

OCEAN AQUATIC PROTIENS LLC
Financial Statements
for the period from 01 April 2019 to 31 March 2020

Registered Office:

P.O. Box: 21

Postal code: 324

Sultanate of Oman

OCEAN AQUATIC PROTIENS LLC

Financial Statements
for the period from 01 April 2019 to 31 March 2020

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COMPANY INFORMATION:

REGISTRATION

OCEAN AQUATIC PROTIENS LLC

Commercial registration No: 1317680

Incorporation date: 11, April 2018

Share capital OMR: 150,000/-

ACTIVITIES:

Manufacture of fish products

Trading business agencies

Extraction and refining of fish and marine mammal oils

Preparation and preservation of fish crustaceans and molluscs by drying and smoking

Activities of export and import offices

Goods warehouses

Retail sale in specialized stores of animal feeds.

SHAREHOLDERS:

Mr. Saif Salim Ahmed Al-Rawahi

M/S. Mukka Sea Food Industries

Mr. Mohammed Haris Kalandan

BANKERS:

Bank Muscat SAOG.

BUSINESS ADDRESS:

P.O. Box: 21

Postal Code: 324

Sultanate of Oman.

AUDITORS:

WHITEMARK CHARTERED ACCOUNTANTS

P.O. Box: A 2156

Postal Code: 900

Sultanate of Oman.

INDEPENDENT AUDITOR'S REPORT

**The Shareholders,
M/S. OCEAN AQUATIC PROTIENS LLC.**
Sultanate of Oman.

Report on the financial statements

We have audited the financial statements of **M/S. OCEAN AQUATIC PROTIENS LLC**, ("the company") which comprise the statement of financial position for the period ended **31, March 2020** and the related statement of comprehensive income, statement of changes in equity and statement of cash flows then ended, and a summary of significant accounting policies and other explanatory notes set out on pages 6 to 12.

Management responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, the disclosure requirements of the Capital Market Authority and the Commercial Companies Law of 1974, as amended. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statement.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company as at **31, March 2020** and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards.



WHITE MARK CHARTERED ACCOUNTANTS

Dated: September 29, 2020

OCEAN AQUATIC PROTIENS LLC

Statement of financial position at 31 March 2020

Particulars	Note	Amount in Rial Omani (RO)	
		31.03.2020	31.03.2019
ASSETS			
Non current assets			
Property, plant and equipment	3	1,093,329	291,005
Total non current assets		1,093,329	291,005
Current assets			
Cash and cash equivalents	4	10,879	22,105
Trade and other receivables	5	-	221,391
Deposits, prepayments and advances	6	6,218	-
Inventories		166,336	48,039
Total current assets		183,433	291,535
Total assets		1,276,762	582,540
MEMBERS' FUNDS AND LIABILITIES			
Members' funds			
Share capital	7	150,000	150,000
Legal reserve	8	-	-
Retained earnings	8	(74,047)	(115,028)
Members' current account		26,475	110,845
Total Members' funds		102,428	145,817
Current liabilities:			
Trade and other payable	9	553,194	212,327
Accrued expenses and other liabilities	10	11,887	7,800
Due to related parties		609,253	216,596
Total current liabilities		1,174,334	436,723
Total Members' funds and liabilities		1,276,762	582,540

These financial statements were approved by the Members' on 03, September 2020 and were signed on their behalf:

OCEAN AQUATIC PROTIENS LLC

 (Director)

OCEAN AQUATIC PROTIENS LLC

Statement of comprehensive income for the period ended 31 March 2020

Particulars	Note	Amount in Rial Omani (RO)	
		01.04.2019 to 31.03.2020	11.04.2018 to 31.03.2019
Revenue		1,171,046	392,793
Other income		4,521	-
Cost of sales	11	(974,113)	(363,844)
Gross profit		201,454	28,949
Overhead			
General and administration cost	12	(89,279)	(78,529)
Depreciation		(63,962)	(12,767)
Total overhead		(153,241)	(91,296)
Profit / (loss) from operation		48,213	(62,347)
Net comprehensive income / (loss) before tax		48,213	(62,347)
Taxation @ 15%		7,232	-
Total comprehensive income / (loss) after tax		40,981	(62,347)

These financial statements were approved by the Members' on 03, September 2020 and were signed on their behalf:

OCEAN AQUATIC PROTIENS LLC

(Director)

OCEAN AQUATIC PROTIENS LLC

Statement of changes in equity for the period ended 31 March 2020

Amount in Rial Omani (RO)

Particulars	Share capital	Member's current a/c	Retained earnings	Legal reserve	Total
As at 11 April, 2018	150,000	68,824	(52,681)	-	166,143
Comprehensive income / (loss)	-	-	(62,347)	-	(62,347)
Transfers	-	-	-	-	-
Net movements	-	42,021	-	-	42,021
As at 31 March 2019	150,000	110,845	(115,028)	-	145,817
As at 01 April, 2019	150,000	110,845	(115,028)	-	145,817
Comprehensive income / (loss)	-	-	40,981	-	40,981
Transfers	-	-	-	-	-
Net movements	-	(84,370)	-	-	(84,370)
As at 31 March 2020	150,000	26,475	(74,047)	-	102,428

OCEAN AQUATIC PROTIENS LLC

Statement of cash flows for the period ended 31 March 2020

Particulars	Note	Amount in Rial Omani (RO)	
		31.03.2020	31.03.2019
Cash flows from operating activities:			
Comprehensive income / (loss)		40,981	(62,347)
Adjustments for:			
Depreciation		63,962	12,767
Operating income / (loss)		104,943	(49,580)
Movements in working capital:			
Decrease (increase) in trade and other receivables		(221,391)	(112,029)
Decrease (increase) in deposits, prepayments and advances		6,218	-
Decrease (increase) in inventories		118,297	(45,182)
Increase (decrease) in trade and other payable		340,867	72,315
Increase (decrease) in Accrued expenses and other liabilities		4,087	3,350
Increase (decrease) in Due to related parties		392,657	225,627
Net cash generated by operating activities		745,678	94,501
Cash flows from investing activities:			
Payment for property, plant and equipment		(866,286)	(151,544)
Net cash (used in) by investing activities		(866,286)	(151,544)
Cash flows from financing activities:			
Increase (decrease) in share capital		-	-
Increase (decrease) in members' current account		109,382	72,912
Net cash (used in) by financing activities		109,382	72,912
Net increase in cash and cash equivalents		(11,226)	15,869
Cash and cash equivalents at beginning of year	4	22,105	6,236
Cash and cash equivalents at end of year	4	10,879	22,105

OCEAN AQUATIC PROTIENS LLC

Notes to the financial statements
for the period from 01 April 2019 to 31 March 2020

1 Legal status and activities

a) Status:

OCEAN AQUATIC PROTIENS LLC ("the company") is a limited liability company, registered at the Ministry of Commerce and Industry under the CR No. 1317680 on 11, April 2018 with a share capital RO.150,000/-.

b) Activities:

The company mainly engaged in Manufacture of fish products, Trading business agencies, Extraction and refining of fish and marine mammal oils, Preparation and preservation of fish crustaceans and molluscs by drying and smoking, Goods warehouses, Retail sale in specialized stores of animal feeds.

c) Shareholding pattern:

The shareholding pattern of the company at the end of the period under review was as follows:

SI No.	Name of the Shareholders	%	Amount (OMR)
1.	Mr. Saif Salim Ahmed Al-Rawahi	30	45,000.000
2.	M/S. Mukka Sea Food Industries	63	94,500.000
3.	Mr. Mohammed Haris Kalandan	07	10,500.000

	Total	100	150,000.000
			=====

d) Accounting period:

These financial statements related to the period from 01 April 2019 to 31 March 2020. The previous year financial statement figures are related for the period from 11 April 2018 to 31 March 2019.

2 Significant accounting policies

- **Basis of preparation**

(i) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) that are relevant to the operations of the company.

The accounting policies adopted have been consistently applied in dealing with items considered material to the company's financial statements.

(ii) Basis of measurement

The financial statements are prepared under the historical cost convention, modified to incorporate changes to the carrying values of property, plant and equipment as described in note 3 to the financial statements.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. The areas involving a higher degree of judgment or complexity, or Areas where assumptions and estimates are significant to the financial statements include useful lives of property, plant and equipment and provisions for impairment of receivables.

There have been new and revised standards and Interpretations issued by IASB and IFRIC that are applicable for accounting periods commencing period. Considering the operations of the company, the aforesaid standards and interpretations have no effect on accounting and presentation of these financial statements.

OCEAN AQUATIC PROTIENS LLC

Notes to the financial statements
for the period from 01 April 2019 to 31 March 2020

2 Significant accounting policies (continued)

• Changes in accounting policies

The following standards have resulted in revised disclosure requirements for the current period:

- (i) Amendments to IAS 24 'Related party disclosures' has simplified the definition of a related party, clarifying its intended meaning and eliminated inconsistencies from the definition. The amendments have also provided a partial exemption from the disclosure requirements for government-related entities. An entity shall apply this IFRS for annual periods beginning on or after period, though earlier application is permitted.
- (ii) IFRS 9 'Financial Instruments' was issued partially in period and will eventually replace IAS 39 'Financial Instruments: Recognition and Measurement'. The chapters issued in period related to the classification and measurement of financial assets. An entity shall apply this IFRS for annual periods beginning on or after period, though earlier application is permitted.

The members believe the adoption of the above amendments is not likely to have material impact on the presentation and disclosure of items in the financial statements for future periods.

The following accounting policies have been consistently applied in dealing with items considered material to the company's financial statements.

a) Accounting convention

These financial statements are prepared on the historical cost basis modified to include the fair value of the financial assets and liabilities.

b) Revenue

Revenue represent the invoice value of products sold and services provided during the period. Revenue is recognized primarily from the manufacture of fish products. The revenue is recognized of percentage of completion basis. Actual billing is based on mile stone as specified in the contracts.

c) Property, plant and equipments

Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition for the asset. Subsequent costs are included in asset's carrying amount or recognized as a separate asset, inappropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of income during the financial period in which they incurred.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the assets and is recognized in the statement of income.

Depreciation is calculated on a straight line basis over the estimated useful lives of assets as follows:

	<u>Periods</u>
Furniture and fixtures	4-5
Plant and machinery	6-7
Tools and equipments	6-7
Motor Vehicles	4-5

OCEAN AQUATIC PROTIENS LLC

Notes to financial statements
for the period from 01 April 2019 to 31 March 2020

2 Significant accounting policies (continued)

d) Inventories

Inventories are stated at the lower of cost and net realizable value. In general, cost is determined on a weighted average basis and includes the prime cost of goods. Net realizable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realization and, Where appropriate, the cost of conversion from their existing state to a finished condition. Provision is made where necessary for nearing expiry stock of slow and non-moving inventories.

e) Trade and other receivables

Accounts receivable originated by the company is measured at cost. An allowance for credit losses of accounts receivable is established when there is objective evidence that the company will not be able to collect the amounts due. When an accounts receivable is uncollectible, it is written off against the allowance account for credit losses. The carrying value of accounts receivable approximate their fair values due to the short-term nature of those receivables also settlement of purchase bills as per the contracts.

f) Cash and cash equivalents

For the purpose of cash flow statements, cash and cash equivalents consist of cash and bank balances with an original maturity of three months or less, net of bank borrowings if any.

g) Impairment

Financial assets

At the end of the reporting period, the management assesses if there is any objective evidence indicating impairment of financial assets.

An impairment loss, if any, arrived at as a difference between the carrying amount and the recoverable amount, is recognized in the statement of comprehensive income. The recoverable amount represents the present value of expected future cash flows discounted at original effective interest rate.

Non-financial assets

At the end of the reporting period, the management assesses if there is any indication of impairment of non-financial assets. If an indication exists, the management estimates the recoverable amount of the asset and recognizes an impairment loss in the statement of comprehensive income. The management also assesses if there is any indication that an impairment loss recognized in prior periods no longer exists or has reduced. The resultant impairment loss or reversals are recognized immediately in the statement of comprehensive income.

h) Employees' end of service benefits

Payment is made to the Government of the Sultanate of Oman's Social Security Scheme as per Royal Decree 72/91 (as amended) for Omani employees. Provision is made for amounts payable under the Sultanate of Oman's Labor Law as per Royal Decree 35/2003 (as amended) applicable to expatriate employees' accumulated periods of service at the end of the reporting period.

i) Accounts and other payables

Liabilities are recognized for amounts to be paid for goods and services received whether or not billed to the company on behalf of billing by the contract.

j) Taxation

Taxation is provided in accordance with the Sultanate of Oman's fiscal regulations.

Deferred taxation is provided using the liability method on all temporary differences at the reporting date. It is calculated at the tax rates that are expected to apply to the period when it is anticipated the liabilities will be settled, and it is based on tax rates (and laws) that have been enacted at the end of the reporting period.

OCEAN AQUATIC PROTIENS LLC

Notes to financial statements
for the period from 01 April 2019 to 31 March 2020

2 Significant accounting policies (continued)

Deferred taxation assets are recognized only to the extent that it is probable that future taxable profits will be available against which the tax credits can be utilized.

k) Foreign currencies

Transactions denominated in foreign currencies entered into during the period have been translated into Rials Omani and recorded at the rates of exchange prevailing at the dates of transaction. Foreign currency monetary assets and liabilities at the end of the reporting period are translated at the rates of exchange ruling at the end of the reporting period. Exchange differences that arise are taken to the statement of comprehensive income.

l) Financial liabilities

All financial liabilities are initially measured at fair value and are subsequently measured at amortized cost.

m) Provisions

A provision is recognized in the balance sheet when the company 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 rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

n) Estimates and judgments

In preparing the financial statements, the Members are required to make estimates and assumptions which affect reported income and expenses, assets, liabilities and related disclosures. The use of available information and application of judgments based on historical experience and other factors are inherent in the formation of estimates. Actual results in the future could differ from such estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. In particular estimates that involve uncertainties and judgments which have significant effect on the financial statements include allowances for credit losses and provision for slow-moving inventories.

o) Capital management

The company's objectives when managing capital is to enable the entity to continue as a going concern, so that it can continue to provide adequate returns to the Members. There are no externally imposed capital requirements binding on the company. In order to maintain or adjust the capital structure, the company may adjust the amount of dividend paid to the Members, return capital to Members or issue additional capital.

p) Comparative figures and level of precision

Certain comparative figures have been reclassified to conform to the presentation adopted in these financial statements. The comparative figures presented in these financial statements were audited by another firm of Public Accountants. All figures are rounded off to the nearest Rials Omani.

q) Work in progress

Work in progress of the amount towards work in progress being contract services / material supply work etc. carried by the company on behalf of its clients and still be concluded / certified accepted by its client as of the reporting date. In absence of any documentary evidence including customers confirmation, technical evaluation etc., the same cannot independently be verified by us. Accordingly we are unable to comment on the ability of the company to convert these in to billable revenues and its subsequent recovery.

OCEAN AQUATIC PROTIENS LLC

Notes to financial statements

for the period from 01 April 2019 to 31 March 2020

3 Property, plant and equipment (Fixed assets)

Asset type/ description	Amount in Rial Omani (RO)					
	Buildings	Motor vehicles	Furniture & fixtures	Tools and equipment	Plant and machinery	Total
Gross value:						
Balance at 01 April 2019	70,626	2,625	2,624	227,897	-	303,772
Addition	6,576	33,664	-	399,635	426,411	866,286
Deletion	-	-	-	-	-	-
Balance at 31 March 2020	77,202	36,289	2,624	627,532	426,411	1,170,058
Accumulated depreciation:						
Balance at 01 April 2019	2,943	164	164	9,496	-	12,767
For the period	2,970	7,225	492	21,840	31,435	63,962
Balance at 31 March 2020	5,913	7,389	656	31,336	31,435	76,729
Net Value - 31 March 2020	71,289	28,900	1,968	596,196	394,976	1,093,329
Net Value - 31 March 2019	67,683	2,461	2,460	218,401	-	291,005

4 Cash and cash equivalents:

	31.03.2020	31.03.2019
Cash on hand	517	905
Balance with the bank in current accounts	10,362	21,200
	10,879	22,105

5 Trade and other receivables:

Trade and other receivables	-	221,391
	-	221,391

OCEAN AQUATIC PROTIENS LLC

Notes to financial statements

for the period from 01 April 2019 to 31 March 2020

	Amount in Rial Omani (RO)	
	31.03.2020	31.03.2019
6 Deposits, prepayments and advances :		
Deposits, prepayments and advances :	6,218	-
	6,218	-
7 Share capital:		
Share capital comprises of RO. 150,000/- fully paid up equity shares of RO. 1/- each.		
8 Reserves and surplus:		
Legal reserve	-	-
Retained earnings	(74,047)	(115,028)
	(74,047)	(115,028)
9 Trade and other payable		
Trade and other payable	553,194	212,327
	553,194	212,327
10 Accrued expenses and other liabilities :		
Accrued expenses and other liabilities	11,887	7,800
	11,887	7,800
11 Cost of sales :		
Opening stock	48,039	-
Purchases	877,356	300,450
Other direct cost	215,054	111,433
Closing stock	(166,336)	(48,039)
	974,113	363,844
12 General and administration cost:		
Rent	450	900
Staff and associated cost	-	45,387
Electricity and water	-	206
Communication expenses	3,973	11,888
Fee and charges	6,412	8,970
Bank charges	6,411	-
Export and import expenses	39,003	4,185
Printing and stationary	371	726
Traveling expenses	4,895	857
Vehicle running expenses	8,580	4,501
Forex Fluctuation	14,777	-
Office and other expenses	4,407	909
	89,279	78,529

OCEAN AQUATIC PROTIENS LLC

Notes to financial statements
for the period from 01 April 2019 to 31 March 2020

13 Taxation

Income tax is payable on profits earned by commercial entities at the rate of 15% on taxable profits. In respect of the period ended 31 December 2019; the Company has reported net profit from the operations and liable to income tax. Accordingly, provision has been made for tax.

14 Legal reserve

As required by the Commercial Companies Law of the Sultanate of Oman 1974, 10% of profits or one third of the Share capital for the period has to be transferred to legal reserve. The company may resolve to discontinue such annual transfers when the reserve amount totals one third of the paid up share capital company. The reserve is not available for distribution to the shareholder. However, as there is no profit during the period, no amount has been added to legal reserve.

15 Related party transactions

The company enters into transactions with another firm and /or persons that falls within the definitions of related party as contained in International Financial Reporting Standards. The shareholder considers that the terms of trade with such related parties are similar to those extended to or received from third parties and are on an arm's length basis. Related party comprises of shareholder (if any).

16 Financial risk and capital management

The company's financial assets include accounts and other receivables and bank balances and cash. Financial liabilities include employees' end of service benefits, accounts and other payables bank borrowings and current taxation. The financial assets and financial liabilities approximate their carrying values.

The company's activities expose it to various financial risks, primarily being, market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The company's risk management is carried out internally in accordance with the approval of the Members.

a) Market risk

Currency risk

The company operates in international markets and is exposed to foreign exchange risk arising from various currency exposures, such as US Dollars, GB Pound Sterling, Euros, Canadian Dollars, etc. The company enters into forward foreign exchange contracts with banks to hedge its exposure to foreign currency fluctuations arising from operational activities, if any.

Interest rate risk

The company is exposed to interest rate risk on its interest bearing assets (bank balances) and interest bearing liabilities (bank borrowings). The management manages the interest rate risk by constantly monitoring the changes in interest rates.

b) Credit risk

Credit risk primarily arises from credit exposures to customers, including outstanding receivables and committed transactions. The company has a credit policy in place and exposure to credit risk is monitored on an ongoing basis.

c) Liquidity risk

The management maintains sufficient amount of cash and an adequate amount of committed credit facilities to meet its obligations as they fall due for payment and is therefore not subject to significant liquidity risk.
