

OCEAN AQUATIC PROTEINS LLC

FINANCIAL STATEMENTS

31 MARCH 2023

OCEAN AQUATIC PROTEINS LLC

FINANCIAL STATEMENTS

31 MARCH 2023

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OCEAN AQUATIC PROTEINS LLC

Report on the audit of financial statements

Opinion

We have audited the accompanying financial statements of **OCEAN AQUATIC PROTEINS LLC** ("the company"), which comprise the statement of financial position as at 31 March 2023, and the statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the company as at 31 March 2023 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with 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 company's financial statements in the Sultanate of Oman, and we have fulfilled our other ethical responsibilities 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.

Other matter

The financial statements of the company for the year ended 31 March 2022 were audited by another auditor who have issued an unmodified opinion on 26 May 2022.

Responsibilities of management and the members for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company'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 company or to cease operations, or has no realistic alternative but to do so.

The members are responsible for overseeing the company's financial reporting process.

Auditor's responsibilities for the audit of financial statements

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
OCEAN AQUATIC PROTEINS LLC (continued)**

Report on the audit of financial statements (continued)

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

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

- Identify and assess the risks of material misstatement of the 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 company'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 event or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report. However, future events or conditions may cause the company to cease to continue as going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



26 September 2023
Muscat.



OCEAN AQUATIC PROTEINS LLC
STATEMENT OF FINANCIAL POSITION
 At 31 March 2023

	Notes	2023 RO	2022 RO
ASSETS			
Non-current assets			
Property, plant and equipment	3	966,260	1,165,782
Right to use assets	4 (a)	263,077	-
		<u>1,229,337</u>	<u>1,165,782</u>
Current assets			
Inventories	5	634,470	275,922
Trade and other receivables	6	1,054,369	444,778
Cash and bank balances	7	114,799	258,090
		<u>1,803,638</u>	<u>978,790</u>
TOTAL ASSETS		<u>3,032,975</u>	<u>2,144,572</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	8	150,000	150,000
Legal reserve	9	11,888	-
Retained earnings		228,108	121,113
Deeply subordinated loans	18 (c)	664,309	433,340
		<u>1,054,305</u>	<u>704,453</u>
Non-current liabilities			
Term loan: non - current	10	238,638	321,186
Lease liability: non - current	4 (b)	217,959	-
		<u>456,597</u>	<u>321,186</u>
Current liabilities			
Term loan: current portion	10	95,012	95,012
Bank borrowings	11	698,181	232,723
Lease liability: current	4 (b)	54,235	-
Trade and other payables	12	674,645	791,198
		<u>1,522,073</u>	<u>1,118,933</u>
Total liabilities		<u>1,978,670</u>	<u>1,440,119</u>
TOTAL EQUITY AND LIABILITIES		<u>3,032,975</u>	<u>2,144,572</u>

The financial statements were authorised for issue by shareholders on 26-September-2023 and signed here under by:



 Authorised signatory

The attached notes 4 to 22 form part of these financial statements.

OCEAN AQUATIC PROTEINS LLC
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2023

	<i>Notes</i>	2023 RO	2022 RO
Revenue from contracts with customers	14	5,648,151	3,632,936
Cost of sales	15	(4,740,653)	(2,935,142)
Gross profit for the year		<u>907,498</u>	<u>697,794</u>
General and administration expenses	16	(342,076)	(388,961)
Depreciation	3	(263,142)	(141,525)
Depreciation on right of use assets	4 (c)	(58,265)	-
Interest on lease liability	4 (c)	(25,016)	-
Finance costs	17	(55,319)	-
Other income	13	3,271	2,322
Profit for the year before taxation		<u>166,951</u>	<u>169,630</u>
Income tax for current year	19	(48,068)	-
Profit for the year		<u>118,883</u>	<u>169,630</u>
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>118,883</u></u>	<u><u>169,630</u></u>

The attached notes 1 to 22 form part of these financial statements.

OCEAN AQUATIC PROTEINS LLC
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2023

	Share capital RO	Legal reserve RO	Retained earnings RO	Deeply subordinated loans RO	Total RO
At 1 April 2021	150,000	-	(48,517)	(45,586)	55,897
<i>Total comprehensive income for the year:</i>					
Profit for the year	-	-	169,630	-	169,630
Movement in deeply subordinated loans	-	-	-	478,926	478,926
At 31 March 2022	<u>150,000</u>	<u>-</u>	<u>121,113</u>	<u>433,340</u>	<u>704,453</u>
	Share capital RO	Legal reserve RO	Retained earnings RO	Deeply subordinated loans RO	Total RO
At 1 April 2022	150,000	-	121,113	433,340	704,453
<i>Total comprehensive income for the year:</i>					
Profit for the year	-	-	118,883	-	118,883
Transfer to legal reserve	-	11,888	(11,888)	-	-
Movement in deeply subordinated loans	-	-	-	230,969	230,969
At 31 March 2023	<u>150,000</u>	<u>11,888</u>	<u>228,108</u>	<u>664,309</u>	<u>1,054,305</u>

The attached notes 1 to 22 form part of these financial statements.

OCEAN AQUATIC PROTEINS LLC

STATEMENT OF CASH FLOWS

For the year ended 31 March 2023

	2023 RO	2022 RO
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the year	166,951	169,630
<i>Adjustments for:</i>		
Depreciation	263,142	141,525
Depreciation on right to use assets	58,265	-
Gain on disposal of property, plant and equipment	(1,374)	-
Interest on lease finance	25,016	-
Operating profit before working capital changes	512,000	311,155
<i>Working capital changes:</i>		
Inventories	(358,548)	12,191
Trade and other receivables	(609,591)	105,559
Trade and other payables	(164,621)	(159,522)
Net cash (used in) / from operating activities	(620,760)	269,383
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(68,100)	(334,154)
Proceeds from disposal of property, plant and equipment	5,854	2,547
Net cash used in investing activities	(62,246)	(331,607)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net movement in deeply subordinated loan	230,969	478,926
Term loans, net	(82,548)	(402,601)
Lease liability paid	(74,164)	-
Net cash from financing activities	74,257	76,325
Net change in cash and cash equivalents	(608,749)	14,101
Cash and cash equivalents at beginning of the year	25,367	11,266
Cash and cash equivalents at the end of the year	(583,382)	25,367
<i>Cash and cash equivalents :</i>		
Cash and Bank balances	114,799	258,090
Bank overdraft	(698,181)	(232,723)
	(583,382)	25,367

The attached notes 1 to 22 form part of these financial statements.

OCEAN AQUATIC PROTEINS LLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

1 ACTIVITIES

Ocean Aquatic Proteins LLC ('the company') is registered as a limited liability company incorporated on 11 April 2018, under the Commercial Companies Law of the Sultanate of Oman. The principal activities of the company are manufacture of fish products, extraction and refining of fish and marine mammal oils, preparation and preservation of fish crustaceans and mollusks by drying, smoking and salting. The company's registered address is Postal Code 324, Shinas, North Al Batinah, Sultanate of Oman.

The company shareholding structure is set out below :

Name of shareholders	Shareholding %	
	2023	2022
Saif Salim Ahmed Al-Rawahi	30	30
Mukka Proteins Limited, India	63	63
Mohammed Haris Kalandan	7	7
	<u>100</u>	<u>100</u>

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the applicable requirements of the Commercial Companies Law of the Sultanate of Oman. The financial statements have been presented in Rial Omani ("RO"), which is the company functional currency and are prepared under the historical cost convention.

2.2 New and amended IFRS adopted by the company

The financial statements have been drawn up based on accounting standards, interpretations and amendments effective at 1 January 2022. The company has adopted the applicable new and revised Standards and Interpretations issued by International Accounting Standards Board and the International Financial Reporting Interpretations Committee, which were effective for the current accounting period.

- Amendments to IFRS 3 – Reference to the conceptual framework
- Amendments to IAS 16 – Property, plant and equipment – proceeds before intended use
- Amendments to IAS 37 – Onerous contracts – cost of fulfilling a contract
- Annual improvements to IFRS Standards 2018-2020 cycle. Amendments to IFRS 1 First-time adoption of IFRS, IFRS 9 Financial instruments, IFRS 16 Leases, and IAS 41 Agriculture.

The Management believes the adoption of the above amendments has not had any material impact on the recognition, measurement, presentation and disclosure of items in the financial statements for the current accounting period.

2.3 New and amended IFRS which are in issue but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the company financial statements are disclosed below. The company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2021. This IFRS is effective from 1 January 2023.

- Amendments to IFRS 10 Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture. Effective date deferred indefinitely. Adoption is still permitted.

- Amendments to IAS 1 and IFRS Practice Statement 2– classification of liabilities as current or non current and disclosure of accounting policies. These amendments are effective from 1 January 2023.

- Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction. This amendment are effective from 1 January 2023.

- Amendments to IAS 8 - Definition of accounting estimates. This amendment are effective from 1 January 2023.

The Management believes the adoption of the above amendments is not likely to have any material impact on the recognition, measurement, presentation and disclosure of items in the financial statements for future periods.

OCEAN AQUATIC PROTEINS LLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Accounting policies

The significant accounting policies adopted by the company are as follows:

Income tax

Taxation is provided in accordance with Omani fiscal regulations.

Deferred income tax is provided, using the liability method, on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on laws that have been enacted at the statement of financial position date.

Deferred income tax assets are recognised for all deductible temporary differences and carry-forward of unused tax assets and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income.

Foreign currencies

Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates of exchange ruling at the statement of financial position date. All exchange differences are taken to the statement of comprehensive income.

Revenue recognition

Revenue from contracts with customers is recognised when control of the goods are transferred to the customer at an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods.

Financial assets

Initial recognition

The company's financial assets comprise accounts and other receivables and bank balances and cash. These financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the company's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

The subsequent measurement of financial assets at amortised cost is analyzed as follows:

Financial assets at amortised cost:

The company measures financial assets at amortised cost if both of the following conditions are met:

- a) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

OCEAN AQUATIC PROTEINS LLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Accounting policies (continued)

Financial assets (continued)

Interest income from financial assets, if any, is included in finance income using the effective interest rate method. Impairment losses are presented as separate line item in the statement of income.

Cash and cash equivalents

For purpose of statement of cash flows, cash and cash equivalents consist of bank balances and cash, net of bank borrowing.

Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business and represent the Company's right to an amount of consideration that is unconditional (i.e.. only the passage of time is required before payment of the consideration is due). They are generally due for settlement within 90 to 120 days and therefore are all classified as current.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost.

Inventories

Inventories are stated at lower of cost and net recognised value after making due allowance for any obsolete or slow-moving items. Cost is determined on weighted average basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. The company measures the impairment using the expected credit loss (ECL) model for different categories of financial assets.

Accounts receivable

The company uses a single rate valuation method to calculate ECLs for accounts receivable since the historical data is not representative of credit losses as there have been insignificant credit losses in the past. The default rates are based on external credit rating agencies for industry and country wise default rates, adjusted for forward-looking factors specific to the economic environment in the Sultanate of Oman.

Other financial assets

For other financial assets, which are subject to impairment, the ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL).

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a lifetime ECL is recognised for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default.

For bank balances and cash, the ECL adjustments are made only if they are material.

Write off

The gross carrying amount of a financial asset is written off when the company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

The company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the company's procedures for recovery of amounts due.

OCEAN AQUATIC PROTEINS LLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Accounting policies (continued)

Impairment (continued)

Non financial assets

At the end of each 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 recognises an impairment loss in the statement of income. The Management also assesses if there is any indication that an impairment loss recognised in prior years no longer exists or has reduced. The resultant impairment loss or reversals are recognised immediately in the statement of income.

Employees' end of service benefits

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

Provisions

A provision is recognised if, as a result of a past event, the company has a present legal or the expected future cash flows at a pre-tax rate that reflects current market assessments constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting of the time value of money and the risks specific to the liability.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. The cost of equipment is their purchase price together with any incidental expenses necessary to bring the assets to their intended condition and location. 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 company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the year in which they are incurred.

The cost of property, plant and equipment is written-down to residual value using straight line method, over the estimated useful lives of the assets. The estimated useful lives are set out below:

	<i>Years</i>
Building	25
Plant and machineries	7
Furniture and fixtures	3
Motor vehicles	3

Capital work-in-progress is stated at cost. When the underlying asset is ready for its intended use, capital work-in-progress balance is transferred to the appropriate equipment category and depreciated in accordance with the depreciation policies of the company. Capital work-in-progress is not depreciated until the asset is ready for use.

Borrowing costs incurred for construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Where the carrying amount of an item of equipment is greater than the estimated recoverable amount, it is written-down immediately to its recoverable amount.

Gains and losses on disposals of equipment are determined by reference to their carrying amounts and are taken into account in determining other income.

Leases

The company leases its warehouse premises under various lease arrangements. Contracts may contain both lease and non-lease components. The company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices unless it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

OCEAN AQUATIC PROTEINS LLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Accounting policies (continued)

Leases (continued)

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company. Lease liabilities include the net present value of the following lease payments:

- a. fixed payments, less any lease incentives receivable
- b. variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- c. amounts expected to be payable by the company under residual value guarantees
- d. the exercise price of a purchase option if the company is reasonably certain to exercise the option, and
- e. penalties for terminating the lease, if the lease term reflects the company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the company's incremental borrowing rate is used.

Lease payments are allocated between the principal and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- a the amount of the initial measurement of lease liability
- b any lease payments made at or before the commencement date less any lease
- c any initial direct costs, and
- d restoration costs, if applicable.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and low value assets are recognised on a straight-line basis as an expense in the statement of income.

Estimates and assumptions

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Judgments made by the management in the application of IFRSs that have an effect on the financial statements and estimates with a significant risk of material adjustment in the next period mainly comprises of the impairment of capital-work-progress and going concern assumption.

OCEAN AQUATIC PROTEINS LLC
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

3 PROPERTY, PLANT AND EQUIPMENT

	Building RO	Plant and machineries RO	Furniture and fixtures RO	Motor vehicles RO	Total RO
Cost:					
At 1 April 2022	109,670	1,360,246	5,453	75,303	1,550,672
Additions during the year	-	67,363	148.00	589	68,100
Disposal during the year	-	-	-	(9,518)	(9,518)
At 31 March 2023	109,670	1,427,609	5,601	66,374	1,609,254
Accumulated depreciation:					
At 1 April 2022	12,590	339,936	2,402	29,962	384,890
Depreciation charge for the year	4,268	240,016	440	18,418	263,142
Disposal during the year	-	-	-	(5,038)	(5,038)
At 31 March 2023	16,858	579,952	2,842	43,342	642,994
Net book value:					
At 31 March 2023	92,812	847,657	2,759	23,032	966,260
At 31 March 2022	97,080	1,020,310	3,051	45,341	1,165,782

4 LEASES

The company has entered into leasing arrangements for factory, machinery and land. The lease term for factory was 10 years. machinery was 5 years and land for a period of 15 years. The weighted average incremental borrowing rate applied to the lease liabilities is between 6.5% per annum.

a) The movement in right-to-use asset is as set out below:	2023	2022
	RO	RO
Arising on the application of IFRS 16	335,908	-
At 1 April 2022	321,342	-
Charge for the year	(58,265)	-
At 31 March 2023	263,077	-
b) The movement in lease liability is as set out below:	2023	2022
	RO	RO
Arising on the application of IFRS 16	335,908	-
Lease liability at 31 March	272,194	-
Disclosed as:		
Non-current liability	217,959	-
Current liability	54,235	-
	272,194	-

OCEAN AQUATIC PROTEINS LLC
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

4 LEASES (continued)

c) Amounts recognised in the statement of comprehensive income:	2023	2022
	RO	RO
Depreciation on right-of-use assets	58,265	-
Interest on lease liabilities	25,016	-
	83,281	-

d) Amount recognized in the statement of cash flows:	2023	2022
	RO	RO
Total cash outflows for lease payments	74,164	-

5 INVENTORIES	2023	2022
	RO	RO
Dry fish	215,252	823
Fish oil	187,624	91,871
Fish powder	138,155	125,686
Fish soluble paste	73,376	53,572
Others	20,063	3,363
Raw material fish	-	607
	634,470	275,922

6 TRADE AND OTHER RECEIVABLES	2023	2022
	RO	RO
Trade receivables	254,533	329,492
Advance to suppliers	595,438	-
VAT recoverable (net)	20,033	-
Due from related parties (note 18)	156,705	-
Prepayments and other receivables	27,660	115,286
	1,054,369	444,778

Trade receivable are non-interest bearing and are generally on 90 days credit terms. The details of credit risks on trade receivable is disclosed in note 21.

7 CASH AND BANK BALANCES	2023	2022
	RO	RO
Cash in hand	278	21,771
Bank balances	114,521	236,319
	114,799	258,090

8 SHARE CAPITAL	2023	2022
	RO	RO
<i>Authorized, issued and fully paid</i> 150,000 shares of RO 1 each	150,000	150,000

OCEAN AQUATIC PROTEINS LLC
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

9 LEGAL RESERVE

In accordance with the Commercial Companies Law of the Sultanate of Oman, annual appropriation of 10% of the net profit for the year is to be made to the legal reserve until the reserve equals one-third of the entity's share capital. The reserve is not available for distribution, but can be utilised to set off against any accumulated losses.

10 TERM LOAN	2023	2022
	RO	RO
Term loan	333,650	416,198
Less: current portion of term loan	(95,012)	(95,012)
Non-current portion of term loan	<u>238,638</u>	<u>321,186</u>

The company has been transferred a term loan availed by a related party (Mukka Sea Food Industries Limited) based in India, from an Indian commercial bank. However, the related disbursement was done from the HDFC Bank in Bahrain. The loan has a tenor of 6 years and interest is charged at mutually agreed market rates.

The loan is secured by:

- a mortgage on property located in India;
- 10% cash margin provided by related party; and
- personal guarantees of owners of related parties.

11 BANK BORROWINGS	2023	2022
	RO	RO
Bank overdraft	<u>698,181</u>	<u>232,723</u>

The company has been sanctioned an overdraft facility from a commercial bank in India for a tenor of 1 year to meet working capital requirements of the company. The interest is charged at mutually agreed market rates.

The facility is secured by:

- a charge on the stock and book debts of the company; and
- corporate guarantee of Mukka Proteins Ltd, India.

12 TRADE AND OTHER PAYABLES	2023	2022
	RO	RO
Amount due to related parties (note 18)	370,394	367,086
Trade creditors	227,682	372,465
Advance from customers	10,094	44,433
Accrued expenses	18,407	7,214
Provision for income tax	48,068	-
	<u>674,645</u>	<u>791,198</u>

13 OTHER INCOME	2023	2022
	RO	RO
Profit on sale of fixed assets	1,374	-
Other receipts	1,897	2,322
	<u>3,271</u>	<u>2,322</u>

OCEAN AQUATIC PROTEINS LLC

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For the year ended 31 March 2023

14 REVENUE FROM CONTRACTS WITH CUSTOMERS	2023	2022
	RO	RO
Fish meal	3,994,995	3,114,234
Fish oil	1,532,316	398,268
Fish soluble paste	120,840	120,434
	<u>5,648,151</u>	<u>3,632,936</u>

a) Timing of revenue recognition

	2023	2022
	RO	RO
Revenue recognised at a point in time	5,648,151	3,632,936
Revenue recognised over time	-	-
	<u>5,648,151</u>	<u>3,632,936</u>

b) Geographical region

	2023	2022
	RO	RO
Within Oman	1,176	1,797
Outside Oman		
India	383,297	651,405
Others	5,263,678	2,979,734
	<u>5,648,151</u>	<u>3,632,936</u>

c) Segment information

The company is operating into one business segment i.e. fish products.

15 COST OF SALES	2023	2022
	RO	RO
Opening stock	275,922	288,113
Add: purchase of stock/consumables	4,423,560	2,507,054
Less: closing stock	(634,470)	(275,922)
Cost of material consumed	<u>4,065,012</u>	<u>2,519,245</u>
Freight and customs duty	313,587	154,252
Power and fuel expenses	95,771	103,492
Other direct costs	266,283	158,153
	<u>4,740,653</u>	<u>2,935,142</u>

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16 GENERAL AND ADMINISTRATION COSTS	2023	2022
	RO	RO
Hired labour charges	180,342	167,609
Commission paid	35,744	35,102
Exchange loss	51,037	29,052
Traveling and conveyance expenses	11,495	15,735
Vehicle fuel and maintenance	10,546	6,020
Legal and professional charges	7,123	9,713
Communication expenses	4,339	3,690
Rent expenses	4,100	73,161
Bank charges	2,783	29,116
Printing and stationery	543	178
Insurance charges	234	6,262
Miscellaneous expenses	33,790	13,323
	342,076	388,961

17 FINANCE COSTS	2023	2022
	RO	RO
Interest on term loan	26,110	-
Interest on bank overdraft	29,209	-
	55,319	-

18 RELATED PARTY TRANSACTIONS

The company, in the ordinary course of business, carries out transactions with other business enterprises that fall within the definition of a related party contained in International Accounting Standard 24. The terms relating to these transactions are agreed between, the management of the company and the management of respective related parties.

a Transactions with related parties	2023	2022
	RO	RO
<i>Mukka Protein Limited, India</i>		
Sale of fish meal and soluble	383,297	651,405
Purchase of machinery	2,533	12,830
Machinery rent	51,184	51,184
Other expenses (net)	3,030	-
<i>Saif Al Rawahi</i>		
Purchase of raw fish	152,287	26,636
<i>Shipwaves Online Dubai LLC, UAE</i>		
Shipping charges	182,270	79,501
<i>Shipwaves International Co LLC, UAE</i>		
Machinery accessories and other expenses	2,539	-
Amount due to related parties (note 12)	2023	2022
	RO	RO
Mukka Proteins Limited, India	350,746	357,343
Shipwaves International Co LLC, UAE	2,505	-
Shipwaves Online LLC, UAE	17,143	9,743
	370,394	367,086

OCEAN AQUATIC PROTEINS LLC
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For the year ended 31 March 2023

18 RELATED PARTY TRANSACTIONS (continued)

b Balances with related parties included in the statement of financial position are as follows:

Amount due from related parties (note 6)

Saif Salim Ahmed Al Rawahi	7,108	-
Shipwaves DXB, UAE	140,824	-
Shipwaves Oman LLC	8,773	-
	<u>156,705</u>	<u>-</u>

c Deeply subordinated loan

Deeply subordinated loan from members and related parties	<u>664,309</u>	<u>433,340</u>
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The subordinated contribution from the members are interest free and deeply subordinated, which is repayable only at the discretion of the company.

19 TAXATION

a) The company is subject to income tax at 15% of taxable profits (2022 – 15% of taxable profits).

b) The reconciliation of income tax at the applicable tax rates with income tax expense for the year is as below:

	2023 RO	2022 RO
Net profit / (loss) for the year, before tax	<u>166,951</u>	<u>169,630</u>
Add:		
Accounting depreciation	263,142	141,525
Profit on sale of fixed assets	1,374	-
Depreciation on right of used assets	58,265	-
Interest on lease liability	25,016	-
	<u>514,748</u>	<u>311,155</u>
Less:		
Tax depreciation	(249,104)	(141,525)
Lease rentals paid during the year	(74,164)	-
	<u>191,481</u>	<u>169,630</u>
Less: carry forward tax losses	-	(40,660)
Taxable income / (loss)	<u>191,481</u>	<u>128,970</u>
Tax rate	15%	15%
Income tax of the year	<u>28,722</u>	<u>19,346</u>
Opening tax liability	19,346	-
Tax liability for the year	28,722	19,346
Tax expenses as per profit and loss account	<u>48,068</u>	<u>19,346</u>

The company's tax assessment for the year 2019 to 2022 is yet to be finalised with Secretariate General of Taxation, Ministry of Finance. The management is of the opinion that any additional taxes that may be assessed would not be significant to the financial position of the company at 31 March 2023.

20 CONTINGENCIES AND COMMITMENT

There is no contingent liabilities and open purchase commitments by the company at the reporting date.

OCEAN AQUATIC PROTEINS LLC
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

21 FINANCIAL RISK AND CAPITAL MANAGEMENT

Financial assets and liabilities

Financial assets and liabilities carried on the statement of financial position include cash and bank balances, trade receivables and other financial assets at amortised cost, due from and to related parties, term loans and other payables. The carrying values of the financial assets and liabilities at 31 March are as below:

	2023	2022
	RO	RO
Financial assets		
<i>At amortised cost</i>		
Trade receivables	254,533	329,492
Other receivables	27,660	115,286
Amount due from related parties	156,705	-
Cash and bank balances	114,799	258,090
Total financial assets	<u>553,697</u>	<u>702,868</u>
	2023	2022
	RO	RO
Financial liabilities		
<i>At amortised cost</i>		
Term loan	333,650	416,198
Bank borrowings	698,181	232,723
Amount due to related parties	370,394	367,086
Trade payables	227,682	372,465
Other payables	18,407	7,214
Total financial liabilities	<u>1,648,314</u>	<u>1,395,686</u>

Financial risk management

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

a) Market risk

Interest rate risk

The company is exposed to interest rate risk on its interest bearing liabilities (bank borrowings and term loans). The management manages the interest rate risk by obtaining borrowings and term loans at the most competitive rates and monitoring changes in interest rates on a periodic basis.

b) Credit risk

Credit risk primarily arises from credit exposures for outstanding receivables with customers. The status of outstanding dues is monitored on an ongoing basis. The carrying value of trade receivables and amounts due from related parties approximate their fair values due to the short-term nature of those assets and represents the maximum credit exposure.

The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The following table provides information about the ageing of trade receivables from invoice date, at the reporting date:

	2023	2022
	RO	RO
Less than 180 days	232,041	329,492
181 days to 365 days	22,492	-
	<u>254,533</u>	<u>329,492</u>

OCEAN AQUATIC PROTEINS LLC
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

21 FINANCIAL RISK AND CAPITAL MANAGEMENT (continued)

c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company's management monitors liquidity requirements on a regular basis to help ensure that sufficient funds are available to meet any future commitments. The company manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecasted and actual cash flows. At the end of the reporting period, the contractual maturity analysis in respect of liabilities is provided below:

	Less than 1 year RO	Between 1 to 2 years RO	Between 2 to 5 years RO	Above 5 years RO	Total RO
31 March 2023					
Payables and accruals	674,645	-	-	-	674,645
Bank borrowings	698,181	-	-	-	698,181
Term loan	120,012	120,012	181,126	-	421,150
Lease liability	57,299	56,673	174,764	-	288,736
	<u>1,550,137</u>	<u>176,685</u>	<u>355,890</u>	<u>-</u>	<u>2,082,712</u>
31 March 2022					
Payables and accruals	791,198	-	-	-	791,198
Bank borrowings	232,723	-	-	-	232,723
Term loan	121,122	120,012	288,674	-	529,808
	<u>1,145,043</u>	<u>120,012</u>	<u>288,674</u>	<u>-</u>	<u>1,553,729</u>

The following table provides information about the ageing of trade payables from invoice date, at the reporting date:

	2023 RO	2022 RO
Less than 1 year	224,682	372,465
Between 1 to 2 years	3,000	-
	<u>227,682</u>	<u>372,465</u>

Capital management

The company's objectives when managing capital is to enable the company to continue as a going concern, so that it can continue to provide adequate returns to the shareholders. In order to maintain or adjust the capital structure, the entity may adjust the amount of dividends paid to the shareholders, return capital to shareholders or raise additional capital. No changes were made in the objectives, policies or processes during the year ended 31 March 2023. The company's capital requirements are determined by the commercial company's Law of 2019, as amended.

Fair value of financial instruments

The fair values of the financial instruments are not materially different from their carrying values.

22 COMPARATIVE FIGURES

Certain comparative numbers of the previous year have been either regrouped or reclassified, wherever considered necessary, in order to conform with the presentation adopted in the current year. Such reclassifications do not affect previously reported net profit or equity.