

**OMAN AGRICULTURE
DEVELOPMENT COMPANY S.A.O.G.**

Financial statements

30 April 2009

Registered office:

PO Box 604
Postal Code 112, Ruwi
Sultanate of Oman

Principal place of business:

Al Suwaiyarah Street
Sohar
Sultanate of Oman

**OMAN AGRICULTURE
DEVELOPMENT COMPANY S.A.O.G.**

Financial statements

30 April 2009

<i>Contents</i>	<i>Page</i>
Report of the Auditors	1
Balance sheet	2
Income statement	3
Statement of changes in equity	4
Cash flow statement	5
Notes	6-22
Schedule I – Property, plant and equipment	23

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF OMAN AGRICULTURE DEVELOPMENT COMPANY S.A.O.G.

Report on the financial statements

We have audited the accompanying financial statements of Oman Agriculture Development Company SAOG ("the Company") set out on pages 2 to 23, which comprise the balance sheet as at 30 April 2009, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the 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 the 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.

Auditors' 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 about 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 the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Oman Agriculture Development Company SAOG as at 30 April 2009 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other Legal and Regulatory requirements

In our opinion, the financial statements of Oman Agriculture Development Company SAOG as at and for the year ended 30 April 2009, in all material respects, comply with:

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

OMAN AGRICULTURE DEVELOPMENT COMPANY S.A.O.G.

Balance sheet

as at 30 April

	<i>Note</i>	2009	2008
		RO	RO
Non-current assets:			
Property, plant and equipment	5	1,258,068	1,499,120
Biological assets	6	2,240,300	1,623,151
Total non-current assets		3,498,368	3,122,271
Current assets :			
Inventories	7	1,107,085	1,225,448
Trade and other receivables	8	843,129	834,741
Amounts due from related parties	19	25,535	32,944
Cash and bank balances	9	28,907	69,204
Total current assets		2,004,656	2,162,337
Total assets		5,503,024	5,284,608
Equity:			
Share capital	10 (a)	1,100,000	1,100,000
Legal reserve	10 (b)	152,420	132,277
Retained earnings		233,740	52,456
Total equity		1,486,160	1,284,733
Non-current liabilities:			
Term loan	11	177,348	705,348
Deferred tax	12	62,074	34,607
End of service benefit	13	180,262	188,325
Total non-current liabilities		419,684	928,280
Current liabilities :			
Trade and other payables	14	1,614,545	1,717,251
Bank borrowings	15	1,566,939	1,001,109
Amounts due to related parties	19	23,696	21,235
Term loan	11	392,000	332,000
Total current liabilities		3,597,180	3,071,595
Total liabilities		4,016,864	3,999,875
Total equity and liabilities		5,503,024	5,284,608
Net assets per share	22	1.351	1.168

The notes on pages 6 to 23 form an integral part of these financial statements.

These financial statements were approved and authorised for issue by the Board of Directors on _____ 2009 and signed on their behalf by:

_____ Director

_____ Director

The report of the Auditors is set forth on page 1.

OMAN AGRICULTURE DEVELOPMENT COMPANY S.A.O.G.

Income statement

for the year ended 30 April

	<i>Note</i>	2009 RO	2008 RO
Revenue		5,746,298	5,628,615
Cost of sales	<i>16</i>	(4,322,927)	(4,286,106)
Gross profit		1,423,371	1,342,509
Selling and distribution expenses	<i>17</i>	(821,141)	(888,400)
Administrative and general expenses	<i>18</i>	(265,493)	(275,835)
Depreciation	<i>5</i>	(299,038)	(248,987)
Other operating income		3,600	15,421
Gain arising from changes in fair value of Biological assets	<i>6</i>	351,202	117,770
Profit from operations		392,501	62,478
Financing cost	<i>11 & 15</i>	(163,607)	(120,821)
Profit (loss) before tax		228,894	(58,343)
Income tax	<i>12</i>	(27,467)	5,381
Net profit (loss) for the year		201,427	(52,962)
Basic earnings per share	<i>21</i>	0.183	(0.048)

The notes on pages 6 to 23 form an integral part of these financial statements.

The report of the Auditors is set forth on page 1.

OMAN AGRICULTURE DEVELOPMENT COMPANY S.A.O.G.

Statement of changes in equity

for the year ended 30 April

	Share capital RO	Legal reserve RO	Retained earnings RO	Total RO
Balance at 1 May 2007	1,100,000	132,277	204,418	1,436,695
Net loss for the year	-	-	(52,962)	(52,962)
Dividend paid	-	-	(99,000)	(99,000)
Balance at 30 April 2008	1,100,000	132,277	52,456	1,284,733
Net profit for the year	-		201,427	201,427
Transfer to legal reserve		20,143	(20,143)	-
Balance at 30 April 2009	1,100,000	152,420	233,740	1,486,160

The notes on pages 6 to 23 form an integral part of these financial statements.

The report of the Auditors is set forth on page 1.

OMAN AGRICULTURE DEVELOPMENT COMPANY S.A.O.G.

Cash flow statement

for the year ended 30 April

	2009 RO	2008 RO
Cash flows from operating activities		
Profit (loss) for the year before income tax	228,894	(58,343)
Adjustments for:		
Provision for impairment of inventories	21,553	-
Provision for impairment of Trade Receivables	10,000	
Depreciation	299,038	248,987
Financing cost	163,607	120,821
Loss on sale and mortality of biological assets	168,068	141,871
Provision for end of service benefits	16,700	-
Gain arising from changes in fair values of biological assets	(351,202)	(117,770)
	<hr/>	<hr/>
Operating profit before working capital changes	556,658	335,566
Decrease / (increase) in inventories	96,810	(225,741)
Increase in trade and other receivables	(18,388)	(84,765)
Decrease in net amount due from related parties	9,870	(14,552)
(Decrease) / increase in trade and other payables	(102,706)	668,804
	<hr/>	<hr/>
Cash generated from operations	542,244	679,312
Finance cost paid	(163,607)	(120,821)
End of service benefits paid	(24,763)	-
Income tax paid	-	(12,763)
	<hr/>	<hr/>
Net cash from operating activities	353,874	545,728
	<hr/>	<hr/>
Cash flows from investing activities		
Additions to property, plant and equipment	(57,986)	(898,239)
Additions to biological assets	(513,320)	(423,354)
Proceeds from sale of biological assets	79,305	106,703
	<hr/>	<hr/>
Net cash used in investing activities	(492,001)	(1,214,890)
	<hr/>	<hr/>
Cash flows from financing activities		
(Decrease) / increase in term loans	(468,000)	737,348
Payment of dividend	-	(99,000)
	<hr/>	<hr/>
Net cash (used in) from financing activities	(468,000)	638,348
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(606,127)	(30,814)
Cash and cash equivalents at beginning of the year	(231,905)	(201,091)
	<hr/>	<hr/>
Cash and cash equivalents at end of the year	(838,032)	(231,905)
	<hr/> <hr/>	<hr/> <hr/>
Cash and cash equivalents comprise:		
Cash and bank balances	28,907	69,204
Bank overdrafts	(866,939)	(301,109)
	<hr/>	<hr/>
	(838,032)	(231,905)
	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 6 to 23 form an integral part of these financial statements.

The report of the Auditors is set forth on page 1.

OMAN AGRICULTURE DEVELOPMENT COMPANY S.A.O.G.

Notes

(forming part of the financial statements)

1 Legal status and principal activities

Oman Agriculture Development Company S.A.O.G. ("the Company") was registered in the Sultanate of Oman as a joint stock company on 16 April 1990. On 1 May 1990 the Company acquired the assets and operations of Oman Sun Farms S.A.O.G. a company which was wholly owned by the Government of the Sultanate of Oman. The Company is engaged in production and marketing of dairy products, agricultural products, fresh juices and other beverage products.

2 Basis of preparation

a) *Statement of compliance*

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), the disclosure requirements of the Capital Market Authority and the requirements of the Commercial Companies Law of 1974, as amended.

b) *Basis of measurement*

The financial statements have been prepared on the historical cost basis except for biological assets which are measured at fair value.

c) *Functional currency*

These financial statements are presented in Rial Omani (RO), which is the Company's functional currency.

d) *Use of estimates and judgments*

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these 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. Areas of significant estimation include:

- Useful lives of property, plant and equipment (see note 3(b));
- Provisions for impairment of receivables and inventories; and
- Fair values of biological assets.

3 Significant accounting policies

The accounting policies set out below have been applied consistently by the Company and are consistent with those used in the previous year.

(a) *Financial instruments*

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, receivables from related parties, cash and cash equivalents, loans and borrowings, payables to related parties and trade and other payables. Cash and cash equivalents comprise cash balances, call deposits and term deposits with original maturity not greater than three months. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

OMAN AGRICULTURE DEVELOPMENT COMPANY S.A.O.G.

Notes

(forming part of the financial statements)

3 Significant accounting policies *(continued)*

a) *Financial instruments (continued)*

i) *Non-derivative financial instruments (continued)*

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs.

Subsequent to initial recognition, non-derivative financial instruments are measured, at amortised cost using the effective interest method, less any impairment losses.

ii) *Share capital*

Ordinary shares are classified as equity.

(b) *Property, plant and equipment*

(i) *Recognition and measurement*

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Costs include expenditures that are directly attributable to the acquisition of the asset. The cost includes any other cost that is directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) *Subsequent costs*

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of an item if it is probable that future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in the income statement as incurred.

(iii) *Depreciation*

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of items of property, plant and equipment. Assets under construction are not depreciated. The estimated useful lives for the current and comparative periods are as follows:

	<i>Years</i>
Buildings	3-20
Plant and machinery	5-20
Furniture and fixtures	5
Motor vehicles	3-5

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

OMAN AGRICULTURE DEVELOPMENT COMPANY S.A.O.G.

Notes

(forming part of the financial statements)

3 Significant accounting policies *(continued)*

(c) Biological assets and agriculture produce

Biological assets and agriculture produce are stated at fair value less estimated point of sale costs, with any resultant gain or loss recognised in the income statement. Point-of-sale costs include all costs that would be necessary to sell the assets, excluding the costs necessary to get the assets to the market.

The fair value of biological assets is based on the present value of the net cash flows expected to be generated by each biological asset over its useful life.

Agricultural produce consists of farming products produced for sale, derived from the biological assets and is valued at net realisable value.

(d) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses.

The cost of inventories is based on the first-in first-out principles, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of other inventories, cost includes cost of purchases and an appropriate share of overheads.

(e) Trade and other receivables

Trade and other receivables are stated at their amortized cost less impairment losses.

(f) Impairment

(i) Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, the reversal is recognized in the income statement.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indications exist then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset or cash generating unit is higher than its recoverable amount. Recoverable amount is the greater of its value in use and its fair value less costs to sell. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specified to the asset.

OMAN AGRICULTURE DEVELOPMENT COMPANY S.A.O.G.

Notes

(forming part of the financial statements)

3 Significant accounting policies *(continued)*

(f) Impairment (continued)

(ii) Non-financial assets(continued)

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(g) Employee terminal benefits

Obligations for contributions to a defined contribution retirement plan, for Omani employees, in accordance with the Oman Social Insurance Scheme, are recognized as an expense in the income statement as incurred.

The Company's obligation in respect of non-Omani terminal benefits, under defined benefit retirement plan, is the amount of future benefit that such employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to its present value. The discount rate used reflects current market assessments of the time value of money.

(h) Trade and other payables

Trade and other payables are stated at amortized cost.

(i) Dividends

Dividends are recognised as a liability in the period in which they are declared.

(j) Provisions

A provision is recognised 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 pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(k) Revenue

Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(l) Financing cost and income

Financing costs comprise interest payable on borrowings, interest on suppliers' credit, foreign exchange losses. Finance income comprises interest receivable on fixed deposits and foreign exchange gains.

Interest costs incurred in connection with borrowings are expensed as incurred as part of net financing costs.

OMAN AGRICULTURE DEVELOPMENT COMPANY S.A.O.G.

Notes

(forming part of the financial statements)

3 Significant accounting policies *(continued)*

(m) Earnings per share (EPS)

The Company 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 Company by the weighted average number of ordinary shares outstanding during the period.

(n) Foreign currencies

Transactions denominated in foreign currencies are translated into Rials Omani at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Rials Omani at exchange rates prevailing on the balance sheet date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical costs, are translated into Rial Omani at the foreign exchange rate ruling at the date of the transaction.

(o) Income tax

Income tax on the result for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is calculated using the balance sheet liability method, providing for 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 substantially enacted at the balance sheet 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.

(p) New standards and interpretation not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 30 April 2009, and have not been applied in preparing these financial statements:

- *IFRS 8 Operating Segments* introduces the “management approach” to segment reporting. IFRS 8, which becomes mandatory for the Company’s 2010 financial statements, will require the disclosure of segment information based on the internal reports regularly reviewed by the Company’s Chief Operating Decision maker in order to assess each segment’s performance and to allocate resources to them.
- *Revised IAS 23 Borrowing Costs* removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The revised IAS 23 is not expected to have any significant impact on the financial statements.

OMAN AGRICULTURE DEVELOPMENT COMPANY S.A.O.G.

Notes

(forming part of the financial statements)

3 Significant accounting policies (continued)

(p) *New standards and interpretation not yet effective (continued)*

- Revised IAS 1 *Presentation of Financial Statements* (2007) introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement), or in an income statement and a separate statement of comprehensive income. The Company plans to provide total comprehensive income in a single statement of comprehensive income for its 2010 financial statements.

4 Fair value measurement

The fair value of biological assets is based on the present value of the net cash flows expected to be generated by each biological asset over its useful life. The carrying 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 carrying values.

5 Property, plant and equipment

Details of property, plant and equipment are set out in Schedule I on page 23. The farm at Sohar is situated on land owned by the Ministry of Agriculture and Fisheries ("The Ministry") which has been leased to the Company for a period of twenty years ending June 2010. The Company has requested the concerned Government authorities for another plot of land to relocate the Company. The Company will move to the new location as soon it is allocated by the concerned authorities.

6 Biological assets

The Company held 1,844 (2008: 1,735) cows able to produce milk (mature assets) and 570 (2008: 615) heifers being raised to produce milk in the future (immature). The carrying value of biological assets at 30 April is as follows:

	2009	2008
	RO	RO
Cost at 1 May	1,623,151	1,330,600
Transfers from beef herds	231,300	209,750
Feed costs capitalised	282,020	213,604
Decrease due to sale and death	(247,373)	(248,573)
Gain arising from change in fair value less estimated point of sale costs	351,202	117,770
30 April	<u>2,240,300</u>	<u>1,623,151</u>

Movement in the gain arising from change in fair value of biological assets during the year was as follows:

1 May	324,717	206,947
Change in fair value during the year	351,202	117,770
30 April	<u>675,919</u>	<u>324,717</u>

Fair value of Biological assets represents unrealized gain and is not distributable until the underlying assets are sold.

OMAN AGRICULTURE DEVELOPMENT COMPANY S.A.O.G.

Notes

(forming part of the financial statements)

6 Biological assets (continued)

Regulatory and environmental risks

The Company is subject to the applicable laws and regulations of Oman. The Company has established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage those risks.

Climate and other risks

The Company's livestock are exposed to the risk of death from various diseases and other natural forces. The Company has extensive processes in place aimed at monitoring and mitigating those risks. The Company also insures itself against death due to diseases causing epidemic.

7	Inventories	2009	2008
		RO	RO
	Raw materials	629,557	643,286
	Consumables	205,573	218,202
		<hr/>	<hr/>
		835,130	861,488
	Less: provision for slow-moving inventories	(86,700)	(65,147)
		<hr/>	<hr/>
		748,430	796,341
	Agriculture produce and cattle feed	53,000	144,000
	Beef herd	262,850	217,912
	Finished stocks	42,805	67,195
		<hr/>	<hr/>
		1,107,085	1,225,448
		<hr/> <hr/>	<hr/> <hr/>
8	Trade and other receivables		
	Trade receivables	665,654	770,106
	Less: provision for doubtful debts	(50,471)	(40,471)
		<hr/>	<hr/>
		615,183	729,635
	Other receivables and advances	184,608	65,921
	Prepayments and deposits	48,777	44,624
	Less: provision for other receivables	(5,439)	(5,439)
		<hr/>	<hr/>
		843,129	834,741
		<hr/> <hr/>	<hr/> <hr/>
	Movement in the allowance of impairment in respect of trade receivables during the year was as follows:		
	1 May,	40,471	40,471
	Impairment loss recognized during the year	10,000	-
		<hr/>	<hr/>
	30 April.	50,471	40,471
		<hr/> <hr/>	<hr/> <hr/>

OMAN AGRICULTURE DEVELOPMENT COMPANY S.A.O.G.

Notes

(forming part of the financial statements)

9	Cash and bank balances	2009	2008
		RO	RO
	Cash at bank	1,142	2,084
	Cash in hand	27,765	67,120
		<u>28,907</u>	<u>69,204</u>

10 Share capital and reserves

(a) Share capital

The authorised share capital of the Company comprises 2,000,000 shares of RO 1 each, of which RO 1,100,000 (2008: RO 1,100,000) is issued and fully paid-up.

Details of shareholders, who own 10% or more of the Company's share capital, are as follows:

	<u>2009</u>		<u>2008</u>	
	No. of shares	%	No. of shares	%
H.E. Dr. Omar Abdul Munem Al Zawawi	162,814	14.8	162,814	14.8
Brig. Waleed Omar Abdul Munem Al Zawawi	136,037	12.4	136,037	12.4
Al Khuwair Development & Services Co. SAOC	175,838	16.0	175,838	16.0
Wilayat Holding Co. Ltd. LLC	126,984	11.5	126,984	11.5
	<u>601,673</u>	<u>54.7</u>	<u>601,673</u>	<u>54.7</u>

(b) Legal reserve

The Commercial Companies Law of 1974 requires that 10% of a company's net profit be transferred to a non-distributable legal reserve until the amount of legal reserve becomes equal to one-third of a company's share capital. No transfer has been made during the year as the Company has incurred a loss during the year ended 30 April 2009.

11	Term loan	2009	2008
		RO	RO
	Loan from a commercial bank	569,348	1,037,348
	Less: current maturities	(392,000)	(332,000)
		<u>177,348</u>	<u>705,348</u>

Terms and repayment schedule of long-term loan

	Interest rate %	Total RO	Less than 1 year RO	1-2 years RO
Loan from a commercial bank	8.53	<u>569,348</u>	<u>392,000</u>	<u>177,348</u>

The loan from a commercial bank is secured by first charge over the plant, property and equipment of the Company.

OMAN AGRICULTURE DEVELOPMENT COMPANY S.A.O.G.

Notes

(forming part of the financial statements)

12 Income tax

The Company is subject to income tax at the rate of 12% of taxable income in excess of RO 30,000. The following is a reconciliation of income tax calculated on accounting profits at the applicable tax rates with the income tax expense for the year:

	2009	2008
	RO	RO
<i>Recognised in the income statement</i>		
Current year tax	-	-
Current year deferred tax	27,467	(5,381)
Tax expense for the year	27,467	(5,381)
<i>Reconciliation of income tax expense</i>		
Profit before tax	228,894	(58,343)
Income tax as per rates mentioned above	23,867	-
Excess provision for deferred tax	-	(5,381)
Effect of tax losses for the current year	3,600	-
Income tax	27,467	(5,381)

Movement in temporary differences during the year

Temporary differences, which give rise to deferred tax liability recognised in the balance sheet and the movements during the year, are as follows:

	2009	2008
	RO	RO
Property, plant and equipment	(19,830)	(23,371)
Biological assets	(81,110)	(38,966)
Inventories	10,402	7,818
Receivables	6,057	4,857
Carried forward losses	22,407	15,055
Deferred tax liability	(62,074)	(34,607)

Status of the tax assessments:

The Company's income tax assessment for the year 2008 has not been finalised by the Secretariat General for Taxation at the Ministry of Finance. The Board of Directors believe that additional taxes, if any, that may become payable on finalisation of the assessments in respect of these open years would not be material to the Company's financial position as at 30 April 2009.

13 End of service benefit

Opening balance	188,325	171,160
Add: provided during the year	16,700	32,700
	205,025	203,860
Less: paid during the year	(24,763)	(15,535)
	180,262	188,325

OMAN AGRICULTURE DEVELOPMENT COMPANY S.A.O.G.

Notes

(forming part of the financial statements)

14 Trade and other payables

	2009 RO	2008 RO
Trade payables	1,476,255	1,480,642
Accrued expenses	138,290	236,609
	1,614,545	1,717,251
	1,614,545	1,717,251

As per the directives of the Capital Market Authority (CMA) the amount of unclaimed dividend which is outstanding for more than six months is required to be transferred to the Investors' Trust Fund established by the CMA. Unclaimed dividends outstanding for more than six months transferred to the Investors' Trust Fund upto 30 April 2009 amounts to RO 32,135.

15 Bank borrowings

The Company has overdraft facilities in the amount of RO 1 million from a commercial bank on which interest is charged at the rate of 9% (2008: 7.5%) per annum. The Company has obtained short term loan from a commercial bank on which interest is charged at the rate of 8% (2008: 8%) per annum. Overdraft facilities are due for renewal in February 2010.

Bank overdraft	866,939	301,109
Short term loan	700,000	700,000
	1,566,939	1,001,109
	1,566,939	1,001,109

The credit facilities from a commercial bank are secured by first charge over the plant, property and equipment of the Company.

16 Cost of sales

Cost of raw materials	3,223,137	3,174,160
Provision for impairment of inventories	21,553	-
Employee related costs	508,545	562,599
Repairs and maintenance	226,427	214,269
Fuel and electricity	168,621	154,268
Other overheads	174,644	180,810
	4,322,927	4,286,106
	4,322,927	4,286,106

17 Selling and distribution expenses

Employee related costs	324,893	313,680
Transportation	194,449	191,874
Sales promotion	107,807	196,466
Sales commission	73,500	86,700
Rent	32,401	30,061
Repairs, maintenance and utilities	34,033	37,242
Other expenses	54,058	32,377
	821,141	888,400
	821,141	888,400

OMAN AGRICULTURE DEVELOPMENT COMPANY S.A.O.G.**Notes***(forming part of the financial statements)*

	2009	2008
	RO	RO
18 Administrative and general expenses		
Employee related costs	102,321	90,360
Insurance	63,510	55,059
Communication	19,334	25,464
Printing and stationery	6,284	4,325
Professional and legal fees	10,949	9,504
Registration fees	4,174	20,395
Repairs and maintenance	7,312	15,780
Staff welfare	5,603	15,217
Vehicle expenses	11,184	14,861
Advertisement expenses	7,283	5,123
Utilities	7,832	5,765
Travelling and conveyance	2,485	3,489
Accommodation	3,194	3,194
Donations	-	3,000
Provision for impairment of trade receivables	10,000	-
Other expenses	4,028	4,299
	265,493	275,835

Total employee related expenses included under notes 16, 17 and 18 comprise:

Wages and salaries	757,555	762,309
Other benefits	135,669	145,500
Contributions to defined contribution retirement plan	25,835	26,130
Increase in liability for defined benefit retirement plan	16,700	32,700
	935,759	966,639

The total number of employees at 30 April 2009 was 286 (2008: 296).

19 Related party transactions

The Company has entered into transactions with entities over which certain Directors are able to exercise significant influence. In the ordinary course of business, such related parties provide goods and render services to the Company. The Company also provides good and renders services to such related parties.

Key management personnel receive compensation in the form of short-term employee benefits and post-employment benefits. During the year 2009, key management personnel received a total compensation of RO 68,280 (2008: RO 77,410). The total remuneration is included in employee related expenses under the head "Administrative and general expenses".

During the year, related party transactions were as follows:

Revenue from entities related to:		
– Shareholders holding 10% or more interest in the Company	81,342	97,137
Purchases and provision of services from entities related to:		
– Shareholders holding 10% or more interest in the Company	112,963	118,480
Lease rentals paid to entities related to		
– Shareholders holding 10% or more interest in the Company	50,221	49,321

OMAN AGRICULTURE DEVELOPMENT COMPANY S.A.O.G.

Notes

(forming part of the financial statements)

19	Related party transactions (continued)	2009	2008
		RO	RO
	Amounts due from / to related parties at year end are as follows:		
	Due from entities related to:		
	– Shareholders holding 10% or more interest in the Company	25,535	32,944
		<u> </u>	<u> </u>
	Due to entities related to:		
	– Shareholders holding 10% or more interest in the Company	23,696	21,235
		<u> </u>	<u> </u>
20	Commitments and contingent liabilities		
	<i>Equity investment</i>		
	The Company has committed to subscribe to a 20% holding in the allotted equity of Al Nejd Agriculture Development Company (under establishment) offered by the Ministry of Agriculture and Fisheries for an amount of RO 2,560,000.		
	<i>Operating lease commitments</i>		
	The Company has been granted leasehold rights by the Ministry of Agriculture and Fisheries for the use of land for a period of 20 years ending June 2010. Future minimum lease commitments under non-cancellable operating leases were as follows:		
	Within one year	793	793
	Between one and two years	-	793
		<u> </u>	<u> </u>
		793	1,586
		<u> </u>	<u> </u>
	<i>Guarantees</i>		
	Shell Oman Marketing SAOG	15,000	15,000
		<u> </u>	<u> </u>
21	Basic earnings per share		
	Basic earnings per share are calculated by dividing the net loss for the year by the number of shares outstanding at the year end as follows:		
	Net profit (loss) for the year (RO)	201,427	(52,962)
		<u> </u>	<u> </u>
	Number of shares outstanding at 30 April (Nos.)	1,100,000	1,100,000
		<u> </u>	<u> </u>
	Basic earnings per share (RO)	0.183	(0.048)
		<u> </u>	<u> </u>
22	Net assets per share		
	Net assets per share is calculated by dividing the net assets attributable to the shareholders of the Company by the number of shares outstanding at the year end as follows:		
	Net assets at 30 April (RO)	1,486,160	1,284,733
		<u> </u>	<u> </u>
	Number of shares outstanding at 30 April (Nos.)	1,100,000	1,100,000
		<u> </u>	<u> </u>
	Net assets per share (RO)	1.351	1.168
		<u> </u>	<u> </u>

OMAN AGRICULTURE DEVELOPMENT COMPANY S.A.O.G.

Notes

(forming part of the financial statements)

23 Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

Management has overall responsibility for the establishment and oversight of the Company's risk management framework and is responsible for developing and monitoring the Company's risk management policies.

(i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Company's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk. The Company's majority of customers are the A and B class supermarkets, four and five star hotels and Government institutions.

More than 90 percent of the Company's credit customers have been transacting with the Company for over 3 years, and no significant losses have occurred.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of potential losses that may be incurred. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

OMAN AGRICULTURE DEVELOPMENT COMPANY S.A.O.G.

Notes

(forming part of the financial statements)

23 Financial risk management (continued)

(i) Credit risk (continued)

Exposure to credit risk

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

	2009	2008
	RO	RO
Trade receivables	615,183	729,635
Amount due from related parties	25,535	32,944
Cash and bank balances	28,907	69,204
	<u>669,625</u>	<u>831,783</u>

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

Domestic	615,183	692,461
Foreign	-	37,174
	<u>615,183</u>	<u>729,635</u>

The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

Government	5,882	9,751
Private	609,301	719,884
	<u>615,183</u>	<u>729,635</u>

The aging of trade receivables at the reporting date was:

	Gross	Allowance for	Gross	Allowance for
	2009	impairment	2008	impairment
	RO	RO	RO	RO
Debtors 0-90 days	550,565	-	633,260	-
Debtors 91-120 days	20,419	-	59,215	-
Debtors 121-365 days	33,079	-	36,042	-
More than one year	61,591	50,471	41,589	40,471
	<u>665,654</u>	<u>50,471</u>	<u>770,106</u>	<u>40,471</u>

OMAN AGRICULTURE DEVELOPMENT COMPANY S.A.O.G.

Notes

(forming part of the financial statements)

23 Financial risk management (continued)

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company'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 damage to the Company's reputation.

The following are the contractual maturities of financial liabilities, excluding estimated interest payments and excluding the impact of netting agreements:

	Carrying amount RO	Total contractual cash flows RO	Upto 1 year RO	1-2 years RO	2-5 years RO
30 April 2009					
<i>Non-derivative financial liabilities</i>					
Term loan	569,348	(569,348)	(392,000)	(177,348)	-
Bank borrowings	1,566,939	(1,566,939)	(1,566,939)	-	-
Trade payables	1,476,255	(1,476,255)	(1,476,255)	-	-
Amount due to related parties	23,696	(23,696)	(23,696)	-	-
	<u>3,636,238</u>	<u>(3,636,238)</u>	<u>(3,458,890)</u>	<u>(177,348)</u>	<u>-</u>
30 April 2008					
<i>Non-derivative financial liabilities</i>					
Term loan	1,037,348	(1,037,348)	(332,000)	(664,000)	(41,348)
Bank borrowings	1,001,109	(1,001,109)	(1,001,109)	-	-
Trade payables	1,480,642	(1,480,642)	(1,480,642)	-	-
Amount due to related parties	21,235	(21,235)	(21,235)	-	-
	<u>3,540,334</u>	<u>(3,540,334)</u>	<u>(2,834,986)</u>	<u>(664,000)</u>	<u>(41,348)</u>

As at 30 April 2009, financial liabilities with a contractual maturity of within one year exceed financial assets maturing within one year by approximately RO 2.7 million. Further, at 30 April 2009, the current ratio of the Company is below the minimum level prescribed within its bank covenants. Management are confident, based on ongoing discussions with the Company's bankers, that short-term bank facilities (refer note 15) will continue to be renewed as they mature and that sufficient cash flows will be generated from operations to repay other financial liabilities as they fall due.

(iii) Market risks

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company'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.

OMAN AGRICULTURE DEVELOPMENT COMPANY S.A.O.G.

Notes

(forming part of the financial statements)

23 Financial risk management (continued)

(iii) Market risks (continued)

Currency risk

The Company is exposed to currency risk on purchases that are denominated in a currency other than the functional currency of the Company. The currencies in which these transactions primarily denominated are Euro (€), US Dollars (USD) and UAE Dirham (AED) etc.

In respect of Company's transaction denominated in USD and AED the Company is not exposed to currency risk as the Rial Omani (RO) and AED are effectively pegged to the USD.

The Company's exposure to foreign currency risk was as follows based on notional amounts:

<i>In RO</i>	30 April 2009			30 April 2008		
	AED	USD	Euro	AED	USD	Euro
Trade receivables	-	-	-	37,174	-	-
Trade payables	(401,186)	(181,505)	(49,304)	(391,113)	(129,405)	(28,843)
Gross balance sheet exposure	<u>(401,186)</u>	<u>(181,505)</u>	<u>(49,304)</u>	<u>(353,939)</u>	<u>(129,405)</u>	<u>(28,843)</u>

The following significant exchange rates applied during the year:

	Reporting date			
	Average rate		Spot rate	
	2009	2008	2009	2008
	RO	RO	RO	RO
USD 1	0.38500	0.38500	0.38500	0.38500
Euro 1	0.51001	0.54158	0.54803	0.57206
AED 1	0.10500	0.10500	0.10500	0.10500

Sensitivity analysis

A 10 percent strengthening / weakening of the Rial Omani against the following currencies at 30 April 2009 would have increased (decreased) net profit by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2008

	Profit or loss RO
30 April 2009	
Euro	<u>4,930</u>
30 April 2008	
Euro	<u>2,884</u>

OMAN AGRICULTURE DEVELOPMENT COMPANY S.A.O.G.

Notes

(forming part of the financial statements)

23 Financial risk management *(continued)*

(iii) Market risks (continued)

Interest rate risk

The Company adopts a policy of ensuring, whenever possible, that majority of its exposure on borrowings is on a fixed rate basis.

At the reporting date, the Company's interest-bearing financial instruments are at fixed interest rates.

Capital management

The Management's policy is to maintain a strong capital base so as to maintain members, creditors and market confidence and to sustain future development of the business. The Management monitors the return on capital, which the Company defines as net profit before tax divided by the total Members' equity. The Members monitors the level of dividends. Capital requirements are prescribed by the Commercial Companies Law of 1974, as amended.

Fair values

Fair values versus carrying amounts

The Management of the Company believes that the fair value of both financial and non-financial assets and liabilities are not significantly different from its carrying value in the financial statements.

24 Comparative figures

Certain comparative information has been reclassified to conform to the presentation adopted in these financial statements.

Oman Agriculture Development Company S.A.O.G.

Notes

(forming part of the financial statements)

Schedule I

Property, plant and equipment

	Buildings RO	Plant and machinery RO	Furniture and fixtures RO	Motor vehicles RO	Leasehold improvement RO	Work in progress RO	Total RO
<i>Cost</i>							
1 May 2008	968,163	3,156,167	168,626	733,658	5,776	155,726	5,188,116
Additions	9,882	26,942	1,662	19,500	-	-	57,986
Transfers	154,256	-	-	-	-	(154,256)	-
	<u>1,132,301</u>	<u>3,183,109</u>	<u>170,288</u>	<u>753,158</u>	<u>5,776</u>	<u>1,470</u>	<u>5,246,102</u>
<i>Depreciation</i>							
1 May 2008	747,266	2,167,378	148,042	620,534	5,776	-	3,688,996
Charge for the year	62,962	190,296	10,112	35,668	-	-	299,038
	<u>810,228</u>	<u>2,357,674</u>	<u>158,154</u>	<u>656,202</u>	<u>5,776</u>	<u>-</u>	<u>3,988,034</u>
<i>Carrying value</i>							
30 April 2009	<u>322,073</u>	<u>825,435</u>	<u>12,134</u>	<u>96,956</u>	<u>-</u>	<u>1,470</u>	<u>1,258,068</u>
30 April 2008	<u>220,897</u>	<u>988,789</u>	<u>20,584</u>	<u>113,124</u>	<u>-</u>	<u>155,726</u>	<u>1,499,120</u>