
	RO	RO
1 April	**155,301**	132,147
(Release) / charge for the year	**(47,069)**	23,154
31 March	**108,232**	155,301

10. Trade and other receivables

	Parent Company		Group	
	2017	2016	**2017**	2016
	RO	RO	**RO**	RO
Trade receivables	**1,874,703**	3,080,535	**2,671,980**	3,793,287
Less: allowance for doubtful debts	**(310,564)**	(164,564)	**(318,887)**	(172,887)
	1,564,139	2,915,971	**2,353,093**	3,620,400
Due from related parties (note 21)	**1,695,997**	1,248,564	**-**	-
Accrued income	**40,525**	38,455	**40,525**	38,455
Advances to suppliers	**480,471**	492,654	**1,200,931**	548,180
Prepayments	**112,806**	143,179	**136,604**	162,857
Other receivables	**220,128**	187,947	**220,302**	235,103
	4,114,066	5,026,770	**3,951,455**	4,604,995

At the reporting date, 53% of trade receivables are receivable from one party outside the Sultanate of Oman and six parties in the Sultanate of Oman (2016: 53% from three parties outside the Sultanate of Oman and three parties in the Sultanate of Oman).

Movement in allowance for doubtful debts for the year was as follows:

	Parent Company		Group	
	2017	2016	**2017**	2016
	RO	RO	**RO**	RO
1 April	**164,564**	38,000	**172,887**	38,000
Charge for the year	**146,000**	126,564	**146,000**	134,887
31 March	**310,564**	164,564	**318,887**	172,887

The details of gross exposure of trade receivables are set out below:

	Parent Company		Group	
	2017	2016	**2017**	2016
	RO	RO	**RO**	RO
Not due	**1,392,064**	2,565,846	**2,045,770**	3,227,619
Past due but not yet impaired	**172,075**	350,125	**307,323**	392,781
Past due and impaired	**310,564**	164,564	**318,887**	172,887
	1,874,703	3,080,535	**2,671,980**	3,793,287

10. Trade and other receivables (continued)

At 31 March 2017, past due but not impaired relates to customers for whom there is no recent history of default. The ageing analysis of these past due trade receivables is as follows:

	Parent Company		Group	
	2017	2016	**2017**	2016
	RO	RO	**RO**	RO
Due from 2 to 6 months	**136,655**	329,733	**271,903**	364,818
Due above 6 months	**35,420**	20,392	**35,420**	27,963
	172,075	350,125	**307,323**	392,781

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

	Parent Company		Group	
	2017	2016	**2017**	2016
	RO	RO	**RO**	RO
USD	**1,031,287**	1,870,071	**1,115,174**	1,870,071
Rial Omani	**843,416**	1,210,464	**1,556,262**	1,922,672
UAE Dirhams	**-**	-	**544**	544
	1,874,703	3,080,535	**2,671,980**	3,793,287

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 against receivables as security.

11. Financial assets at fair value through profit or loss

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

	Parent Company and Group	
	2017	2016
	RO	RO
1 April	**310,776**	316,874
Investment sold during the year	**(2,782)**	(4,344)
Change in fair value	**(51,058)**	(1,754)
31 March	**256,936**	310,776

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

Investments at fair value through profit or loss can be analysed based on sectors as below:

	Parent Company and Group			
	2017		2016	
	Cost RO	**Fair value RO**	Cost RO	Fair value RO
Banking	**30,519**	**35,042**	39,298	34,156
Services	**209,765**	**165,845**	214,581	215,262
Industrial	**66,571**	**56,049**	58,761	61,358
	306,855	**256,936**	312,640	310,776

Details of significant investments held by the Parent Company and Group are as follows:

2017	**% of investment portfolio**	**Number of shares**	**Market value RO**	**Cost RO**
Bank Muscat SAOG	**12.5**	**84,192**	**32,330**	**29,617**
Oman Telecommunication Co. SAOG	**16.3**	**29,600**	**42,032**	**45,140**
SMN Power Holding Co. SAOG	**15.8**	**58,110**	**40,677**	**42,537**
Omani Qatari Telecommunication Co. SAOG	**46.2**	**221,700**	**118,831**	**159,627**
2016				
Bank Muscat SAOG	10.4	99,677	32,418	37,688
Oman Telecommunication Co. SAOG	14.6	29,800	45,445	50,064
SMN Power Holding Co. SAOG	13.7	58,110	42,537	38,353
Omani Qatari Telecommunication Co. SAOG	51.4	221,700	159,624	154,303

12. Cash in hand and at bank

	Parent Company		Group	
	2017 RO	2016 RO	**2017 RO**	2016 RO
Cash in hand	**41,738**	22,093	**41,738**	22,093
Cash at bank	**1,494,953**	1,269,881	**1,533,464**	1,349,867
	1,536,691	1,291,974	**1,575,202**	1,371,960

13. Share capital

The authorised issued and paid up share capital comprises of 125,000,000 (2016 - 125,000,000) fully paid ordinary shares of RO 0.100 (2016 - RO 0.100) each.

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

	2017		2016	
	Number of shares	**% holding**	Number of shares	% holding
Government of the Sultanate of Oman	**30,000,000**	**24**	30,000,000	24

14. 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 paid-up share capital of the Parent Company and the subsidiary based in Oman.This reserve is not available for distribution.

15. 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.

16. Term loans

The Parent Company has obtained a term loan from Oman Development Bank of RO 167,612 carrying interest at 3% during the year 2014. The loan is repayable in twenty quarterly instalments. A subsidiary company has obtained a loan from a local commercial bank repayable in equal monthly instalments over 10 years with the first monthly instalment due in April 2013. The facility is secured against the corporate guarantee given by the Parent Company and carries interest at 2.9% in the first year and 3% thereafter up to June 2017. From July 2017, rate of interest will be 6.3% on the remaining balance of loan.

	Parent Company		**Group**	
	2017	2016	**2017**	2016
	RO	RO	**RO**	RO
Term loan	**131,005**	168,158	**1,330,989**	1,568,146
Current portion	**(34,678)**	(34,678)	**(234,682)**	(234,682)
Non-current portion	**96,327**	133,480	**1,096,307**	1,333,464

16. Term loans (continued)

The loan is repayable as follows:

	Parent Company		Group	
	2017	2016	**2017**	2016
	RO	RO	**RO**	RO
Within one year	**34,678**	34,678	**234,682**	234,682
Between two to three years	**34,678**	34,678	**234,682**	234,682
Between three to four years	**61,649**	98,802	**660,100**	698,814
After five years	**-**	-	**201,525**	399,968
	131,005	168,158	**1,330,989**	1,568,146

17. End of service benefits

	Parent Company		Group	
	2017	2016	**2017**	2016
	RO	RO	**RO**	RO
1 April	**140,178**	152,321	**144,980**	157,566
Charge for the year	**30,952**	26,129	**32,653**	28,354
Paid during the year	**(42,283)**	(38,272)	**(42,283)**	(40,940)
31 March	**128,847**	140,178	**135,350**	144,980

18. Short term loans

During the year 2015, the Company obtained short term loans from local commercial banks. The facilities carried interest in the range of 2.8 to 3.5% and were settled prior to 31 March 2017

19. Trade and other payables

	Parent Company		Group	
	2017	2016	**2017**	2016
	RO	RO	**RO**	RO
Trade payables	**720,364**	786,239	**793,514**	716,845
Accrued expenses	**761,741**	595,022	**819,584**	715,261
Advances from customers	**92,637**	106,216	**93,265**	106,216
	1,574,742	1,487,477	**1,706,363**	1,538,322

20. Net assets per share

Net asset per share is calculated by dividing the net assets attributable to shareholders of the Parent Company by the number of shares outstanding at the reporting date:

	Parent Company		Group	
	2017	2016	**2017**	2016
	RO	RO	**RO**	RO
Net assets (RO)	**12,584,831**	11,428,161	**14,553,619**	12,901,371
Number of shares outstanding (no.)	**125,000,000**	125,000,000	**125,000,000**	125,000,000
Net assets per share (RO)	**0.101**	0.091	**0.116**	0.103

21. Related parties

The Group and the Parent Company enter into transactions with shareholders, with entities over which certain Directors have significant influence and with senior management. The Parent Company also 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.

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

Amount due from related parties

	Parent Company	
	2017	2016
	RO	RO
Al Ameen Cold Stores and Refrigeration LLC	**1,665,488**	1,179,170
Oman Fisheries FZE – Sharjah	**30,509**	69,394
	1,695,997	1,248,564

Amounts due from related parties do not carry interest and have no fixed repayment terms. However, management has estimated the receipts are expected within the next twelve months and accordingly classified as a current.

Amount due to related parties

	Parent Company	
	2017	2016
	RO	RO
Al Ameen Cold Stores and Refrigeration LLC	**1,571,847**	1,097,712
Oman Fisheries FZE – Sharjah	**-**	1,125
	1,571,847	1,098,837

21. Related parties (continued)

Transactions with related parties during the year were as follows:

	Parent Company	
	2017	2016
	RO	RO
Hire charges of cold store	**434,008**	643,296
Hire charges of vehicles	**83,774**	199,971
Management charges	**360,000**	24,000
Rent	**30,680**	-

Sitting fees and remuneration

	Parent Company and Group	
	2017	2016
	RO	RO
Directors' sitting fees	**57,300**	37,150
Directors' remuneration	**38,000**	-
	95,300	37,150

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 maximum 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.

Key management compensation

	Parent Company and Group	
	2017	2016
	RO	RO
Salaries and allowances	**125,212**	122,696
Other benefits and expenses	**19,310**	26,874
End of service benefits	**7,461**	7,771
	151,983	157,341

22. Sales

	Parent Company		Group	
	2017	2016	**2017**	2016
	RO	RO	**RO**	RO
Export sales	**20,966,109**	18,197,701	**21,842,956**	18,091,621
Local sales	**2,594,060**	4,412,652	**6,092,157**	7,866,744
	23,560,169	22,610,353	**27,935,113**	25,958,365

23. Other operating income

	Parent Company		Group	
	2017	2016	**2017**	2016
	RO	RO	**RO**	RO
Income from stores	**-**	-	**400,188**	396,784
Income from sale of ice	**3,596**	52,731	**3,596**	52,731
Compensation from Ministry	**18,251**	125,807	**18,251**	125,807
Lease rentals	**663,014**	693,466	**672,014**	693,466
Reversal of provision	**-**	49,611	**-**	49,611
Sale of scrap	**-**	24,610	**-**	24,610
Insurance claim	**15,528**	16,076	**15,528**	16,076
Management Charges	**390,675**	24,000	**-**	-
Others	**21,734**	68,443	**21,733**	68,446
	1,112,798	1,054,744	**1,131,310**	1,427,531

Lease rental income relates to branches and shops rented to third parties for processing and sale of fish on the behalf of the Parent Company at agreed compensation.

24. Cost of goods sold

	Parent Company		Group	
	2017	2016	**2017**	2016
	RO	RO	**RO**	RO
Opening stock of fish	**1,088,936**	4,247,006	**1,088,936**	4,247,006
Purchases	**17,053,209**	13,600,435	**20,278,054**	15,775,241
Processing charges	**1,147,686**	1,415,070	**1,147,686**	1,415,070
Packing material consumed	**561,351**	920,941	**561,351**	920,941
Trading cost	**-**	-	**-**	-
Hire charges of cold store	**434,651**	648,982	**643**	5,688
Custom and clearing charges	**50,280**	78,570	**220,822**	259,049
Wages production	**220,962**	260,998	**220,962**	260,998
Utilities	**70,608**	51,501	**70,608**	51,501
Ice and production charges	**5,575**	47,113	**5,576**	47,113
Closing stock of fish	**(941,674)**	(1,088,936)	**(941,674)**	(1,088,936)
	19,691,584	20,181,680	**22,652,964**	21,893,671

25. Staff costs

	Parent Company		Group	
	2017	2016	**2017**	2016
	RO	RO	**RO**	RO
Salaries, wages and bonus	**457,910**	594,645	**653,613**	753,805
Social security costs	**37,473**	49,747	**45,255**	56,615
End of service benefits	**30,952**	26,129	**33,485**	28,354
Others	**356,832**	461,299	**424,965**	504,167
	883,167	1,131,820	**1,157,318**	1,342,941

26. Other operating expenses

	Parent Company		Group	
	2017	2016	**2017**	2016
	RO	RO	**RO**	RO
Freight	**1,514,675**	1,656,903	**1,521,639**	1,656,903
Repairs and maintenance	**187,714**	237,478	**211,736**	345,930
Vehicle expenses	**54,601**	195,337	**65,869**	186,178
Boat expenses	**53,127**	82,545	**53,127**	82,545
Electricity, water and fuel	**27,110**	93,267	**91,060**	172,965
Export related expenses	**91,976**	93,548	**93,988**	93,549
Sundry expenses	**46,453**	54,874	**61,593**	73,494
Advertisement and sales promotion expenses	**61,523**	94,220	**64,007**	94,810
Professional fees	**46,879**	69,625	**53,983**	72,693
Insurance costs	**59,494**	66,806	**67,227**	76,024
Rent	**47,983**	68,145	**65,900**	91,125
Communication expenses	**31,113**	35,985	**37,592**	42,674
Traveling and entertainment	**26,533**	35,916	**41,006**	45,393
Directors' remuneration (note 21)	**-**	-	**38,000**	-
Printing and stationery	**6,159**	8,766	**8,159**	11,331
Directors' sitting fees (note 21)	**51,200**	32,050	**57,300**	37,150
Bank charges	**6,320**	10,339	**6,320**	10,339
Consumables	**184,000**	120,000	**184,000**	120,000
Others	**-**	13,782	**-**	13,782
Allowance for doubtful debts	**146,000**	126,564	**146,000**	126,564
	2,642,860	3,096,150	**2,868,506**	3,353,449

27. Investment income - net

	Parent Company and Group	
	2017	2016
	RO	RO
Dividend income	**19,742**	15,003
Loss on sale of financial assets at fair value through profit or loss	**(1,628)**	(3,224)
Change in fair value loss on financial assets at fair value through profit or loss – net	**(51,058)**	(1,754)
	(32,944)	10,025

28. Finance income / cost

	Parent Company		Group	
	2017	2016	**2017**	2016
	RO	RO	**RO**	RO
Finance income				
Interest income on deposits	**34,748**	790	**34,748**	790
Interest income on held to maturity financial assets	**-**	76,044	**-**	76,044
	34,748	76,834	**34,748**	76,834
Finance cost				
Interest expense on short term loan and overdraft	**(22,407)**	(62,990)	**(93,446)**	(108,527)

29. Earnings/ (loss) per share - basic and diluted

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

	Parent Company		Group	
	2017	2016	**2017**	2016
Profit / (loss) attributable to shareholders (RO)	**1,156,670**	(1,526,171)	**1,652,248**	(446,212)
Weighted average number of shares outstanding	**125,000,000**	125,000,000	**125,000,000**	125,000,000
Earning / (loss) per share (RO)	**0.009**	(0.012)	**0.013**	(0.0036)

30. Taxation

The Company is subject to income tax at the rate of 12% of taxable profits in excess of RO 30,000 in accordance with the income tax laws of the Sultanate of Oman. During February 2017, the tax rate was increased to 15% and the RO 30,000 exempt limit removed. This has affected deferred tax asset valuation at 31 March 2017.

	2017	2016
Parent Company	**RO**	RO
Current tax		
Prior years	**-**	7,394
Deferred tax		
Current year	**87,825**	-
Prior years	**(698,891)**	-
Income tax expense	**(611,066)**	7,394
Group		
Current tax:		
Current year	**67,659**	135,830
Prior years	**-**	7,394
Income tax expense	**67,659**	143,224
Deferred tax charge		
Current year	**79,035**	2,858
Prior years	**(682,496)**	-
	(603,461)	2,858
Taxation	**(535,802)**	146,082

The Group has provided for taxation in accordance with the income tax laws of the Sultanate of Oman at the rate of 12% of taxable profits in excess of RO 30,000. The following is a reconciliation of income taxes calculated on accounting profits at the applicable tax rates with the income tax expense for the year:

	Parent Company		**Group**	
	2017 RO	2016 RO	**2017 RO**	2016 RO
Profit/ (loss) before tax	**545,604**	(1,518,777)	**1,116,446**	(300,130)
Tax at applicable tax rate	**61,872**	-	**130,374**	131,294
Exempt income	**(2,352)**	(1,800)	**(2,352)**	(1,800)
Non-deductible expenses	**7,140**	9,194	**7,188**	9,194
Deferred tax prior years	**(698,891)**	-	**(682,496)**	-
Current tax prior years	**-**	-	**-**	7,394
Deferred tax effect due to change in tax rate	**17,565**	-	**15,807**	-
Effect of minimum exemption limit	**3,600**	-	**3,600**	-
Others	**-**	-	**(7,923)**	-
	(611,066)	7,394	**(535,802)**	146,082

30. Taxation (continued)

Deferred income tax is calculated on all temporary differences under the liability method using a principal tax rate of 15% (2016 - 12%). The net deferred tax asset in the statement of financial position and deferred tax (charge)/credit in the profit or loss is attributable to the following items:

Parent Company	**1 April 2016**	**Charged / (credited) to profit or loss**	**31 March 2017**
	RO	**RO**	**RO**
Deferred tax asset/ (liability)			
Allowance for obsolete inventory	**2,400**	**13,835**	**16,235**
Allowance for doubtful debts	**-**	**46,585**	**46,585**
Depreciation	**(7,603)**	**(25,864)**	**(33,467)**
Unused tax losses	**18,561**	**576,510**	**595,071**
	13,358	**611,066**	**624,424**
Group			
Deferred tax asset			
Allowance for obsolete inventory	**2,400**	**13,835**	**16,235**
Allowance for doubtful debts	**-**	**47,833**	**47,833**
Depreciation	**(80,736)**	**(34,717)**	**(115,453)**
Unused tax losses	**18,561**	**576,510**	**595,071**
	(59,775)	**603,461**	**543,686**

Parent Company and Group	1 April 2015	Charged / (credited) to profit or loss	31 March 2016
Deferred tax asset			
Allowance for obsolete inventory	2,400	-	(2,400)
Depreciation	(7,603)	-	(7,603)
Unused tax losses	18,561	-	(18,561)
	13,358	-	13,358
Deferred tax liability			
Depreciation	(70,275)	(2,858)	(73,133)

During the year, the parent company has recognised deferred tax asset on prior years carried forward tax losses.

30. Taxation (continued)

The Parent Company's tax assessments for the years ended 31 March 2011 has been finalised. Tax assessments for the years ended 31 March 2012 to 2016 are yet to be agreed with Secretariate General of taxation, at Ministry of Finance. The Board of Directors are 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 2017. Oman Fisheries FZE is registered in Free Zone Establishment with limited liability at Sharjah Airport International Free Zone (SAIF Zone) in the Emirates of Sharjah and is not subject to taxation in the UAE.

Al Ameen Stores and Refrigeration LLC, the subsidiary's tax assessment for the period ended 31 March 2013 and 2014 are yet been agreed Secretariate General of taxation, at Ministry of Finance. The 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 Group at 31 March 2017.

31. Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks including market risk (foreign exchange 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.

Market risk

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

Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. The Group is exposed to foreign 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 effectively pegged to the US Dollar.

At reporting date, there is no outstanding balance related to Euro transactions, accordingly the Group and Parent Company is not exposed to foreign exchange risk.

31. Financial risk management (continued)

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 listed 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.

Sensitivity

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

Index	Parent Company		Group	
	2017	2016	**2017**	2016
	RO	RO	**RO**	RO
MSM	**12,847**	15,539	**12,847**	15,539

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. The Group's policy is to maintain almost all of its borrowings in fixed rate instruments. 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.

At 31 March 2017, if the interest rate were to shift by 0.5% on held-to-maturity investments, there would be a maximum increase or decrease in the interest income by nil (2016 : RO 4,825).

At 31 March 2016, 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 nil (2016: RO 15,220).

31. Financial risk management (continued)

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, cash and cash equivalents, and credit exposures to customers including outstanding amounts due from related parties and committed transactions.

The carrying amount of financial assets represents the maximum credit exposure. The exposure to credit risk at the reporting date was on account of:

Exposure to credit risk

	Parent Company		Group	
	2017	2016	**2017**	2016
	RO	RO	**RO**	RO
Trade receivables	**1,874,703**	3,080,535	**2,671,980**	3,793,287
Due from related parties	**1,695,997**	1,248,564	**-**	-
Other receivables	**220,128**	187,947	**220,302**	235,103
Cash at bank	**1,494,953**	1,269,881	**1,533,464**	1,349,867
	5,285,781	5,786,927	**4,425,746**	5,378,257

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 where 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 10. 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 Parent Company and Group by geographical region is as follows:

	Parent Company		Group	
	2017	2016	**2017**	2016
	RO	RO	**RO**	RO
Local customers	**843,416**	1,210,375	**1,640,693**	1,923,127
Foreign customers	**1,031,287**	1,870,160	**1,031,287**	1,870,160
	1,874,703	3,080,535	**2,671,980**	3,793,287

31. Financial risk management (continued)

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:

	Parent Company		Group	
	2017	2016	**2017**	2016
	RO	RO	**RO**	RO
Hypermarkets	**24,291**	17,237	**24,291**	17,237
Private entities	**1,347,425**	2,093,291	**2,144,902**	2,806,043
Other retail customers	**502,987**	970,007	**502,787**	970,007
	1,874,703	3,080,535	**2,671,980**	3,793,287

As per the credit policy of the Group, 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.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due, that are settled by delivery of cash or another financial asset. 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.

Parent Company

31 March 2017	Carrying amount	Less than one year	1 to 2 years	More than 2 years
	RO	RO	RO	RO
Trade and other payables	1,482,105	1,482,105	-	-
Amount due to related parties	1,571,847	1,571,847	-	-
Term loan	131,005	34,678	34,678	61,649
	3,184,957	3,088,630	34,678	61,649

31. Financial risk management (continued)

Parent Company

31 March 2016	Carrying amount	Less than one year	1 to 2 years	More than 2 years
	RO	RO	RO	RO
Trade and other payables	1,381,261	1,381,261	-	-
Amount due to related parties	1,098,837	1,098,837	-	-
Short term loan	1,000,000	1,000,000	-	-
Term Loan	168,158	34,678	34,678	98,802
	3,648,256	3,514,776	34,678	98,802

Group

	Carrying amount	**Less than one year**	**1 to 2 years**	**More than 2 years**
	RO	**RO**	**RO**	**RO**
31 March 2017				
Trade and other payables	**1,613,098**	**1,613,098**	**-**	**-**
Term loan	**1,330,989**	**234,682**	**234,682**	**861,625**
	2,944,087	**1,847,780**	**234,682**	**861,625**
31 March 2016				
Trade and other payables	1,311,867	1,311,867	-	-
Short term loan	1,000,000	1,000,000	-	-
Term loan	1,568,146	234,682	234,682	1,098,782
	3,880,013	2,546,549	234,682	1,098,782

32. Fair value estimation

All the financial assets and liabilities of the Group 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).

32. Fair value estimation (continued)

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 carrying amounts of the financial assets not presented at their fair values in the statement of financial position.

	Parent Company and Group			
	Carrying value		Fair value	
	2017	2016	**2017**	2016
	RO	RO	**RO**	RO
Held-to-maturity financial assets	-	965,261	-	1,013,403

33. Fixed deposits

The Company has placed term deposits with local commercial banks and earns interest in the range of 2.25% to 2.8% and are maturing on October 2017.

34. Segment information

Management has determined the operating segments based on the reports reviewed by the Chief Operating Decision Maker ("the Board") 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 Board review monthly analysis of these geographical segments by monitoring volume and value and the related debtors. As the Board effectively look at only one group level segment, all relevant details are as set out in the profit or loss and statement of financial position. The geographical distribution of revenue and receivables, based on the reports reviewed by the Board 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:

34. Segment information (continued)

Sales

	Parent Company		Group	
	2017	2016	**2017**	2016
	RO	RO	**RO**	RO
Far East	**11,797,262**	8,073,652	**11,797,262**	8,368,793
GCC and Middle East	**3,222,499**	5,768,186	**7,597,443**	8,719,414
Africa and others	**7,174,595**	6,372,353	**7,174,595**	6,372,353
Europe	**1,365,813**	2,396,162	**1,365,813**	2,396,162
	23,560,169	22,610,353	**27,935,113**	25,856,722

Trade receivables

	Parent Company		Group	
	2017	2016	**2017**	2016
	RO	RO	**RO**	RO
Far East	**195,325**	426,291	**195,325**	426,291
GCC and Middle East	**852,028**	1,210,861	**1,649,305**	1,923,613
Africa and others	**677,709**	985,959	**677,709**	985,959
Europe	**149,641**	457,424	**149,641**	457,424
	1,874,703	3,080,535	**2,671,980**	3,793,287

35. Capital 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. Capital requirements are prescribed by the Capital Market Authority and the Commercial Companies Law of 1974, as amended.

36. Contingent liabilities and commitments

At 31 March 2017, the Parent Company and Group had contingent liabilities in respect of bank guarantees amounting to RO 370,953 (2016: RO 436,934) given in the normal course of business against which no material liabilities are expected to arise. The Parent Company has also given a corporate guarantee of RO 2,000,000 (2016: RO 2,000,000) to local commercial bank against the loan obtained by Al Ameen Stores and Refrigeration LLC.

	Parent Company		Group	
	2017	2016	**2017**	2016
	RO	RO	**RO**	RO
Capital commitments	**-**	-	**578,347**	4,514
Purchase commitments	**-**	17,365	**-**	17,365