Port of Salalah

Annual Report 2014

His Majesty Sultan Qaboos Bin Said

Key Performance Indicators

Port of Salalah	2009	2010	2011	2012	2013	2014
Key Operational Data						
Crane Capacity in TEUs ('000s)	4,800	5,000	5,000	5,000	5,000	5,000
TEUs ('000s)	3,493	3,484	3,201	3,634	3,343	3,034
Tonnes ('000s)	3,722	6,280	6,519	7,251	7,944	10,314
Container Terminal Vessel calls	1,773	1,791	1,725	1,735	1,651	1,439
General Cargo Terminal Vessel calls	1,946	2,079	1,555	1,401	1,321	1,326
Headcount	2,320	2,194	2,109	2,216	2,167	2,137
Operational Ratio Analysis						
Gross Crane Productivity	26.60	29.70	29.38	30.20	31.54	30.70
TEUs handled per employees	1,506	1,588	1,518	1,640	1,543	1,420
TEUs/meter of quay p.a.	1,354	1,351	1,241	1,409	1,296	1,176
Cranes in operation	25	25	25	25	25	25
TEUs/quay crane p.a.	145,561	139,376	128,036	145,360	133,720	121,349
Capacity Utilization	73%	70%	64%	73%	67%	61%
Key Financial Data						**Figures in RO '000**
Revenue	47,680	52,678	49,822	57,540	58,505	53,533
Gross profit	19,108	21,161	19,042	30,337	27,641	22,605
Cash profit	13,932	15,910	12,360	16,791	14,808	14,444
Net profit / (loss)	4,535	5,760	2,361	7,083	5,663	5,262
Equity capital	17,984	17,984	17,984	17,984	17,984	17,984
Net worth before minority interest	39,711	38,510	39,684	44,318	46,855	48,471
Term debt obligations	74,729	67,215	59,438	52,617	47,574	41,235
Financial Ratio Analysis						
Operating Profit Ratio	40%	40%	45%	53%	47%	42%
Net profit margin	9.5%	10.9%	4.7%	12.3%	9.7%	9.8%
Cash Earnings per share (RO)	0.078	0.089	0.069	0.093	0.082	0.080
Earnings per share (RO)	0.025	0.032	0.013	0.039	0.031	0.029
Book value per share (RO)	0.221	0.214	0.221	0.246	0.261	0.270

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DIRECTORS' REPORT

H.E. Ahmed Bin Nasser Al Mahrizi
Chairman of Board of Directors

On behalf of the Board of Directors, I have the pleasure in presenting to you the annual report of your company along with the audited accounts for the year ended 31 December 2014. Salalah Port Services Co. SAOG (Port of Salalah) has recorded historical new highs in volumes handled at General Cargo terminal (GCT), which has to some extent offset a decline in Container Terminal (CT) transshipment volumes handled during year 2014 as compared to year 2013. Nonetheless, the company has achieved a fruitful year in many tangible operation areas including productivity and safety, which reflects the company's consistent performance.

The Company expects to see continued growth in our General Cargo Terminal fueled by increasing demand for Limestone and Gypsum. We forecast that our throughput of these products will be in line with market growth during year 2015. Our challenge will be to continue to handle these products efficiently and we look forward to the hand over from Government of the additional quay space we will require. We have planned significant investment to increase in automated equipment for handling bulk commodities to productivity and efficiency. IT is expected to commission these equipments during 2016 .We also expect to see steady improvement in our importation of Grain and other General Cargo.

DIRECTORS' REPORT

Dear Shareholders

On behalf of the Board of Directors, I have the pleasure in presenting to you the annual report of your company along with the audited accounts for the year ended 31 December 2014. Salalah Port Services Co. SAOG (Port of Salalah) has recorded historical new highs in volumes handled at General Cargo terminal (GCT), which has to some extent offset a decline in Container Terminal (CT) transshipment volumes handled during year 2014 as compared to year 2013. Nonetheless, the company has achieved a fruitful year in many tangible operation areas including productivity and safety, which reflects the company's consistent performance.

Company Performance

The company's top priority is ensuring the safety of its employees, contractors and customers, and to this end, the company has achieved a record in safety performance with the lowest Lost Time Incident (LTI) in a row which is a positive development.

The Company continues to focus improvements through various initiatives to maintain operations of a world-class terminal.

The strategy to support the growth of local businesses using the Port of Salalah to connect to global trade is proving to deliver value to all stakeholders. The GCT has handled 10.3 million tons during 2014 as compared with 7.9 million tons in 2013. The CT has handled 3.0 million TEU (twenty-foot equivalent unit) against 3.3 million TEU in 2013, where the decline in transshipment volumes is largely as a result of new terminal developments within the region, combined with the slow development of global transshipment trade. Nonetheless Port of Salalah has retained its position amongst leading global container ports worldwide.

Financial Overview

The consolidated revenues are recorded at RO 53.5 million, a decrease of nearly 9% over the previous year mainly due to lower container volumes. The consolidated net profit was recorded at RO 5.26 million, as compared to RO 5.7 million in 2013. The company continues various initiatives to reduce the overall costs. . During year 2014, your company distributed 25% annual dividend pertaining to year 2013. Taking into account the drop in performance and emerging market conditions for the container transshipment market the Board of Directors are pleased to recommend the distribution of dividends of 15% on the paid-up equity share capital of the company. This equates to 15 baizas per share resulting in a total cash disbursal of RO 2.698 million.

Dividend history for the last 5 years

	2009	2010	2011	2012	2013
Dividend %	10%	25%	15%	25%	25%
Cash outlay (RO '000)	1,798	4,495	2,697	4,495	4,495

Employee Development

Our people contribute to the success of the company. In order for the company to stay competitive it needs to remain at the cutting edge of the industry with continued education on procedures, technologies and best practices. The company continues to invest in training and development of its workers, with a focus on enhancing the Omanization and skills development of local talent.

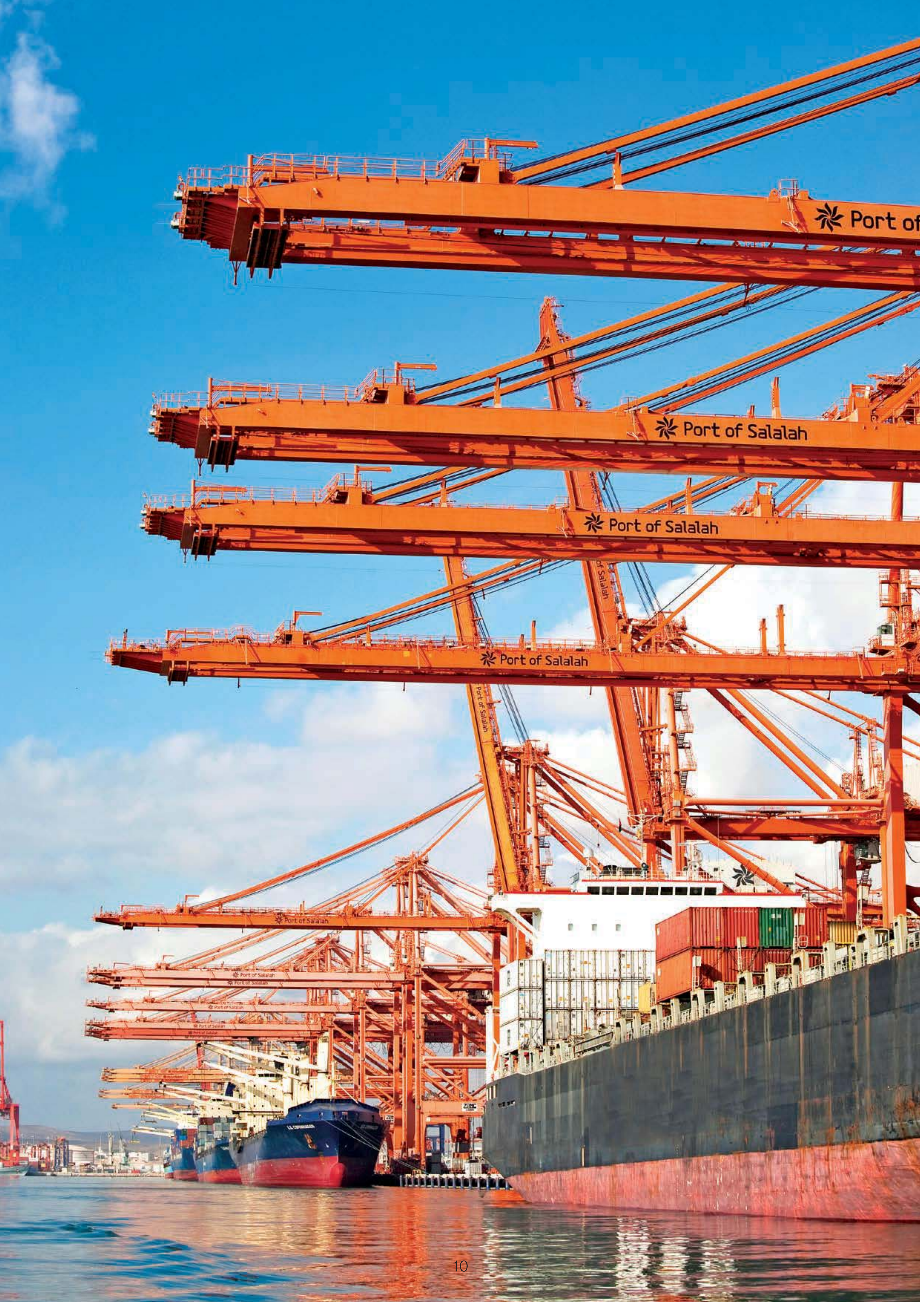
Corporate Social Responsibility (CSR)

Port of Salalah strongly believes in a CSR program that is aligned with the pillars of sustainability and volunteerism. The company has invested RO 71k in CSR initiatives during year 2014, that are foremost impacting the local Dhofar region directly, and secondly which benefit as much as possible the larger segments of communities requiring support. Education, SME development, environment, safety, health and sports are the major focus areas of sponsorship. In addition to the company's support funding of Aqbah-Jurzim and Aqbah-Anhaboub roadways, which connect populations from Taqah to Thumrait in safer and shorter roads, we are proud to also reflect on the CSR initiatives awarded which include: Awarding Dhofar's academic top performers for the second consecutive year; the Sindbad Children›s Mobile Library Project; and the company's first sponsorship of the Muscat Youth Summit 2014 where 50% of youth attendees would be from Salalah itself. Port of Salalah continues to commit to its role in nurturing economic development in the country.

Future Outlook

The Company expects to see continued growth in our General Cargo Terminal fueled by increasing demand for Limestone and Gypsum. We forecast that our throughput of these products will be in line with market growth during year 2015. Our challenge will be to continue to handle these products efficiently and we look forward to the hand over from Government of the additional quay space we will require. We have planned significant investments to increase in automated equipment for handling bulk commodities to productivity and efficiency. It is expected to commission these equipments during year 2016. We also expect to see steady improvement in our importation of Grain and other General Cargo.

The future for the Container terminal, however, is less optimistic as we expect the reduction in throughput that has been experienced in recent years to accelerate. Shipping Lines want to avoid



incurring the extra costs of transshipments and with increasing vessel tonnage available they can now do more direct calls. This is a growing trend and will mean that our transshipment business will continue to erode for the foreseeable future.

The future of the container business in the Port of Salalah depends to a large extent on our ability to grow import and export "gate volumes". We have enjoyed some success in this area during 2014 although, to a degree, this was due to the problems at Sohar after the closure of Port Sultan Qaboos. We are therefore very dependent on the success of the Salalah Free zone and the timing for the connection of Salalah to the rail network. We will continue to vigorously lobby Government on both matters.

We continue our commitment to uphold the company's standing as an excellent corporate citizen.

Conclusion

On behalf of the Board of Directors and the shareholders of the company, I record the sincere appreciation and gratitude to His Majesty Sultan Qaboos Bin said, for his strategic vision, leadership and his continued support without which it would not have been possible to establish and maintain this world class port.

I also thank our customers, investors, Lenders and the members of the government we work together with daily.

Lastly, but certainly not least, I place on record our appreciation for the contributions made by our employees in achieving the level of performance in year 2014. Our consistent growth was possible by their hard work, solidarity, cooperation and support.

On behalf of the Board of Directors,

H.E. Ahmed Bin Nasser Al Mahrizi
Chairman of Board of Directors,
Salalah Port Services Co. SAOG

February 11, 2015

MANAGEMENT DISCUSSION & ANALYSIS REPORT

David Gledhill
Chief Executive Officer

Salalah Port Services Co. SAOG also called the "Port of Salalah" is a large multi-purpose port in the West Central Asia region engaged in operating, managing and equipping a world-class port under a thirty-year concession agreement with the Government of Oman. The company is managed by APM Terminals, a global terminal operator with interests in 186 port and inland services operations in 63 countries. APM Terminals is one of the world's leading port and terminal operators serving all major shipping lines with throughput of 36.3 million TEUs in 2013.

The container shipping market continues to pass through a period of margin pressure. Fuel prices have taken a major dip which should benefit the shipping industry in general though there are no indications of how long the current price levels will continue. There are no indications of growth in container industry market.

Management Discussion & Analysis Report

Business of the company

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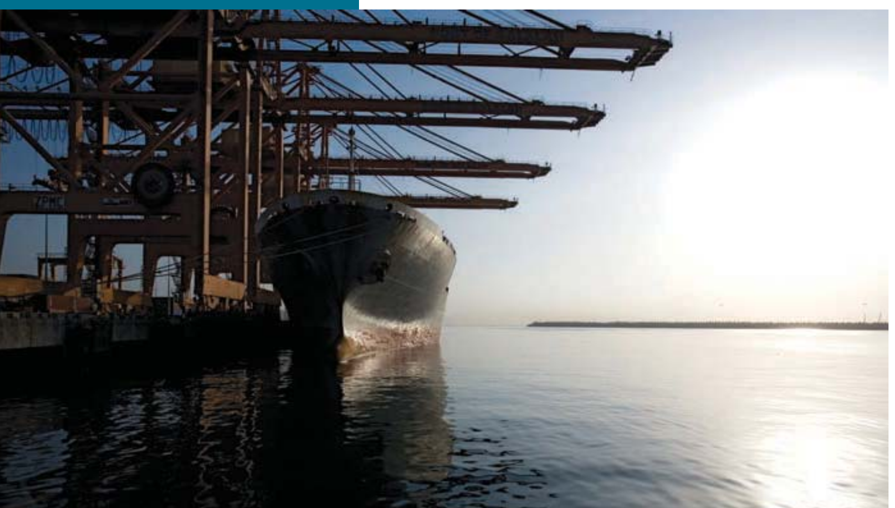
During the year 2014, Salalah Port Services handled more than 3.0 million TEUs and 10.3 million tons at its container terminal and general cargo terminal respectively. The company continues to focus development of skills of its work force and is proud that over 70% of all skilled roles are filled by local staff members. Our total contribution in excess of $70m annually in cash contributions to the Omani economy is supported by our successful implementation of a plan to have over 80% of our procurement from local sources.



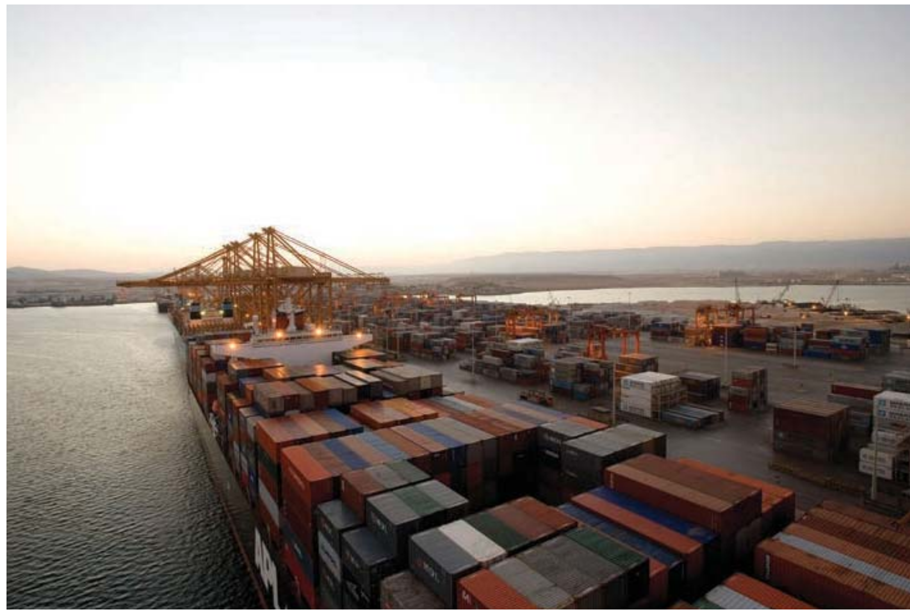
Container Industry structure and developments

The container shipping market continues to pass through a period of margin pressure. Fuel prices have taken a major dip which should benefit the shipping industry in general though there are no indications of how long the current price levels will continue. There are no indications of growth in container industry market.

Emerging markets will continue to be key growth drivers from the Port Operators’ perspective. Emerging markets refer to markets in countries such as Indian sub-continent, Middle-East, Far East, Africa etc. that are very dynamic to operate in, with strong political reform agenda and an openness to work with the private sector along the way. All port operators are looking at the opportunity to participate at fair and reasonable terms.

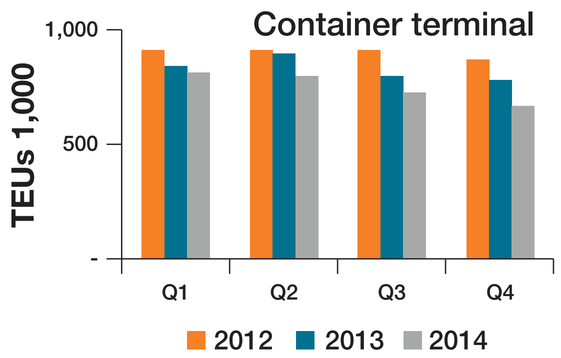
The Port of Salalah’s container terminal continues to review its position in the competitive market and gear itself up to keep its focus on productivity enhancement and find solution to long waves issue during khareef season. We have demonstrated to both existing and potential customer the strengths of the terminal and the value that the port brings to them and have been trying to attract volumes to shift to Salalah due to the location advantages, being competitive in service levels, building awareness with importers and exporters. The port continues to work with Salalah Free Zone Authority and other companies in the area in order to increase share of local business.

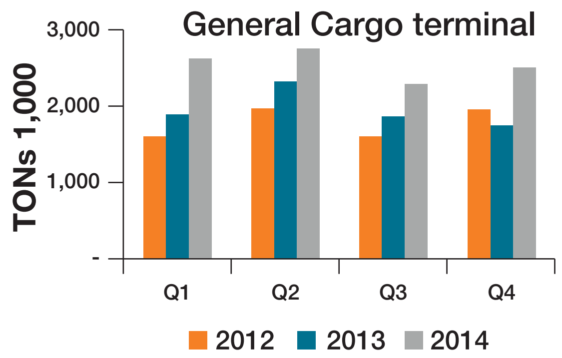
The market scenario post global economic down turn has significantly changed. A large amount of government driven (rather than market driven) port development in the region and the corresponding increase in port capacity causes



concern. At the same time shipping lines are working to form alliances to reduce operating costs and this reduces transshipments. However, we believe our strategic location and our service levels will remain an important factor in customer choice. Manpower is a significant cost to the business and major labour law changes in 2011-12 and 2013-14 have added additional payroll obligations which impact our competitiveness in a global market.

Operations Review:





General Cargo Terminal

The general cargo terminal registered a record throughput of 10.31 million tons, a growth of 30% over 2013. The Government had awarded the contract for the much needed expansion of the general cargo terminal and the major part of the construction is almost complete but the service corridor is outstanding.

The GCT continues to produce more than designed capacity through efficiency improvements and innovation despite the delay in refurbishment of the general cargo terminal and an expansion.

The limestone and gypsum business remains the largest commodity for the terminal followed by Methanol, Fuel and bagged (mainly cement). The outlook for the general cargo terminal is positive with more customers indicating a wish to commence business as well existing customers increasing their

throughput in 2015 and beyond.
Salalah Free Zone is actively creating infrastructure for its customers. Several investors visited the port and free zone and expressed interest in setting up business in Salalah. The port has already executed agreements and MOUs for utilization of the liquid jetty once it is ready for operations. The port will continue to extend and explore joint opportunities with the Salalah free zone and play a significant role in development of the Dhofar region.

Container Terminal

The container terminal handled 3.03 mil TEUs representing a reduction of 9% compared to previous year. The volume contracted during the year on account of the transshipment deployment plan of some customers.

Crane productivity of the container terminal suffered due to the long wave effect during khareef 2014 but ended the year well.

Safety

The continuing efforts in making the Port of Salalah a safer place to work for our employees, contractors etc., enabled maintenance of low level work related injuries and related time lost. The Lost Time Injury frequency for 2014 was recorded at 0.47 (0.44 in 2013). This places the Port of Salalah in an industry leadership position in safety. However, we are not yet satisfied. We continue this year to invest in technology and infrastructures to remove further risks from our environment to ensure the safety of people who work in the port.

Human Resources, Welfare and Training

The total manpower of the company at the end of 2014 was 2,137 (2,167 in 2013) with almost 70% (68% in 2013) of all skilled roles filled by local staff.
We continue to train staff to perform in a safe and efficient manner. Several training sessions were held during the year by in-house experts in various disciplines such as Total productive maintenance (TPM), communication, customer service, ERP super users, LEAN Six Sigma, operations, maintenance and leadership skills. We work to be a better organization that is ready for the challenges ahead.

Currency revaluation

The Government of Oman's policy on keeping the Omani Rial pegged with the US Dollar is expected to remain unchanged for the next few years at least. Any change in the policy will have an effect on the company's financials. The company will exercise constant vigilance and initiate all possible measures to contain this risk if required.

Financial review

Consolidated net profit for 2014 was recorded at RO 5.26 million.
Consolidated EBITDA was recorded at RO 16.34 million resulting in margins of 30%, from 29% in 2013. The improvement was possible mainly due to improvement in the margin through cost reduction despite lower revenue due to reduced container volumes.
Consolidated revenues year to date were RO 53.53 million as against year 2013 revenues of RO 58.50 million.
Volume recorded at the Container Terminal was 9% lower whereas General Cargo Terminal registered a growth of 30% compared to year 2013.
Direct operating costs comprises of manpower costs, repairs & maintenance costs, energy costs, marine costs and operating systems and communication decreased by 2%

compared to 2013 level. The total manpower costs decreased by 2% as compared to 2013 due to lower number of employees compared to the previous year despite increase in fixed salary related inflation, merit increases & incentive payout.
Operating depreciation in 2014 was lower than 2013 on account of assets which are fully depreciated and controlled capital expenditures for its replacements.
Repair and maintenance costs were marginally higher than 2013 by 1% due to implementation of total productive maintenance and write-off of aged inventory.
Power and Fuel decreased by 11% over same period of 2013 due to lower volumes in the container terminal and efficiency gains.
Concession costs, consists of costs on account of ground rent, fixed and variable royalty which decreased by 17% mainly due to reduced franchise fees in container terminal which witnessed 11% lower profit compared to year 2013. The Management fee was in line with the decrease revenues and volumes.
General and administration, costs were lower by 29% as compared to 2013 mainly due to improvement in provision for inventory obsolescence and doubtful debts as well as one-time write-off of consultancy costs in 2013.
Financing costs decreased by 10% over 2013 on account of lower outstanding loan balances.

Outlook

The Company expects to see continued growth in our General Cargo Terminal fueled by increasing demand for Limestone and Gypsum. We forecast that our throughput of these products will exceed, on average, one million tons per month during 2015. Our challenge will be to continue to handle these products efficiently and we look forward to the hand over from Government of the additional quay space we will require. We are planning a significant investment in automated equipment for handling aggregates which expect to receive and commission in 2016.
We also expect to see steady improvement in our Importation of Grain and other General Cargo.
The future for the Container terminal, however, is less optimistic as we expect the reduction in throughput that has been experienced in recent years to accelerate. Shipping Lines always want to avoid incurring the extra costs of transshipment and with increasing vessel tonnage available they can now do more direct calls. This is a growing trend and will mean that our transshipment business will continue to erode for the foreseeable future.
The future of the container business in the Port of Salalah depends to a large extent on our ability to grow import and export "gate volumes". We have enjoyed some success in this area during 2014 although, to a degree, this was due to the problems at Sohar after the closure of Port Sultan Qaboos. We are therefore very dependent on the success of the Free zone and the timing for the connection of Salalah to the rail network. We will continue to vigorously lobby Government on both matters.
I take this opportunity to express our sincere thanks to the employees of the company, the customers, suppliers and the Government of Oman for their unstinted support during 2014 and look forward to their continuance.

David Gledhill
Chief Executive Officer

February 11, 2015

KPMG
4th Floor, HSBC Bank Building
MBD
P.O. Box 641
P.C. 112
Sultanate of Oman

Tel 968 24709181
Fax 968 24700839

Report to the Shareholders of Salalah Port Services Company SAOG ("the Company") of Factual Findings in Connection with Corporate Governance Report of the Company and application of the Corporate Governance practices in accordance with the Capital Market Authority Code of Corporate Governance

We have performed the procedures prescribed in the Capital Market Authority ("CMA") Circular No. 16/2003 dated 29 December 2003 ("the Procedures") with respect to the Corporate Governance Report of the Company ("the Report") and its application of the Corporate Governance practices in accordance with the CMA Code of Corporate Governance ("the Code") issued under Circular No. 11/2002 dated 3 June 2002 and the CMA Rules and Guidelines on disclosure, issued under CMA Administrative Decision 5/2007, dated 27 June 2007, as amended. The Report is set out on pages 1 to 12.

Our engagement was undertaken in accordance with the International Standard on Related Services applicable to agreed-upon procedures engagements. The Procedures were performed solely to assist you in evaluating the Report.

We found the Report reflects, in all material respects, the Company's application of the provisions of the Code and is free from any material misrepresentation.

Because the Procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance on the Company's Corporate Governance Report. Had we performed additional procedures or had we performed an audit or review of this Report in accordance with International Standards on Auditing or International Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.

This report is solely for the purpose set forth in the second paragraph above, and for inclusion, with the Report, in the Company's annual report, and is not to be used for any other purpose. This report relates only to the Report included in the Company's annual report for the year ended 31 December 2014 and does not extend to the financial statements or any other reports of the Company, taken as a whole.

KPMG

11 February 2015

Ahmed Tufail

CORPORATE GOVERNANCE REPORT

Corporate Governance at Salalah Port Services Company SAOG (the "Company") ("Port of Salalah")

The Company's philosophy of Corporate Governance is aimed at maximizing shareholder value and protecting the interest of other stakeholders. The Company aims to achieve this through adequate and appropriate disclosure of material facts and achievements, transparency, accountability and equity in all facets of its operations. The Company also believes that it is essential to have clear policies assuring that all involved in the process of managing the Company, from the Board of Directors to down, are able to act in the best interest of shareholders. The Company is committed to comply with the Capital Market Authority guidelines on corporate governance and disclosure practices.

Board of Directors

The Board of Directors comprises of six members and is responsible for the Management of the Company's business. The Board's role, functions and responsibilities are clearly defined. In addition to its primary role of monitoring corporate performance, the functions of the Board also include:

Approving corporate vision, mission and objectives

- Establishing and approving the formulation of strategic business plans
- Reviewing and approving financial plans and budgets
- Monitoring corporate performance
- Compliance of laws and regulations
- Appointment of Chief Executive Officer

Composition of the Board of Directors as on December 31, 2014 is as follows:

Name	Category
H.E. Ahmed Bin Nasser Al Mahrizi	Non-executive, non-independent, nominated
Mr. Ali Mohammed Redha	Non-executive, non-independent, nominated
Mr. Peder Sondergaard	Non-executive, non-independent & elected
Mr. Tiemen Meester	Non-executive, non-independent & elected
Sheikh Braik Musallam Al Amri	Non-executive, independent & elected
Brig. Sultan Saif Saud Al Akhzami	Non-executive, independent & elected

Board of Directors profile

H.E. Ahmed Bin Nasser Al Mahrizi is Chairman of the Company and joined the Board on 4th August, 2013. He is the Minister of Tourism Government of Oman and previously held position of Chief of Eastern Europe, European Department of Oman Ministry of Foreign Affairs; Ambassador to Algeria and non-resident Ambassador to Ghana, Gabon, Burkina Faso and Niger; Ambassador to Kazakhstan and non-resident Ambassador to Kirghizia and Ambassador to the French Republic and non-resident Ambassador to Portugal.

Mr. Ali Mohammed Redha is Deputy Chairman of the company as joined the Board of the Company during 2010. Presently he is an Advisor for the Government Investments in the Under Secretary's Office - Ministry of Finance. He has done Masters in Accounting and Development Finance from the University of Birmingham and has more than twenty years of experience. He has held many senior positions in the government. He also holds directorship positions in manufacturing, banking and service sector companies.

Mr. Peder Sondergaard is a Danish National who currently serves as CEO Africa/Middle-East Region, APM Terminals. He is a maritime graduate as well as having advanced qualifications from IMD, Cornell and Harvard. He began his career working on container vessels before joining APMT where he has worked all over the world and held board of directors positions in Oman, China, Brazil, Egypt, Switzerland, Malaysia, Mauritius, USA, Costa Rica and The Netherlands.

Mr. Tiemen Geerts Meester is a Dutch national who currently is Vice President Business Implementation, APM Terminals. He is a maritime graduate with advanced qualifications from Cornell, Columbia and Harvard. He has been the director of the Company for more than 5 years. He was the CEO of Port of Salalah from 2005 until 2007. He has had an extensive global career in shipping and port management having worked in managerial positions for the AP Moller Maersk Group in Russia, Pakistan and Oman as well as executive responsibility of the region West and Central Asia and Eastern Europe. In 2007, he was appointed Chief Commercial Officer of APM Terminals, in 2008 was named Vice President for Human Resources and Labor Relations.

Sheikh Braik Musallam Al Amri joined the Board in March 2013. He has done Masters in Business Administration and has a management experience of more than 17 years. He is an Engineer and has also done diploma from Lloyds Maritime Academy. He has been engaged with the Port of Salalah for about 10 years. He has a very good exposure of the business and international practices, presently engaged with financial services sector.

Brig. Sultan Saif Saud Al Alkhzami joined the Board in March 2013. Presently he is Director General Administration and Human Resources in Secretary General's Office Ministry of Defense. He is Masters in Business Administration and has held many senior positions in Finance, administration and human resources in Royal Air Force of Oman.

Management profile

Mr. David Gledhill is the CEO of the Company since 1st April 2014. David has spent thirty five years in the Ports industry and has worked in most of the UK's largest Ports such as Dover, London, Harwich and Felixstowe. He has held senior management positions for businesses in Germany, Holland, Belgium, Luxembourg, and Portugal. He has extensive terminal experience last as CEO of Port of Felixstowe. David has an Honorary Doctorate from the University of East Anglia and the University of Essex. He has a proven ability to manage the relationship with a broad range of stakeholders: international shipping lines, strong owners, own organization, authorities, and unions. David is a very mature terminal leader who deploys a good balance between execution and strategy, a generalist with the ability to dive into detail when necessary. He is a great communicator, very good with people and is an excellent stakeholder relationship manager at all levels, internally as well as externally.

Mr. Ahmed Ali Akaak is the Deputy CEO of the Company. He has been with the Port since January 2000 where he has worked in several key positions including Chief Corporate Officer and General Manager for Human Resources. He brings to the position broad industry knowledge and executive experience in all aspects of management, including strategic planning and organizational development both locally and nationally. Mr. Akaak's background includes a bachelor degree in Economics from the US and Master Degree in Human Resources management.

Mr. C.S. Venkiteswaran joined Port of Salalah on 15th September, 2013 as Chief Financial Officer. He is a Commerce graduate from Kerala University, Fellow member of the Institute of Chartered Accountants of India and Associate member of Institute of Company Secretaries of India with thirty one years' experience in managing financial affairs of large industrial and port companies. He has been with A P Moller Maersk group for 18 years and held positions as Head of Finance at Gujarat Pipavav Port Limited, Chief Financial Officer in Meridian Port Services, Tema, Ghana and CFO with Gateway Terminals India, Mumbai.

Mr. Jesse Damsky is Chief Commercial Officer of the Company since 1st November 2014. Jesse holds a B.S. degree in International Trade. Jesse joined the APMM Group in 2010 and comes to APMT with a background in freight forwarding but has also worked with project and contract logistics and heavy lift operations. He has previously worked with Dorian Drake International Inc. in the USA, as Project Manager, Agility Defense & Government Services and most recently as Program / Business Development Manager, Al-Elaf Group in Jordan. Jesse is also fluent in Arabic.

Mr. Erik Sass is the General Manager - Container Terminal of the Company. He worked as General Manager of Operations at Gateway Terminals India. He has vast working experience with APM Terminals in Europe, Middle East and Asia.

Mr. Ahmed Suhail Ali Qatan is the General Manager - General Cargo Terminal of the Company. He has been appointed in the current position since 1st April 2012. He worked as an employment manager for 2 years and since 2008 as Senior Manager HR. In 2010 he has been promoted to GM-HR. Since 5 years a member of the executive management team. He holds an MBA from Lurton University in UK. He has working experience of 27 years in the public sector that includes a director of field studies, director of coordination and director of hygiene in the local government in Dhofar region.

Mr. Naif Al Awaid is the General Manager, Shared Service Centre that includes areas of: Engineering, IT, Facilities Maintenance, transportation and employee relations within Port of Salalah. Mr. Alawaid has worked in various responsibilities for the past 14 years. A graduate of Sultan Qaboos University Engineering College holds Bachelor Degree in Engineering–Mechanical/industrial, and MBA in general management; also he is a Technical Magnum Graduate from APMT.

Mr. Ali Kashoob is GM HR. He has been associated with Port since 2003. He is a Bachelor of Port Management and Operations from Arab Academy for science and technology with honor. He has varied experience in Port Operations, commercial and training and brings vast industry knowledge.

Captain Sukhdev Singh is General Manager Marine at Port of Salalah. He has total experience of 30 year in shipping and holds Certificate of Competency as Master, Foreign Going. Mr. Singh also holds unlimited license of Management level issued by Government of India. Joined the T.S. Rajendra in the year 1978 and sailed worldwide on various Indian and foreign flag vessels in ascending capacities. Moved to Port of Salalah, Oman, in 2006 as pilot until 2011 and have accrued a total of 10 years of Pilotage experience.

Employment Contract

Salalah Port Services Company SAOG enters into a formal Contract of Employment with each employee and such contracts are in line with the regulation of Ministry of Manpower and Omani Labor Law.

During the financial year 2014 five Board meetings were held on the following dates:

- February 12, 2014
- May 12, 2014
- August 13, 2014
- November 13, 2014
- December 10, 2014

The General Manager, Audit and Assurances acts as the Secretary to the Board.

Attendance of each Director at the Board Meeting, last Annual General Meeting, sitting fees paid and number of other Directorship of each Director in various Omani companies are as follows:

Name of Directors	Attendance Particular		Sitting fees (in RO)	No. of Directorship in other entities
	Board meeting	Last AGM		
H.E. Ahmed Bin Nasser Al Mahrizi*	4	No	3,200	1
Mr. Ali Mohammed Redha	5	Yes	4,000	1
Mr. Peder Sondergaard	5	No	4,000	0
Mr. Tiemen Meester	3	No	2,400	0
Sheikh Braik Musallam Al Amri	5	Yes	4,000	1
Brig. Sultan Saif Saud Al Alkhzami	5	Yes	4,000	0

* H.E. Ahmed Bin Nasser Al Mahrizi is the Chairman of the Board of Directors of the Company and also the Chairman of a closed joint stock company. None of the Directors hold the position of Chairman in any other Omani Public Joint Stock Company.

In accordance with the terms and conditions of the Management Agreement A. P. Moller Terminals & Co. LLC is the Manager of the Company with responsibility of operation and day-to-day management of the Company.

Audit and Other Committees

Audit Committee terms of reference:

Terms of reference of the Audit Committee are as per the guidelines set out by Capital Market Authority and include overseeing of financial reporting process, reviewing with the management the financial statement and adequacy of internal control system, reviewing the adequacy of internal audit function and discussion with Internal Auditor on significant findings.

The members of the Auditing Committee are governed by the provisions of liability stipulated in Article 109 of the Commercial Companies Law, without prejudice to their liabilities resulting from their membership of the Board of Directors. Following Directors are the members of the Audit Committee:

- Sheikh Braik Musallam Al Amri – Chairman
- Mr. Peder Sondergaard
- Brig. Sultan Saif Saud Al Alkhzami

The majority of the Audit Committee members are independent and has knowledge of finance, accounts, company law and the shipping industry. The quorum for the audit committee is a minimum of two members to be present. The Internal Auditor acts as the Secretary to the Audit Committee.

During the year 2014, four Audit Committee meetings were held. Following is the number of meetings attended by each member.

Member	No of meetings	Sitting fees (in RO)
Sheikh Braik Musallam Al Amri	4	2,000
Mr. Peder Sondergaard	4	2,000
Brig. Sultan Saif Saud Al Alkhzami	4	2,000

The Audit Committee approves the quarterly un-audited and annual audited financial statements. The Audit Committee, on behalf of the Board has regularly reviewed the internal control environment of the Company. They meet the internal auditor on a regular basis to review the internal audit reports, recommendations and management comments thereupon. Mr. Ashwani Jhamb has been working as General Manager, Audit and Assurances for the company. Audit Committee members have also met the external auditors to review audit findings and management letter. The Audit Committee has met the internal & external auditors in absence of Management as required under the code of Corporate Governance. The Audit Committee also briefs the Board about the effectiveness of internal controls in the Company. The Audit Committee and the Board are pleased to inform the shareholders that an adequate and effective internal control system is in place and that there are no significant concerns.

Tariff Committee terms of reference:

Tariff Committee has been established as a permanent sub-committee of the board. This requirement is consistent with the Company's obligations under the Container terminal and general cargo terminal concession agreements.

The tariff committee is responsible for recommending all the guidelines for negotiating tariff rates with the customers of the container terminal facility and general cargo terminal facility(the "facility") taking into account, amongst other matter:

- The minimum rates imposed by the container terminal concession agreement;
- The service available to the customers;
- The rates payable in the competitive terminals; and
- The comparative cost advantages of the strategic location of the facility.

The tariff committee is responsible for setting minimum levels of all charges, fees and levies to be paid by users of the port facility (excluding the facility) ("port charges ")
Following Directors are the members of the Tariff Committee:

- Mr. Tiemen Meester – Chairman
- Mr. Ali Mohammed Redha
- Sheikh Braik Musallam Al Amri

During the year 2014, three tariff committee meetings were held. Following were the number of meetings attended by each member:

Member	No of meetings	Sitting fees (in RO)
Mr. Tiemen Meester	2	1,000
Mr. Ali Mohammed Redha	3	1,500
Sheikh Braik Musallam Al Amri	3	1,500

Process for nomination of directors

In accordance with the amendment in Article 97 to the Commercial Companies Law, all Directors must be voted on to the Board using the cumulative voting process.

Notwithstanding the above provision, the Government of the Sultanate of Oman shall have the power to nominate up to two of the members of the Board of Directors, who shall be representatives of the Government of the Sultanate of Oman, for so long as the Government of the Sultanate of Oman holds at least 10% of the issued share capital of the Company. If the Government of the Sultanate of Oman does not own any shares in the Company or owns less than 10% of the issued share capital of the Company, it shall have the power to nominate one member of the Board of Directors only as its representative. Where the Government exercises its power to nominate a board member it shall not also be entitled to vote on the appointment of any other director.

General Shareholders' information

AGM: Date Time Venue	**March 26, 2015** 5:00 PM Crowne Plaza Resort, Salalah
Financial Year	2014
Date of Book Closure	**March 26, 2015**
Dividend payment date	The dividend, if approved by the shareholders, will be paid within the statutory time limit.
Listing on Stock Exchange	Muscat Securities Market
Registrar and share transfer agents	Muscat Depository & Securities Registration Company
Market Price data	See Table 1 below
Distribution of shareholders	See Table 2 below
Ten major shareholders	See Table 3 below
Port Location	Port Salalah, about 20 km west of Salalah, Dhofar, Sultanate of Oman.
Address of correspondence	Salalah Port Services Co. SAOG Al Jawhara Building, Shatti Al Qurum, P.O. Box. 105, P.C. 118, Muscat, Sultanate of Oman

Port of Salalah

Table 1 – Market price data

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year 2014
Shares price (RO)													
High	0.696	0.652	0.660	0.652	0.588	-	-	0.648	-	-	0.648	0.648	0.696
Low	0.696	0.648	0.652	0.652	0.588	-	-	0.648	-	-	0.648	0.648	0.588
Opening	0.696	0.648	0.660	0.652	0.588	-	-	0.648	-	-	0.648	0.648	0.696
Closing	0.644	0.648	0.652	0.652	0.652	-	-	0.648	-	-	0.648	0.648	0.648
Volume	3,500	5,800	48,750	160	2,460	-	-	144,320	-	-	200	22	205,212
Trade Value (RO)	2,436	3,759	31,797	104	1,446	-	-	93,519	-	-	130	14	133,205
Service Sector Index													
Opening	3,763	3,803	3,704	3,631	3,642	3,598	3,667	3,763	3,798	3,659	3,655	3,462	3,763
Closing	3,761	3,811	3,704	3,623	3,667	3,605	3,682	3,766	3,809	3,660	3,541	3,475	3,475

Table 2 – Distribution of shareholding as on December 31, 2014

No of Equity Shares held	No. of Shares Held	% of Total Shares	No. of Shareholders	% of Total Shareholders
01 to 100	31643	0.02%	665	52.24%
101 to 500	94886	0.05%	399	31.34%
501 - 1000	39768	0.02%	49	3.85%
1001 - 10000	355729	0.20%	104	8.17%
10001 - 100000	1348863	0.75%	36	2.83%
100000 and above	177966511	98.96%	20	1.57%
Grand Total	**179837400**	**100.00%**	**1273**	**100.00%**

Table 3 – Top 10 Shareholders as on December 31, 2014

S. No.	Name	No of Shares	% age
1	APM Terminal B.V.	54,180,000	30.13%
2	Government of Oman (Ministry of Finance)	36,120,000	20.08%
3	HSBC A/C HSBC BK PLC A/C IB	25,778,730	14.33%
4	HSBC A/C MINISTRY OF Defense	17,983,740	10.00%
5	The Public Authority for Social Insurance	11,584,330	6.44%
6	Dhofar International Development & Investment Co SAOG	10,790,244	6.00%
7	HSBC A/C MSL A/C QUANTUM EMEA FUND LTD	6,532,290	3.63%
8	The Civil Service Employees Pension Fund	5,876,972	3.27%
9	Internal Security Pension Fund	1,848,000	1.03%
10	ROP Pension Fund	1,806,000	1.00%
	Total	**172,500,306**	**95.92%**

Annual General Meeting/Extra-ordinary General meeting

The details of AGMs and EGMs held by the Company during the previous years are as follows:

Financial Year	Meeting	Location	Date	Time
2007	EGM	Hilton, Salalah	March 26, 2008	10.00 AM
2007	AGM	Hilton, Salalah	March 26, 2008	10.05 AM
2008	EGM	Hilton, Salalah	March 25, 2009	10.00 AM
2008	AGM	Hilton, Salalah	March 25, 2009	10.25 AM
2009	EGM	Hilton, Salalah	March 25, 2010	10.00 AM
2009	AGM	Hilton, Salalah	March 25, 2010	10.10 AM
2009	OGM	Hilton, Salalah	November 3, 2010	09.08 AM
2010	EGM	Hilton, Salalah	November 3, 2010	09.20 AM
2010	AGM	Hilton, Salalah	March 28, 2011	03.00 PM
2011	AGM	Hilton, Salalah	March 28, 2012	03.00 PM
2012	AGM	Hilton, Salalah	March 27, 2013	03.00 PM
2013	AGM	Hilton, Salalah	March 26, 2014	03.00 PM

The shareholders passed all the resolution set out in the respective notices.

Communication with shareholders and investors

The quarterly results were published in local newspaper both in Arabic as well in English. These results can be obtained by shareholders either from our website www.salalahport.com or from MSM website.

The company has made no presentations to the institutional investors or to the analysts during the year

Management Discussion & Analysis Report forms part of the Annual Report.

Remuneration

Details of the remuneration to Directors

The remuneration proposed to pay to the members of the Board besides sitting fees is RO 20,000 per member totaling to RO 120,000 for the year 2014 (Year 2013 – OMR 150,000).

Details of the remuneration paid to top 5 officers

During the year 2014 gross salary and compensation paid to top 5 executives of the Company including variable components is RO 520,662 (Year 2013 – RO 525,824).

Professional profile of Statutory Auditor

The shareholders of the Company appointed KPMG as the Company's auditors for the year 2014. KPMG is a leading accounting firm in Oman and is a part of KPMG Lower Gulf that was established in 1974. KPMG in Oman employs more than 130 people, amongst whom are 4 Partners, 5 Directors and 20 Managers, including Omani nationals and is a member of the KPMG network of independent firms affiliated with KPMG International Co-operative. KPMG is a global network of independent firms providing Audit, Tax and Advisory services and has more than 155,000 people working together in 155 countries worldwide.

KPMG in Oman is accredited by the Capital Market Authority (CMA) to audit joint stock companies (SAOG's). During the year 2014, KPMG billed an amount of RO 16,500 towards professional services rendered to the Company (RO 15,450 for audit and RO 1,050 for tax and other services).

Details of noncompliance by the Company, penalties, strictures imposed on the Company by Muscat Securities Market or Capital Market Authority or any statutory authority, on any matter related to Capital Markets, during last five years:

Year	Particulars
2010	Duration between the material information of 15% interim dividend of the paid-up capital of the company which was recommended by board members at their meeting held on 28th July 2010 and the disclosure on the MSM website exceeded by eight days resulting in the imposition of a fine on the company.
2011	None
2012	None
2013	None
2014	None

On behalf of the Board of Directors, it is confirmed that

- The Financial Statements have been prepared in accordance with applicable standards and rules.
- The Board reviews the efficiency and adequacy of internal control procedures of the company.
- There are no material events that affect continuation of the company and its ability to continue its operations during the next financial year.

H.E. Ahmed Bin Nasser Al Mahrizi
Chairman of Board of Directors

February 11, 2015

KPMG

KPMG
4th Floor, HSBC Bank Building
MBD
P.O. Box 641
P.C. 112
Sultanate of Oman

Tel 968 24709181
Fax 968 24700839

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF SALALAH PORT SERVICES COMPANY SAOG

Report on the financial statements

We have audited the consolidated financial statements of Salalah Port Services Company SAOG ("the Company"), and its subsidiary (together refer as the "Group") set out on pages 34 to 75, which comprise the consolidated statement of financial position as at 31 December 2014, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's 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, 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.

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 about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessments of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the 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 consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2014 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 consolidated financial statements of the Group as at and for the year ended 31 December 2014, in all material respects, comply with:

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

11 February 2015

KPMG
Ahmed Tufail

C.R. No. 1/30936/6

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME For the year ended 31 December 2014

2013 US $ '000	**2014 US $ '000**		Notes	**2014 RO'000**	2013 RO'000
152,113	**139,184**	Revenue	28	**53,533**	58,505
(80,249)	**(80,410)**	Direct operating costs	5	**(30,928)**	(30,864)
(16,710)	**(15,461)**	Other operating expenses	6	**(5,947)**	(6,427)
(33,326)	**(23,574)**	Administration and general expenses	7	**(9,065)**	(12,819)
962	**1,670**	Other income	8	**642**	370
22,790	**21,409**	**Profit from operations**		**8,235**	8,765
(5,601)	**(5,236)**	Finance costs	9	**(2,014)**	(2,154)
17,189	**16,173**	**Profit for the year before tax**		**6,221**	6,611
(2,464)	**(2,494)**	Income tax	25	**(959)**	(948)
14,725	**13,679**	**Profit for the year**		**5,262**	**5,663**
		Other comprehensive income			
		Items that will be never reclassifed to profit or loss			
-	**-**	Revaluation of property, plant and equipment		**-**	-
-	**-**			**-**	-
		Items that are or may be reclassifed to profit or loss			
124	**50**	Fair value change of investments	13	**19**	48
3,435	**2,155**	Net movement in cash flow hedges		**829**	1,321
3,559	**2,205**			**848**	1,369
3,559	**2,205**	Other comprehensive income for the year, net of tax		**848**	1,369
18,284	**15,884**	**Total comprehensive income for the year, net of tax**		**6,110**	7,032
		Profit attributable to:			
14,728	**13,684**	Equity holders of the parent		**5,264**	5,664
(3)	**(5)**	Non-controlling interests		**(2)**	(1)
		Total comprehensive income attributable to:			
18,287	**15,889**	Equity holders of the parent		**6,112**	7,033
(3)	**(5)**	Non-controlling interests		**(2)**	(1)
0.08	**0.08**	**Basic earnings per share (US $ / RO)**	19	**0.029**	0.031

The attached notes 1 to 33 and schedules form part of these consolidated financial statements.

The parent company statement of comprehensive income is presented as a separate schedule to the financial statements.

Report of the Auditors is set forth on page 33.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at 31 December 2014

2013 US $ '000	**2014 US $ '000**		Notes	**2014 RO'000**	2013 RO'000
		ASSETS			
		Non Current Assets			
214,599	**197,310**	Property and equipment	11	**75,890**	82,540
554	**515**	Intangible assets	12	**198**	213
712	**762**	Available-for-sale investments	13	**293**	274
10,400	**13,000**	Term deposits	14	**5,000**	4,000
226,265	**211,587**			**81,381**	87,027
		Current Assets			
4,510	**3,703**	Inventories	15	**1,424**	1,734
35,880	**21,235**	Trade and other receivables	16	**8,167**	13,799
22,001	**36,000**	Short term deposits	17	**13,846**	8,462
25,217	**35,909**	Cash and cash equivalents	17	**13,811**	9,699
87,608	**96,847**			**37,248**	33,694
313,873	**308,434**	**TOTAL ASSETS**		**118,629**	120,721
		EQUITY			
46,758	**46,758**	Share capital	18(a)	**17,984**	17,984
7,666	**7,666**	Share premium	18(b)	**2,949**	2,949
14,690	**15,584**	Legal reserve	18(c)	**5,994**	5,650
(5,876)	**(3,721)**	Hedging deficit	26	**(1,431)**	(2,260)
192	**242**	Fair value reserve		**93**	74
58,390	**59,489**	Retained earnings		**22,882**	22,458
121,820	**126,018**	Equity attributable to equity holders of the parent company		**48,471**	46,855
99	**93**	Non controlling interests	18(d)	**36**	38
121,919	**126,111**	**TOTAL EQUITY**		**48,507**	46,893
		LIABILITIES			
		Non Current Liabilities			
106,792	**85,616**	Loans and borrowings	22	**32,929**	41,074
18,005	**18,801**	Deferred Tax	25	**7,230**	6,924
4,708	**5,286**	Employees' end of service benefits	23	**2,033**	1,811
3,487	**1,805**	Derivative financial instruments	26	**694**	1,341
132,992	**111,508**			**42,886**	51,150
		Current Liabilities			
39,673	**47,302**	Trade and other payables	24	**18,193**	15,259
16,900	**21,596**	Loans and borrowings	22	**8,306**	6,500
2,389	**1,916**	Derivative financial instruments	26	**737**	919
58,962	**70,815**			**27,236**	22,678
191,954	**182,322**	**TOTAL LIABILITIES**		**70,122**	73,828
313,873	**308,434**	**TOTAL EQUITY AND LIABILITIES**		**118,629**	120,721
0.68	**0.70**	Net assets per share (US $ / RO)	21	**0.270**	0.261

These consolidated financial statements were approved and authorised for issue by the Board of Directors on 11th February 2015 and were signed on its behalf by:

H.E. Ahmed Bin Nasser Al Mahrizi
Chairman

David Gledhill
Chief Executive Officer

C.S. Venkiteswaran
Chief Financial Officer

The attached notes 1 to 33 and schedules form part of these consolidated financial statements.
The parent company statement of financial position is presented as a separate schedule to the financial statements.
Report of the Auditors is set forth on page 33.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For the year ended 31 December 2014

Attributable to equity shareholders of the parent company

	Share capital	Share premium	Legal reserve	Hedging surplus/ (deficit)	Fair value reserve	Retained earnings	Non-Controlling interests	Total
	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000
1 January 2013	17,984	2,949	5,084	(3,581)	26	21,856	39	44,357
Net profit for the year	-	-	-	-	-	5,664	(1)	5,663
Other comprehensive income	-	-	-	1,321	48	-	-	1,369
Total comprehensive income	-	-	-	1,321	48	5,664	(1)	7,032
Dividend paid	-	-	-	-	-	(4,496)	-	(4,496)
Transfer	-	-	566	-	-	(566)	-	-
1 January 2014	**17,984**	**2,949**	**5,650**	**(2,260)**	**74**	**22,458**	**38**	**46,893**
Net profit for the year	-	-	-	-	-	5,264	(2)	5,262
Other comprehensive income	-	-	-	829		-	-	848
Total comprehensive income	-	-	-	829	19	5,264	(2)	6,110
Dividend Paid (note20)	-	-	-	-	-	(4,496)	-	(4,496)
Transfer	-	-	344	-	-	(344)	-	-
31 Dec 2014	**17,984**	**2,949**	**5,994**	**(1,431)**	**93**	**22,882**	**36**	**48,507**

Attributable to equity shareholders of the parent company

	Share capital	Share premium	Legal reserve	Hedging surplus/ (deficit)	Fair value reserve	Retained earnings	Non - Controlling interests	Total
	US $ '000	US $ '000	US $ '000	US $ '000	US $ '000	US $ '000	US $ '000	US $ '000
1 January 2013	46,758	7,666	13,218	(9,311)	68	56,825	102	115,326
Net profit for the year	-	-	-	-	-	14,728	(3)	14,725
Other comprehensive income	-	-	-	3,435	124	-	-	3,559
Total comprehensive income	-	-	-	3,435	124	14,728	(3)	18,284
Dividend paid	-	-	-	-	-	(11,691)	-	(11,691)
Transfer	-	-	1,472	-	-	(1,472)	-	-
1 January 2014	46,758	7,666	14,690	(5,876)	192	58,390	99	121,919
Net profit for the year	-	-	-	-	-	13,684	(5)	13,679
Other comprehensive income	-	-	-	2,155	50	-	-	2,205
Total comprehensive income	-	-	-	2,155	50	13,684	(5)	15,884
Dividend Paid (note20)	-	-	-	-	-	(11,691)	-	(11,691)
Transfer	-	-	894	-	-	(894)	-	-
31 Dec 2014	**46,758**	**7,666**	**15,584**	**(3,721)**	**242**	**59,489**	**93**	**126,111**

The attached notes 1 to 33 and schedules form part of these consolidated financial statements.
The parent company statement of changes in equity is presented as a separate schedule to the financial statements.
Report of the Auditors is set forth on page 33.

CONSOLIDATED STATEMENT OF CASH FLOWS For the year ended 31 December 2014

Port of Salalah

2013 US $ '000	**2014 US $ '000**		**2014 RO'000**	2013 RO'000
		Operating activities		
17,189	**16,173**	Profit for the year before tax	**6,221**	6,611
		Adjustments for:		
23,775	**21,063**	Depreciation, derecognition and amortisation	**8,102**	9,144
1,046	**1,262**	Accrual for employees' end of service benefits	**485**	402
(109)	**(32)**	Gain on sale of equipment	**(12)**	(42)
(853)	**(972)**	Interest income	**(374)**	(328)
5,515	**5,161**	Finance cost	**1,985**	2,121
46,563	**42,655**	**Operating profit before working capital changes**	**16,407**	17,908
434	**806**	Change in inventories	**310**	168
834	**14,649**	Change in trade and other receivables	**5,633**	322
2,039	**5,932**	Change in trade and other payables	**2,280**	784
(477)	**(684)**	Employees' end of service benefits paid	**(263)**	(183)
49,393	**63,358**	**Net cash from operating activities**	**24,367**	18,999
		Investing activities		
(4,744)	**(3,825)**	Acquisition of property and equipment	**(1,471)**	(1,827)
109	**117**	Proceeds from sale of property and equipment	**45**	42
853	**972**	Interest received	**374**	328
(22,001)	**(16,598)**	Increase in other term deposits	**(6,384)**	(8,462)
(25,783)	**(19,334)**	**Net cash used in investing activities**	**(7,436)**	(9,919)
		Financing activities		
(13,112)	**(16,481)**	Repayment of loans and borrowings	**(6,338)**	(5,043)
(11,691)	**(11,691)**	Dividend paid	**(4,496)**	(4,496)
(5,515)	**(5,161)**	Finance cost	**(1,985)**	(2,121)
(30,318)	**(33,333)**	**Net cash used in financing activities**	**(12,819)**	(11,660)
(6,708)	**10,691**	Net change in cash and cash equivalents	**4,112**	(2,580)
31,925	**25,217**	**Cash and cash equivalents at 1 January**	**9,699**	12,279
25,217	**35,909**	**Cash and cash equivalents at 31 December**	**13,811**	9,699

The attached notes 1 to 33 and schedules form part of these consolidated financial statements.

The parent company statement of changes in cash flows is presented as a separate schedule to the financial statements.

Report of the Auditors is set forth on page 33.

1) Legal status and principal activities

Salalah Port Services Company SAOG ("the Company") is registered as a joint stock company in the Sultanate of Oman under the Commercial Companies Law of Oman. The consolidated financial statement of the Company for the Year ended 31 December 2014 comprises the financial statements of the Company and its subsidiary - Port of Salalah Development Company LLC ("POSDC") (together referred to as the Group).The Company is primarily engaged in leasing, equipping, operating and managing Container Terminal and General Cargo Terminal facilities in Salalah, Sultanate of Oman. POSDC is engaged in property related activities within the Port of Salalah premises.

2) Basis of Preparation

a) Statement of compliance

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

b) Basis of measurement and presentation currency

These Consolidated financial statements are presented in Rials Omani ("RO") and United States Dollars (''US$'') rounded off to the nearest thousands. The Consolidated financial statements have been prepared under the historical cost basis except for derivative financial instruments and available for sale investments, which are stated at fair value. Exchange rate considered for conversion is RO 1 = USD 2.6.

c) Use of estimates and judgements

The preparation of consolidated financial statements requires management to make judgements, 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 on-going basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years affected. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the consolidated financial statements are described in note 32.

3 Significant agreements

The Company has entered into the following significant agreements:

i) Concession agreement with the Government of the Sultanate of Oman to lease, equip, operate and manage Salalah Port Container Terminal facilities ("Container Terminal Facilities Agreement and Temporary Licenses") for a period of thirty years commencing from 29 November 1998 ("Concession Year"). In consideration for granting the concessions, the Company pays royalty fee to the Government of Sultanate of Oman and is calculated as follows:

- a fixed royalty fee of USD 255,814 per annum is payable for Berth 1-4, increasing at the rate of 3% per annum;

3 Significant agreements (continued)

- an additional fixed royalty fee of USD 750,000 per annum is payable for Berth 5 from 2007 onwards and increasing at the rate of 3% per annum; and
- an additional fixed royalty fee of USD 750,000 per annum is payable for Berth 6 from 2008 onwards and increasing at the rate of 3% per annum; and
- a variable royalty fee calculated in accordance with the terms set out in the Container Terminal Facilities Agreement.

ii) Management agreement for Container Terminal with AP Moller Terminals Co. LLC with the responsibility for day-to-day management of the Company and operations of the port on behalf of the company. This agreement is effective for the Concession Year. In consideration of the services provided by the manager the Company pays a fee, which varies dependant on the operating revenue of the Container Terminal.

iii) Concession agreements with the Government of the Sultanate of Oman to equip, operate, market and manage Salalah Port Conventional Terminal facilities ("General Cargo Terminal Facilities Agreement"). The agreement was executed on 11 March 2000, with retrospective effect from 1 October 1998. The agreement is effective for a Year co-terminus with the Container Terminal Facilities Agreement. In consideration for granting the concessions, the company pays royalty fee to the Government of Sultanate of Oman as follows:

- a fixed royalty fee of RO 49,900 per annum, payable from 2005 onwards and increasing at the rate of 3% per annum; and
- a variable royalty fee calculated in accordance with the terms set out in the General Cargo Terminal Facilities Agreement.

iv) Management agreement for General Cargo Terminal with AP Moller Terminals Co. LLC with the responsibility for day-to-day management of the Company and operations of the port excluding Container Terminal facilities on behalf of the Company. The agreement is effective for the Concession Year. In consideration of the services provided by the manager the Company pays a fee, which varies dependant on the volumes handled by the General Cargo Terminal.

4 Significant accounting policies

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

a) Basis of consolidation

The Consolidated financial statements comprise those of Salalah Port Services Company SAOG and its subsidiary as at end of each reporting year. The financial statements of the subsidiary are prepared for the same reporting Year as the parent company using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

4 Significant accounting policies *(continued)*

a) Basis of consolidation *(continued)*

All intercompany balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full. A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

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

If the Group loses control over a subsidiary, it:

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

b) Revenue

Revenue comprises income earned from services rendered in connection with the facilities provided at Container and General Cargo Terminals, and is recognised when earned. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due and associated costs.

c) Interest income

Interest income is recognised as the interest accrues using the effective interest rate method, under which the rate used exactly discounts, estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

d) Employee benefits

Contributions to defined contribution retirement plan for Omani employees, in accordance with Oman Social Insurance Scheme, are recognised as expense in the statement of comprehensive income as incurred.

Provision for non-Omani employee terminal contributions, which is an unfunded defined benefit retirement plan, is made in accordance with Omani Labour Laws and calculated on the basis of the liability that would arise if the employment of all employees were terminated at the end of the reporting date.

e) Foreign currencies

Transactions in foreign currencies are translated to Rials Omani at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting date are translated to Rials Omani at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income. Non-monetary assets and liabilities denominated in foreign currencies that are stated at historical cost, are translated to Rials Omani at the foreign exchange rate ruling at the date of the transaction.

4 Significant accounting policies *(continued)*

f) Derivative financial instruments and hedging

The Company enters into derivative instruments mainly interest rate swaps to hedge its risks associated with interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. The fair values of derivative instruments are included in other receivables in case of favourable contracts and other payables in case of unfavourable contracts.

The fair value of interest rate swap contracts is calculated based on discounted cash flows using current forward interest rate for items with the same maturity.

The effective portion of the gain or loss on the hedging instrument is recognised directly as other comprehensive income, while the ineffective portion is recognised immediately in the statement of comprehensive income as finance costs.

Amounts taken to other comprehensive income are transferred to the statement of comprehensive income when the hedged transaction affects the statement of comprehensive income, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts taken to other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, amounts previously recognised in equity are transferred to the statement of comprehensive income. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in other comprehensive income remain in other comprehensive income until the forecast transaction or firm commitment occurs.

g) Intangible asset

Expenditure incurred on initial studies for development of Salalah Port have been capitalised by the Company. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses [refer accounting policy (m)]. Amortisation of development expenditure is charged to statement of comprehensive income on a straight line basis over the Concession Year. Other intangible assets principally include computer software. Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring into use specific software. These costs are amortised using the straight-line method over their estimated useful lives (three to five years).

h) Property and equipment

(i) Recognition and measurement

Items of property and equipment are stated at historical cost less accumulated depreciation and impairment losses [refer accounting policy (m)]. Borrowing costs that are directly attributable to acquisition, construction or production of an asset are included in the cost of that asset. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property and equipment. All other expenditure is charged to the statement of comprehensive income during the financial Year in which they are incurred. Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and recognised within 'other income' in the statement of comprehensive income.

4 Significant accounting policies *(continued)*

h) Property and equipment *(continued)*

i) Recognition and measurement (continued)

Capital work-in-progress

Capital work-in-progress is measured at cost and not depreciated until such time the assets are ready for intended use and transferred to the respective category under property and equipment.

(ii) Depreciation

Depreciation is recognized in the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property and equipment as given below:

	Years
Leasehold improvements	3 – 5
Infrastructure improvements	10 - 15
Quay gantry cranes	6 – 25
Mobile harbour Cranes	15
Rubber tyre gantry cranes	15
Tractors and trailers	10 – 15
Forklifts and reach stackers	3 – 5
Marine equipment	15 – 30
Motor vehicles	3 – 5
Computer equipment	1 – 5
Furniture, fixtures and equipment	3 – 5
Mooring Systems	7
Dry docking of vessels	3 – 5

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Expenditure incurred to dry-dock a vessel is capitalised and is depreciated over its useful life of three to five years. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property or equipment. All other expenditure is recognised in the statement of comprehensive income as the expense is incurred.

h) Available for sale investments

The Group's investments in equity securities are classified as available for sale investments. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and losses on available for sale monetary assets, are recognised as other comprehensive income. The fair value of investments available for sale is their quoted bid price at the end of the reporting date. Available for sale investments are recognised /de-recognised by the Company on the date it commits to purchase/sell the investments. When an investment is derecognised the cumulative gain or loss in other comprehensive income is transferred to the statement of comprehensive income.

4 Significant accounting policies *(continued)*

h) Receivables

Receivables are stated at their cost less impairment losses.

k) Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

l) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, balances with banks and short-term deposits with an original maturity of three months or less.

m) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing 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 specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate evaluation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These Budgets and forecast calculations are generally covering a Year of five years. For longer Years, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset, except for a property previously re-valued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

n) Dividends

Dividends are recommended by the Board of Directors and subject to approval by shareholders at the Annual General Meeting. Dividends are recognised as a liability in the year in which they are declared.

o) Determination of Directors remuneration

The Board of Directors' remuneration is accrued within the limits specified by the Capital Market Authority and the requirements of the Commercial Companies Law of the Sultanate of Oman.

4 Significant accounting policies *(continued)*

p) Payables and provisions

Payables are stated at cost and provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation that can be measured reliably 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 discount rate that reflects the current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

q) Interest bearing borrowings

Interest bearing borrowings are recognised initially at cost, less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of comprehensive income over the Year of borrowings on an effective interest rate basis.

Borrowing costs which are directly attributable to the acquisition, construction or production of qualifying assets is capitalised as part of the costs of that asset. All other borrowing costs are expensed in the Year they occur. Borrowing costs consist of the interest and other costs that the entity incurs in connection with the borrowing of funds.

r) Operating lease payments

Payments made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease, increasing at the rate of 3% per annum.

s) Income tax

Income tax on the results for the year comprises deferred tax and current tax. Income tax is recognised in the statement of comprehensive income 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 at the reporting date.

Deferred tax is calculated in respect of all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to apply to the Year when the asset is realised or the liability is settled.

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.

t) Earnings per share

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 Year.

4 Significant accounting policies *(continued)*

u) New Standards and interpretations not effective yet

A number of relevant new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2014, and have not been applied in preparing these financial statements as follows.

None of these will have an effect on the financial statement of the Group, with the exception of:

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

IFRS 15, Revenue from contracts with customers, establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 revenue, IAS 11 construction contracts and IFRIC 13 customer loyalty programmes. The standard is effective for annual reporting periods beginning on or after 1 January 2017, with early adoption permitted.

The Group is currently in the process of evaluating the potential effects of these standards.

5 Direct operating costs

2013 US $ '000	**2014** **US $ '000**		**2014** **RO'000**	2013 RO'000
42,308	**43,237**	Staff costs (note10)	**16,629**	16,272
19,623	**19,267**	Depreciation (note 11)	**7,411**	7,547
8,648	**8,667**	Repair and maintenance	**3,334**	3,326
6,958	**6,208**	Power and fuel	**2,388**	2,676
658	**883**	Equipment Leasing Costs	**340**	253
925	**1,412**	Marine Services	**543**	356
1,129	**736**	System & Communications	**283**	434
80,249	**80,410**		**30,928**	30,864

6 Other operating expenses

2013 US $ '000	2014 US $ '000		2014 RO'000	2013 RO'000
8,023	**6,752**	Ground rent and royalty	**2,597**	3,086
4,654	**4,436**	Management fees	**1,706**	1,790
1,303	**1,489**	Depreciation (note 11)	**573**	501
972	**1,164**	Terminal Maintenance	**448**	374
1,719	**1,581**	Insurance	**608**	661
39	**39**	Amortization (note 12)	**15**	15
16,710	**15,461**		**5,947**	6,427

7 Administration and general expenses

2013 US $ '000	2014 US $ '000		2014 RO'000	2013 RO'000
18,484	**16,277**	Staff costs (note10)	**6,260**	7,109
457	**268**	Depreciation (note 11)	**103**	176
737	**199**	Sales and marketing	**76**	284
114	**184**	Corporate Social Responsibility	**71**	44
1,095	**1,080**	Systems and communications	**415**	421
562	**1,269**	Legal and professional fees	**488**	216
2,353	**-**	Capital Work in Progress Written Off	**-**	905
1,329	**1,101**	Travelling Expenses	**423**	511
128	**79**	Postage, Printing & Stationery	**30**	49
871	**268**	Office Rent & Maintenance Costs	**103**	335
32	**45**	General Admin. Expenses	**17**	14
487	**394**	Directors Remuneration & Sitting Fees	**152**	187
348	**74**	Inventory Obsolescence / (write back) / provided (note 15)	**28**	134
5,377	**1,341**	Provision for impairment of receivables (note 16)	**516**	2,068
952	**996**	Other Claims	**383**	366
33,326	**23,574**		**9,065**	**12,819**

NOTES
(forming part of the financial statements)

Port of Salalah

8 Other income

2013 US $ '000	2014 US $ '000		2014 RO'000	2013 RO'000
109	**32**	Gain on sale property and equipment	**12**	42
853	**972**	Interest income	**374**	328
-	**666**	Miscellaneous income	**256**	-
962	**1,670**		**642**	370

9 Finance costs

2013 US $ '000	2014 US $ '000		2014 RO'000	2013 RO'000
5,515	**5,161**	Term loan interest	**1,985**	2,121
86	**75**	Other finance charges	**29**	33
5,601	**5,236**		**2,014**	2,154

10 Staff costs

Salaries and related costs included in note 5 and 7 are as follows

2013 US $ '000	2014 US $ '000		2014 RO'000	2013 RO'000
49,109	**47,597**	Wages and salaries	**18,307**	18,888
8,838	**8,103**	Other benefits	**3,115**	3,399
1,046	**1,262**	Un-funded defined benefit retirement plan	**485**	402
1,799	**2,552**	Contributions to defined contribution retirement plan	**982**	692
60,792	**59,514**		**22,889**	23,381

11 Property and equipment

Details of property and equipment are set out in pages 68 to 71.

Buildings are situated on land leased up to the year 2028, from the Ministry of Transport and Communications. Lease rental for year ending December 2014 is RO 1.47 million (December 2013: RO 1.43 million) and increases based on contractual terms agreed with the Government.

11 Property and equipment *(continued)*

The depreciation charge has been allocated in the statement of comprehensive income as follows:

2013 US $ '000	**2014** **US $ '000**		**2013** **RO'000**	2014 RO'000
19,623	**19,267**	Direct operating costs	**7,411**	7,547
1,303	**1,489**	Other operating expenses	**573**	501
457	**268**	Administration expenses	**103**	176
21,383	**21,024**		**8,087**	8,224

12 Intangible assets

2013 US $ '000	**2014** **US $ '000**		**2014** **RO'000**	2013 RO'000
1,105	**1,105**	1 January	**425**	425
		Cumulative amortisation		
(512)	**(551)**	1 January	**(212)**	(197)
(39)	**(39)**	Additions	**(15)**	(15)
(551)	**(590)**	31 December	**(227)**	(212)
		Carrying amount		
593	**554**	1 January	**213**	228
(39)	**(39)**	Amortisation	**(15)**	(15)
554	**515**	31 December	**198**	213

13 Available for sale investments

2013 US $ '000	**2014** **US $ '000**		**2014** **RO'000**	2013 RO'000
712	**762**	Ordinary Shares - Quoted	**293**	274

The Company holds 200,000 shares of Dhofar University SAOG at a cost of RO 200,000 (US$ 520,000).

Movement in cumulative changes in fair values arising from available for sale investments during the year is as follows:

2013 US $ '000	**2014** **US $ '000**		**2014** **RO'000**	2013 RO'000
124	**50**	Net movement in unrealised gain	**19**	48

14 Term Deposits

2013 US $ '000	**2014** **US $ '000**		**2014** **RO'000**	2013 RO'000
10,400	**13,000**	Bank Deposits	**5,000**	4,000
10,400	**13,000**		**5,000**	4,000

At 31 December 2014, the fixed deposits in RO placed with a commercial bank in Oman and carries effective annual interest rates of 1.75% (December 2013: 5.50% per annum).

Under the terms of the debt financing agreement, the Company is required to maintain a debt service reserve amount (DSRA) equal to its next six months repayment instalment for the year till the final instalment of the term loan.

Thus, at 31 December 2014, the fixed deposit constitutes DSRA of RO 4.51 million (US$ 11.73 million) [December 2013 – RO 3.67 million (US$ 9.54 million)] and the balance of RO 0.49 million (US$ 1.3 million) [December 2013 – RO 0.33 million (US$ 0.86 million)] is available for free use by the Company.

15 Inventories

2013 US $ '000	**2014** **US $ '000**		**2014** **RO'000**	2013 RO'000
6,654	**5,921**	Spares and consumables	**2,277**	2,559
(2,144)	**(2,218)**	Less: Provision for slow moving inventories	**(853)**	(825)
4,510	**3,703**		**1,424**	1,734

Movement in the provision for slow moving inventories is as follows:

2013 US $ '000	**2014** **US $ '000**		**2014** **RO'000**	2013 RO'000
1,796	**2,144**	1 January	**825**	691
348	**74**	Provided during the year	**28**	134
2,144	**2,218**	31 December	**853**	825

16 Trade and other receivables

2013 US $ '000	2014 US $ '000		2014 RO'000	2013 RO'000
9,690	**5,132**	Receivables from related parties	**1,974**	3,727
22,734	**13,835**	Trade receivables	**5,321**	8,744
(6,339)	**(543)**	Less : Provision for impairment	**(209)**	(2,438)
16,395	**13,292**		**5,112**	6,306
6,782	**966**	Receivables from the Government of Sultanate of Oman	**372**	2,608
468	**887**	Prepaid expenses	**341**	180
2,545	**958**	Other receivables	**368**	978
35,880	**21,235**		**8,167**	13,799

For terms and conditions relating to related party receivables, refer to Note 27.

Movement for provision for impairment of trade receivables:

2013 US $ '000	2014 US $ '000		2014 RO'000	2013 RO'000
962	**6,339**	1 January	**2,438**	370
5,377	**1,341**	Provided during the year	**516**	2,068
-	**(7,137)**	Receivables W/off during the year	**(2,745)**	-
6,339	**543**	31 December	**209**	2,438

17 Cash and cash equivalents

2013 US $ '000	2014 US $ '000		2014 RO'000	2013 RO'000
15,202	**7,870**	Cash and bank balances	**3,027**	5,847
10,015	**28,038**	Call deposit accounts	**10,784**	3,852
25,217	**35,909**		**13,811**	9,699

2013 US $ '000	2014 US $ '000		2014 RO'000	2013 RO'000
22,001	**36,000**	Short term deposits	**13,846**	8,462
22,001	**36,000**		**13,846**	8,462

At 31 December 2014, call and term deposits are placed in RO and USD currencies with local commercial banks in Oman. Term deposits carry effective annual interest rates of 1.3% which are classified as cash equivalents and while call deposits carry an effective annual interest rate of 0.25%.

18 Equity

a) Share capital

	Authorized		Issued and fully paid	
	2014	2013	**2014**	2013
Shares of RO 0.100 each (‹000)	**200,000**	200,000	**179,837**	179,837
Shares of RO 0.100 each USD (‹000)	**520,000**	520,000	**467,576**	467,576

In the extraordinary General Meeting held on 25 March 2009, approval was obtained to split the nominal value of the shares in the Parent company from RO 1 to Bzs 100 and then split each share into 10 shares.

b) Share premium

Share premium of RO 2,948,569 represents premium on shares issued during the year 2000 and transferred to share premium account during the year 2001.

Shareholders of the Company who own 10% or more of the Company's shares, as at year end whether in their name, or through a nominee account, and the number of shares they hold are as follows:

	2014		2013	
	No. of shares	**%**	No. of shares	%
A.P. Terminals BV	**54,180,000**	**30**	54,180,000	30
Government of the Sultanate of Oman (Represented by Ministry of Finance)	**36,120,000**	**20**	36,120,000	20
HSBC BK PLC a/c IB Account	**25,778,730**	**14**	25,778,730	14
HSBC A/C Ministry of Defense – Pension Fund	**17,983,740**	**10**	17,983,740	10

c) 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 the Company's share capital. The reserve is not available for distribution.

d) Non-controlling interest

During 2007, the Company and Public Establishment for Industrial Estates ("PEIE") together formed an 80:20 venture "Port of Salalah Development Company LLC" to pursue the property related opportunities with a share capital of RO 150,000. Commercial operations of POSDC commenced in 2008.

19 Earnings per share

Basic earnings per share is calculated by dividing the net profit for the year attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year ended 31 December 2014 as follows:

2013 US $ '000	2014 US $ '000		2014 RO'000	2013 RO'000
14,728	**13,684**	Net profit for the year (US $ ‹000 / RO '000)	**5,264**	5,664
179,837	**179,837**	Weighted average number of shares outstanding at 31 December ('000)	**179,837**	179,837
0.08	**0.08**	Basic earnings per share (US $ / RO)	**0.029**	0.031

No figure for diluted earnings per share has been presented as the Company has not issued any instruments which would have an impact on earnings per share when exercised.

20 Dividends

During the year, dividend of RO 0.025 (US $ 0.065) per share totalling to amount of approximately RO 4.5 million (US $ 11.7 million) relating to 2013 has been declared and paid.

The Board of Directors had proposed a cash dividend of RO 0.015 (US $ 0.39) per share totalling to amount of approximately RO 2.698 million (US $ 7.013 million) for the year ended 31 December 2014 (2013: 25%) which is to be approved by the shareholders at the Annual General Meeting on 26 March 2015.

As per the directives of the Capital Market Authority (CMA), the amount of unpaid dividend which is outstanding for more than six months is required to be transferred to the Investors' Trust Fund established by the CMA. As on 31 December 2014, total amount of unclaimed dividend of RO 38,633 (December 2013: RO 19,797). Any outstanding unpaid dividend more than six months has been transferred to the Investors' Trust Fund during October 2014.

21 Net assets per share

Net assets per share are calculated by dividing the net assets attributable to the ordinary shareholders of the company at the end of the year by the weighted average number of ordinary shares outstanding as follows:

2013 US $ '000	2014 US $ '000		2014 RO'000	2013 RO'000
121,820	**126,018**	Net assets (US $ ‹000 / RO '000)	**48,471**	46,855
179,837	**179,837**	Weighted average number of shares outstanding at 31 December ('000)	**179,837**	179,837
0.68	**0.70**	Net assets per share (US $ / RO)	**0.270**	0.261

22 Loans and Borrowings

The Company obtained syndicated long-term loan facilities, denominated in US Dollars, from financial institutions in the aggregate amount of approximately RO 42.3 million (USD 110 million). The facilities, comprise two tranches of RO 21.2 million (USD 55 million) each.

The Company further obtained a long-term loan facility, denominated in US dollars, from financial institutions for a total amount of RO 63.8 Million (USD 165.8 million) and later downsized the same to RO 59.3 million (USD 154.2 million) during 2010. The facility comprises of two tranches (III and IV) of RO 25.3 million (USD 65.8 million) and RO 34.0 million (USD 88.4 million) respectively.

The secured lenders for the Company are Bank Muscat and Bank Dhofar. Bank Muscat is security agent and trustee for the secured lenders. They are also the facility agent for administration and monitoring of the overall loan facilities.

Tranche I of the term loan was repaid in full as at 31 Mar 2009. Tranche II of the term loan was repaid in full as at 31 Dec 2012.

Tranche III of the term loan is repayable in 18 instalments of six-monthly intervals commenced from March 2010. The Company has fixed the rate of interest through an interest rate swap agreement for 50% of its loan facility at a maximum interest rate of 4.895% per annum (refer note 26).

Tranche IV of the term loan is repayable in 16 instalments of six-monthly intervals commenced from December 2011. The Company has fixed the rate of interest through an interest rate swap agreement for 85% of its loan facility at a maximum interest rate of 3.350% per annum (refer note 26).

At 31 December 2014, the outstanding balances for the loans and borrowings are as follows:

	Total	1 year or less	1 - 2 years	2 - 5 years	more than 5 years
RO ‹000					
Tranch 3	**17,579**	**3,541**	**4,679**	**9,359**	**-**
Tranch 4	**23,656**	**4,765**	**6,297**	**12,594**	**-**
	41,235	**8,306**	**10,976**	**21,953**	**-**
US $ '000					
Tranch 3	**45,705**	**9,207**	**12,165**	**24,333**	**-**
Tranch 4	**61,506**	**12,389**	**16,373**	**32,744**	**-**
	107,211	**21,596**	**28,538**	**57,077**	**-**

22 Loans and Borrowings *(continued)*

At 31 December 2013, the outstanding balances for the loans and borrowings were as follows:

	Total	1 year or less	1 - 2 years	2 - 5 years	more than 5 years
RO ‹000					
Tranch 3	20,281	2,771	3,527	13,983	-
Tranch 4	27,293	3,729	4,747	18,817	-
	47,574	6,500	8,274	32,800	-
US $ '000					
Tranch 3	52,731	7,205	9,170	36,356	-
Tranch 4	70,961	9,695	12,342	48,924	-

Transaction costs related to term loans are netted off against the value of the loan and are then recognized over the life of the term loans using the effective interest method.

The loan agreement contains certain restrictive covenants, which include, amongst others, restrictions over debt service, net worth limit, debt equity ratios, current ratio and security cover, certain restrictions on the pattern of shareholding, payment of dividends, disposal of property, and equipment and creation of additional security on assets under charge.

The term loan facilities bear an effective interest rate of 4.17% (December 2013: 4.03%) incorporating the effect of hedging instrument.

The facilities are secured by comprehensive first legal and commercial mortgages on all the assets of the Company.

23 Employees end of service benefits

Movements in the liability recognised in the statement of financial position are as follows:

2013 US $ '000	**2014 US $ '000**		**2014 RO'000**	2013 RO'000
4,139	**4,708**	1 January	**1,811**	1,592
1,046	**1,262**	Accruals during the year	**485**	402
(477)	**(684)**	End of service benefit paid	**(263)**	(183)
4,708	**5,286**	31 December	**2,033**	1,811

24 Trade and other payables

2013 US $ '000	**2014 US $ '000**		**2014 RO'000**	2013 RO'000
4,230	**4,696**	Trade payables	**1,806**	1,627
382	**329**	Amounts due to Government of Sultanate of Oman	**127**	147
4,801	**4,540**	Amounts due to related parties (note 27)	**1,746**	1,846
-	**1,698**	Current Tax Payable	**653**	-
30,260	**36,040**	Accrued expenses and other liabilities	**13,861**	11,639
39,673	**47,302**		**18,193**	15,259

25 Taxation

The parent company and its subsidiary are assessed separately for taxation. The tax rate applicable is 12% (31 December 2013: 12%). For the purpose of determining the tax expense for the year, the accounting profit has been adjusted. Adjustments for tax purposes include items relating to both income and expense. After giving effect to these adjustments, the average effective tax rate is estimated to be 15.44% (31 December 2013: 14.34%).

The difference between the applicable tax rates of 12% and the effective tax rate of 15.44% arises due to the tax effect of income not considered to be taxable and expenses that are not considered to be deductible. The adjustments are based on the current understanding of the existing tax laws; regulations and practices. Deferred tax has been computed at the tax rate of 12% (31 December 2013: 12%).

The assessments up to tax year 2008 have been finalised by the tax department. The assessment for the years from 2009 to 2013 have not been finalised with the Department of Taxation affairs. The Board of Directors are of the opinion that the additional taxes assessed, if any, would not be material to the Company's financial position as at 31 December 2014.

2014 US $ '000	**2014 US $ '000**		**2014 RO'000**	2013 RO'000
		Statement of comprehensive income statement		
(248)	**1,698**	Current tax - current year	**653**	(95)
2,712	**796**	Deferred tax - current year	**306**	1,043
2,464	**2,494**	31 December	**959**	948
		Tax provision		
548	**-**	1 January	**-**	211
(548)	**1,698**	Created during the year	**653**	(211)
-	**1,698**	At end of year	**653**	-
		Deferred tax liability		
15,293	**18,005**	1 January	**6,924**	5,881
2,712	**796**	Movement for the year	**306**	1,043
18,005	**18,801**	At end of year	**7,230**	6,924

25 Taxation *(Continued)*

Deferred tax liability comprises the following temporary differences:

2013 US $ '000	**2014 US $ '000**		**2014 RO'000**	2013 RO'000
(161,021)	**(154,081)**	Net book value of property and equipment	**(59,262)**	(61,931)
10,993	**2,761**	Provisions & losses	**1,7062**	4,228
(150,028)	**(151,320)**		**(58,200)**	(57,703)

The Company has estimated taxation losses available for offset against future taxable profits as follows:

	2014 RO'000	2013 RO'000
Available up to 31 December 2014	**-**	-
Available up to 31 December 2015	**-**	-
Available up to 31 December 2016	**-**	964

Port of Salalah Development Company LLC
None of the subsidiary's tax assessments have been completed by the tax authorities.

26 Derivative financial instruments and hedging deficit

The term loan facilities of the Company bear interest at USD LIBOR plus applicable margins. In accordance with the term loan agreement, the Company has fixed the rates of interest applicable to the different Tranches through Interest Rate Swap agreements ("IRS").

At 31 December 2014, the USD LIBOR was approximately 0.326% (December 2013: 0.349%) per annum, whereas the Company had fixed interest on its long term borrowings at 4.895% on Tranche 3 and 3.350% on Tranche 4. Management had performed hedge effectiveness test as required under reporting standards.

Based on the interest rates gap over the life of the IRS on tranche 3 and 4, the indicative loss as at 31 December 2014 were assessed at RO 1.43 million (US$3.72 million) [(December 2013: RO 2.26 million (US$5.87 million) Loss)] by the counter parties to IRS. In case the Company terminates the IRS at 31 December 2014, it may result in a loss to the extent of RO 1.43 million (US$3.72 million) [(December 2013: RO 2.26 million (US$5.87 million) Loss)].

In order to comply with International Accounting Standard 39 "Financial Instruments: Recognition and Measurement" fair value of the hedge instruments' indicative loss of RO 1.43 million (US$3.72 million) [(December 2013: RO 2.26 million (US$5.87 million) Loss)] has been recorded as other comprehensive income and RO 1.43 million (US$3.72 million) amount is recorded under liability.

Interest rate swaps- Notional amounts by term to maturity

	Positive fair value	**Negative fair value**	**Notional amount**	**Within 1 year**	**1 year to 5 years**	**Over 5 years**
	RO'000	**RO'000**	**RO'000**	**RO'000**	**RO'000**	**RO'000**
2014	**-**	**1,431**	**25,933**	**6,743**	**19,190**	**-**
2013	-	2,260	31,120	5,187	25,933	-
	US $ '000	**US $ '000**	**US $ '000**	**US $ '000**	**US $ '000**	**US $ '000**
2014	**-**	**3,721**	**67,427**	**17,531**	**49,896**	**-**
2013	-	5,876	80,912	13,485	67,427	-

27 Related party transactions *(Continued)*

The Company has entered into transactions with entities over which certain Directors may be able to exercise significant influence. In the normal course of business, the Company provides and avails services from related parties on commercial terms and at arm's length. The terms of providing and receiving such services are comparable with those that could be obtained from third parties. The volumes of significant related party transactions during the year and with parties with a shareholding of 10% or more in the Company and / or related to Directors, were as follows:

	2014			2013		
	Purchases	**Sales**	**Others**	**Purchases**	**Sales**	**Others**
	RO '000	**RO '000**	**RO '000**	RO '000	RO '000	RO '000
Associated companies	**55**	**16,727**	**211**	36	16,074	402
	55	16,727	211	36	16,074	402
	USD '000	**USD '000**	**USD '000**	USD '000	USD '000	USD '000
Associated companies	**142**	**43,490**	**549**	93	41,793	1,046
	142	**43,490**	**549**	93	41,793	1,046

Compensation of key management personnel:

The key management personnel compensation for the year comprises:

2013 US $ '000	**2014 US $ '000**		**2014 RO'000**	2013 RO'000
2,014	**1,754**	Short term benefits	**674**	775
112	**99**	End of service benefits	**38**	43
390	**312**	Remuneration of directors	**120**	150
97	**82**	Sitting fees of directors	**32**	37
2,613	**2,247**		**864**	1,005

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

	2014		2013	
	Trade and other receivables	**Trade and other payables**	Trade and other receivables	Trade and other payables
	RO '000	**RO '000**	RO'000	RO'000
Associated companies	**1,974**	**1,746**	3,727	1,846
	US $ '000	**US $ '000**	US $ '000	US $ '000
Associated companies	**5,132**	**4,540**	9,690	4,801

Amounts due from and due to the related parties are disclosed in notes 16 and 24 respectively.

Outstanding balances at the year-end arise in the normal course of business. Amounts due from related parties are not impaired and are estimated to the collectible based on the past experience.

28 Operating Segment information

For management purposes, the Company is organized into two major operating divisions – Container Terminal and General Cargo Terminal. The Container Terminal Division is engaged in leasing, equipping, operating and managing a Container Terminal. The General Cargo Terminal Division is engaged in providing stevedoring and other cargo related services to vessel and cargo operators. No operating segments have been aggregated to form the above reportable operating segment.

The two segments are organized on the basis of the classification of individual berths as set out in the two concession agreements with the Government of the Sultanate of Oman. As such, all operational revenues of berths which are classified as Container Terminal are classified within the Container Terminal segment, whether or not they constitute Container operations, and vice versa. The impact of the segmentation on royalty fees is currently under discussion with the government.

Management monitors the operating results of its business units separately for the purpose of making decisions about the resource allocation and the performance assessment. Segment performance is evaluated based on operating profit and loss and is measured consistently with the operating profit and loss in the consolidated financial statements.

	Container Terminal		General Cargo Terminal		Total	
	2014	2013	**2014**	2013	**2014**	2013
	RO'000	RO'000	**RO'000**	RO'000	**RO'000**	RO'000
Revenue	**42,509**	48,468	**11,024**	10,037	**53,533**	58,505
Depreciation and amortisation	**(7,255)**	(7,466)	**(847)**	(773)	**(8,102)**	(8,239)
Net Profit	**3,441**	4,018	**1,821**	1,645	**5,262**	5,663
Operating Assets	**100,719**	107,105	**17,910**	13,616	**118,629**	120,721
Operating Liabilities	**100,719**	107,105	**17,910**	13,616	**118,629**	120,721
Other disclosures						
Capital Expenditure	**1,463**	1,249	**8**	578	**1,471**	1,827

	Container Terminal		General Cargo Terminal		Total	
	2014	2013	**2014**	2013	**2014**	2013
	US$'000	US$ '000	**US$'000**	US$ '000	**US$'000**	US$ '000
Revenue	**110,522**	126,017	**28,662**	26,096	**139,184**	152,113
Depreciation and amortisation	**(18,862)**	(19,412)	**(2,201)**	(2,010)	**(21,063)**	(21,422)
Net Profit	**8,945**	10,448	**4,734**	4,277	**13,679**	14,725
Operating Assets	**261,868**	278,471	**46,566**	35,402	**308,434**	313,873
Operating Liabilities	**261,868**	278,471	**46,566**	35,402	**308,434**	313,873
Other disclosures						
Capital Expenditure	**3,804**	3,241	**21**	1,503	**3,825**	4,744

Inter-segment revenue are eliminated on consolidation. Capital expenditure consists of additions of property, plant and equipment.

28 Operating Segment information *(Continued)*

Geographic information – Revenue Split

2013 US $ '000	**2014 US $ '000**		**2014 RO'000**	2013 RO'000
32,661	**37,951**	Oman	**14,597**	12,562
108,038	**97,667**	Europe	**37,564**	41,553
10,769	**2,691**	Other asia	**1,035**	4,142
645	**875**	Africa	**337**	248
152113	**139,184**		**53,533**	58,505

29 Commitments and contingencies

2013 US $'000	**2014 US $'000**		**2014 RO'000**	2013 RO'000
912	**2,449**	Capital expenditure commitments	**942**	351
912	**2,449**		**942**	351

Operating lease commitments

The Company entered into a lease agreement with the Government of the Sultanate of Oman in November 1998 for Container Terminal and in March 2000 (with retrospective effect from 1 October 1998) for General cargo terminal, which grants a lease of the land and infrastructure in respective facilities to the Company for a term consistent with its thirty year Concession Year. Future lease payment commitments are as follows:

2013 US $'000	**2014 US $'000**		**2014 RO'000**	2013 RO'000
4,388	**4,520**	Not later than one year	**1,738**	1,688
18,910	**19,478**	Between one and five years	**7,491**	7,273
58,321	**53,236**	After five years	**20,475**	22,431
81,619	**77,234**		**29,704**	31,392

Various claims against the company have been made by suppliers and customers which the company does not acknowledge as liabilities based on agreed terms. The total value of such claims against the company not acknowledged as liabilities amounts to RO 1.6 million (USD 4.16 million).

30 Financial risk management

The Company's activities exposes it to variety of risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

The Company has established a risk policy whose administration is vested with the Chief Executive Officer. The Chief Financial Officer is nominated as the Risk Champion and a body consisting of departmental Managers constitutes the Risk Management Committee. The working of the Risk management framework as above is coordinated through the Audit Committee.

30 Financial risk management *(Continued)*

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. The carrying amount of financial assets represents the maximum credit exposure.

Trade and other receivables: Credit is extended to customers only with an objective of optimizing the Company's profits and the prime responsibility for providing credit to customers and the timely collection of all debts rests with the functional manager. Credit has a cost to the business and necessary controls and procedures are established to manage the Company's credit risk and its working capital. It is therefore Company's policy to have effective credit control systems in place which are flexible enough to respond to changing market needs yet rigorous enough to ensure that customer credit limits are established and regularly updated on the basis of reliable up-to-date information.

This is an aggregate of our transactions with many customers and the risk profiles vary with their composition from time to time. Generally, the Company deals with the customers based on cash or guarantees from reputed banks. In the case of major customers who have been provided credit status, their credit worthiness has been thoroughly evaluated in advance and their credit terms are governed by their respective contracts with the Company. The Company has an approved credit policy forming part of its financial policies and procedures. In case of exceptions provisions are created as appropriate.

The ageing of the trade receivables at the reporting date was:

2013 US $ '000	**2014** **US $ '000**		**2014** **RO'000**	2013 RO'000
18,575	**10,945**	Within credit period	**4,210**	7,144
2,264	**2,419**	Past due 31-60 days	**930**	871
970	**1,037**	Past due 61-90 days	**399**	373
3,773	**174**	Past due 90-180 days	**67**	1,451
3,934	**226**	More than 180 Days	**87**	1,513
29,516	**14,801**		**5,693**	11,352

The movement in allowance for impairment in respect of trade receivables during the Year was as follows:

2013 US $ '000	**2014** **US $ '000**		**2014** **RO'000**	2013 RO'000
962	**6,339**	1 January	**2,438**	370
5,377	**1,342**	Charge for the year	**516**	2,068
-	**(7,137)**	Amounts written off	**(2,745)**	-
6,339	**544**		**209**	2,438

30 Financial risk management *(continued)*

Exposure to credit risk for trade receivables at the end of the reporting date by geographic region:

2013 US $ '000	**2014** **US $ '000**		**2014** **RO'000**	2013 RO'000
8,284	**3,378**	Oman	**1,300**	3,186
19,144	**11,183**	Europe	**4,301**	7,363
2,088	**240**	Other & Asia	**92**	803
29,516	**14,801**		**5,693**	11,352

Exposure to credit risk for trade receivables at the end of reporting date by type of customer:

2013 US $ '000	**2014** **US $ '000**		**2014** **RO'000**	2013 RO'000
21,204	**11,389**	Shipping Lines	**4,380**	8,155
8,312	**3,412**	Others	**1,313**	3,197
29,516	**14,801**		**5,693**	11,352

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due that are settled either by delivering cash or another financial asset. The Company's approach to managing liquidity risk 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.

Trade and other payables: The Company prepares periodical forecast cash flows to assess the liquidity requirements from time to time which forms the basis for allocation of available "cash and cash equivalent" resources.

Financial obligations: The Company through an agreement with its lenders has an arrangement to place a fixed deposit of an amount equivalent to the next instalment (which is not less than six months at any point of time) which ensures that adequate care is accorded.

The table below summarises the maturities of the group's undiscounted non-derivative financial liabilities based on contractual payment dates:

30 Financial risk management *(continued)*

	2014					2013				
	1 Year or Less	1 to 2 Years	2 to 5 Years	more than 5 Years	Total	1 Year or Less	1 to 2 Years	2 to 5 Years	more than 5 Years	Total
	RO'000	**RO'000**	**RO'000**	**RO'000**	**RO'000**	RO'000	RO'000	RO'000	RO'000	RO'000
Trade and Other Payables	**15,793**	**-**	**-**	**-**	**15,793**	13,413	-	-	-	13,413
Loans and borrowings	**8,306**	**10,976**	**21,953**	**-**	**41,235**	6,500	8,274	32,800	-	47,574
Amount due to related Parties	**1,746**	**-**	**-**	**-**	**1,746**	1,846	-	-	-	1,846
	25,845	**10,976**	**21,953**	**-**	**58,775**	21,759	8,274	32,800	-	62,833
	US $'000	**US $'000**	**US $'000**	**US $'000**	**US $'000**	US $'000	US $'000	US $'000	US $'000	US $'000
Trade and Other Payables	**41,065**	**-**	**-**	**-**	**41,065**	34,872	-	-	-	34,872
Loans and borrowings	**21,596**	**28,538**	**57,077**	**-**	**107,211**	16,900	21,512	85,280	-	123,692
Amount due to related Parties	**4,540**	**-**	**-**	**-**	**4,540**	4,801	-	-	-	4,801
	67,200	**28,538**	**57,077**	**-**	**152,816**	56,573	21,512	85,280	-	163,365

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 optimizing the return.

Currency risk: The Company's income is generally based in US dollars to which the local currency Omani Rial, is pegged. Therefore, the effect on the comparable financial statements is minimal. However, it affects the alternative currency purchases. This is partly mitigated by opting for purchase of alternate currencies when such requirements can be forecasted well in advance. Depending on emerging scenarios the Company may opt for appropriate risk mitigating measures.

Interest rate risk: Variance in interest rates affects the financial statements of the Company. With a view to minimizing this effect the Company has adopted policy of hedging outstanding loans at specific interest rates swaps. At 31 December 2014, approximately 63% of the outstanding loans are at fixed rate of interest (December 2013: 65%).The following table summarises the impact of interest rate changes.

2013	**2014**		**2014**	2013
US$ '000	**US$ '000**		**RO '000**	RO '000
100	**100**	Increase in basis points	**100**	100
(433)	**(398)**	Effect on profit before tax	**(153)**	(166)
100	**100**	Decrease in basis points	**100**	100
433	**398**	Effect on profit before tax	**153**	166

30 Financial risk management *(continued)*

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2013.

	Profit or loss		**Equity**	
	100 bps increase	**100 bps decrease**	**100 bps increase**	**100 bps decrease**
	RO'000	**RO'000**	**RO'000**	**RO'000**
2014				
Interest rate swap	**-**	**-**	**143**	**(143)**
2013				
Interest rate swap	-	-	226	(226)
	USD'000	**USD'000**	**USD'000**	**USD'000**
2014				
Interest rate swap	**-**	**-**	**372**	**(372)**
2013				
Interest rate swap	-	-	588	(588)

Investments: The Company generally does not invest in stock markets. The Company has an investment in 200,000 equity shares of face value RO 1.000 in Dhofar University SAOG. The investment was made primarily with an objective of promoting higher education in the Dhofar region.

Capital management: The Company recognizes the importance of maintenance of a strong capital base which would assist in maintenance of investor, creditor and market confidence. With this end in view, the Company has in place adequate mechanisms to monitor return on capital, shareholder value creation, etc.

The Board of Directors monitors the return on equity, which the Company defines as net profit divided by total shareholders' equity. The Board of Directors also monitors the level of dividends to ordinary shareholders.

There were no changes in the Company's approach to capital management during the Year. The Company and its subsidiary's capital requirements are determined by the requirements of Capital Market Authority and by Oman Commercial Companies Law of 1974, as amended.

31 Fair values of the financial instruments

Financial instruments comprise financial assets, financial liabilities and derivatives.

Financial assets consist of cash and bank balances, term deposits, available for sale investments and receivables. Financial liabilities consist of payables, term loans and loans and borrowings. Derivatives consist of interest rate swap arrangements entered by the Company.

31 Fair values of the financial instruments *(continued)*

The fair values of the financial assets, financial liabilities and derivatives at the end of the reporting date are not materially different from their carrying values:

	Carrying Amounts				Fair Value			
	2014		2013		**2014**		2013	
	RO'000	USD'000	RO'000	USD'000	RO'000	USD'000	RO'000	USD'000
Financial Assets								
Term deposits	**5,000**	**13,000**	4,000	10,400	**5,000**	**13,000**	4,000	10,400
Short Term Deposits	**13,846**	**36,000**	8,462	22,001	**13,846**	**36,000**	8,462	22,001
Trade and other Receivables	**6,193**	**16,103**	9,892	25,722	**6,193**	**16,103**	9,892	25,722
Available-for-sale investments	**293**	**762**	274	712	**293**	**762**	274	712
Due from related parties	**1,974**	**5,132**	3,727	9,690	**1,974**	**5,132**	3,727	9,690
Cash and bank balances	**13,811**	**35,909**	9,699	25,217	**13,811**	**35,909**	9,699	25,217
Total	**41,117**	**106,906**	36,054	93,742	**41,117**	**106,905**	36,054	93,742
Financial Liabilities								
Trade and other payables	**16,446**	**42,762**	13,413	34,872	**16,446**	**42,762**	13,413	34,872
Due to related parties	**1,746**	**4,540**	1,846	4,801	**1,746**	**4,540**	1,846	4,801
Term loan	**41,235**	**107,211**	47,574	123,692	**41,235**	**107,211**	47,574	123,692
Derivatives financial instruments	**1,431**	**3,721**	2,260	5,876	**1,431**	**3,721**	2,260	5,876
Taxations	**653**	**1,698**	-	-	**653**	**1,698**	-	-
Total	**61,511**	**159,933**	65,093	169,241	**61,512**	**159,933**	65,093	169,241

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- Cash and short-term deposits, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

- Long-term fixed-rate and variable-rate receivables / borrowings are evaluated by the group based on parameters such as interest rates, specific country risk factors and individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken to account for the expected losses of these receivables. As at 31 December 2014, the carrying amounts of such receivables, net of allowances, are not materially different from their calculated fair values.

- Fair value of quoted instruments is based on price quotations at the reporting date.

- Fair value of available-for-sale financial assets is derived from quoted market prices in active markets, if available.

31 Fair values of the financial instruments *(continued)*

- The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Derivatives valued using a valuation techniques with market observable inputs are mainly, foreign exchange forward contracts and commodity forward contracts. The most frequently applied valuation techniques include forward pricing using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and forward rate curves of the underlying commodity.

- As at 31 December 2014, the marked to market value of derivative asset position is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationship and other financial instruments recognised at fair value in respect Tranche 3 and Tranche 4.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:
Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Assets measured at fair value at 31st December 2014

	2014	**Level1**	**Level2**	**Level3**
	RO '000	**RO '000**	**RO '000**	**RO '000**
Available-for-sale investments	**293**	**293**	-	-
	US $ '000	**US $'000**	**US $ '000**	**US $ '000**
Available-for-sale investments	**762**	**762**	-	-
Liabilities measured at fair value				
	RO '000	**RO '000**	**RO '000**	**RO '000**
Interest rate swap	**1,431**	**-**	**1,431**	-
	US $ '000	**US $'000**	**US $ '000**	**US $ '000**
Interest rate swap	**3,721**	**-**	**3,721**	-

Assets measured at fair value at 31st December 2013

	2013	Level1	Level2	Level3
	RO '000	RO '000	RO '000	RO '000
Available-for-sale investments	274	274	-	-
	US $ '000	US $'000	US $ '000	US $ '000
Available-for-sale financial assets	712	712	-	-
Liabilities measured at fair value				
	RO '000	RO '000	RO '000	RO '000
Interest rate swap	2,260	-	2,260	-
	US $ '000	US $'000	US $ '000	US $ '000
Interest rate swap	5,876	-	5,876	-

During the Year ended 31 December 2014, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

32 Key sources of estimation uncertainty

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

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

At the end of the reporting date, gross trade receivable were approximately RO 5.70 million (US$ 14.80 million) [December 2013 – RO 11.35 million (US$ 29.51 million)] and the provision for impairment was made RO 0.21 million (US$ 0.54 million) [December 2013 - RO 2.4 million (US$ 6.3 million)]. Any difference between the amounts actually collected in future Years and the amounts expected will be recognised in the statement of comprehensive income.

Impairment of inventories
Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

At the end of the reporting date, gross inventories were approximately RO 2.27 million (US$ 5.92 million [December 2013 – RO 2.55 million (US$ 6.65 million)] and provisions for old and obsolete inventories was RO 0.85 million (US$ 2.21 million) [December 2013 – RO 0.83 million (US$ 2.14 million)]. Any difference between the amounts actually realised in future Years and the amounts expected will be recognised in the statement of comprehensive income.

33 Comparative Amounts

Certain corresponding figures for Year ended 31 December 2013 have been reclassified in order to conform to the presentation for the current year. Such reclassifications were made within the same notes to the financial statements and do not affect previously reported profit or shareholder's equity.

Schedule 1 Property and Equipment for the Year ended 31 December 2014

	Leasehold improvements RO '000	Quay gantry cranes RO '000	Rubber tyre gantry cranes RO '000	Tractors and trailors RO '000	Forklifts and reach Stackers RO '000
Cost					
1 January 2014	6,535	68,307	38,637	7,011	2,937
Additions / Recognition	559	-	-	-	-
Transfer from CWIP	-	-	-	-	-
Disposal / Derecognition	(1)	-	-	(118)	(106)
31 Dec 2014	7,093	68,307	38,637	6,893	2,831
Accumulated depreciation					
1 January 2014	(3,861)	(24,468)	(15,742)	(4,180)	(1,971)
Depreciation for the year	(374)	(2,890)	(2,553)	(567)	(173)
Disposal / Derecognition	1	-	-	88	106
31 Dec 2014	(4,234)	(27,358)	(18,295)	(4,659)	(2,038)
Carrying amounts					
31 Dec 2014	**2,859**	**40,949**	**20,342**	**2,234**	**793**
31 Dec 2013	2,674	43,839	22,895	2,831	966

	Marine equipment RO '000	Motor vehicles RO '000	Computer equipment and software RO '000	Furniture, fixtures and equipment RO '000	Capital work in progress RO '000	Total RO '000
Cost						
1 January 2014	12,177	423	3,347	4,619	302	144,295
Additions / Recognition	495		245	172	-	1,471
Transfer from CWIP	-	-	279	-	(279)	-
Disposal / Derecognition	(1078)	(138)	(898)	(848)	-	(3187)
31 Dec 2014	11,594	285	2,973	3,943	23	142,579
Accumulated depreciation						
1 January 2014	(4,844)	(348)	(2,905)	(3,436)	-	(61,755)
Depreciation for the year	(1,038)	(26)	(199)	(267)	-	(8,087)
Disposal / Derecognition	1,078	138	894	848	-	3,153
31 Dec 2014	(4,804)	(236)	(2,210)	(2,855)	-	(66,689)
Carrying amounts						
31 Dec 2014	**6,790**	**49**	**763**	**1,088**	**23**	**75,890**
31 Dec 2013	7,333	75	442	1,183	302	82,540

	Leasehold improvements US $ '000	Quay gantry cranes US $ '000	Rubber tyre gantry cranes US $ '000	Tractors and trailors US $ '000	Forklifts and reach Stackers US $ '000
Cost					
1 January 2014	16,987	177,597	100,459	18,231	7,635
Additions / Recognition	1,453	-	-	-	-
Transfer from CWIP	-	-	-	-	-
Disposal / Derecognition	(3)	-	-	(307)	(275)
31 Dec 2014	18,437	177,597	100,459	17,924	7,360
Accumulated depreciation					
1 January 2014	(10,035)	(63,618)	(40,928)	(10,871)	(5,122)
Depreciation for the year	(972)	(7,514)	(6,638)	(1,474)	(449)
Disposal	3	-	-	229	275
31 Dec 2014	(11,004)	(71,132)	(47,566)	(12,116)	(5,296)
Carrying amounts					
31 Dec 2014	**7,432**	**106,465**	**52,893**	**5,808**	**2,064**
31 Dec 2013	**6,952**	**113,979**	**59,531**	**7,360**	**2,513**

	Marine equipment US $ '000	Motor vehicles US $ '000	Computer equipment and software US $ '000	Furniture, fixtures and equipment US $ '000	Capital work in progress US $ '000	Total US $ '000
Cost						
1 January 2014	31,663	1,101	8,700	12,013	778	375,164
Additions / Recognition	1,287	-	637	448	-	3,825
Transfer from CWIP	-	-	725	-	(725)	-
Disposal / Derecognition	(2,802)	(358)	(2,336)	(2,205)	-	(8,286)
31 Dec 2014	30,148	743	7,726	10,256	53	370,703
Accumulated depreciation						
1 January 2014	(12,593)	(903)	(7,556)	(8,939)	-	(160,565)
Depreciation for the year	(2,699)	(67)	(517)	(694)	-	(21,024)
Disposal	2,802	358	2,324	2,205	-	8,196
31 Dec 2014	(12,490)	(612)	(5,749)	(7,428)	-	(173,393)
Carrying amounts						
31 Dec 2014	**17,659**	**131**	**1,977**	**2,829**	**53**	**197,310**
31 Dec 2013	**19,070**	**198**	**1,144**	**3,074**	**778**	**214,599**

Schedule 1 Property and Equipment for the Year ended 31 December 2013

	Leasehold improvements RO '000	Quay gantry cranes RO '000	Rubber tyre gantry cranes RO '000	Tractors and trailors RO '000	Forklifts and reach Stackers RO '000	Marine equipment RO '000	Motor vehicles RO '000	Computer equipment and software RO '000	Furniture, fixtures and equipment RO '000	Capital work in progress RO '000	Total RO '000
Cost											
1 January 2013	6,496	68,151	38,637	7,837	2,085	11,972	353	3,065	4,484	1,207	144,287
Additions / Recognition	39	156	-	-	940	205	70	282	135	-	1,827
Transfer from CWIP											
Disposal / Derecognition	-	-	-	(826)	(88)	-	-	-	-	(905)	(1,819)
31 Dec 2013	6,535	68,307	38,637	7,011	2,937	12,177	423	3,347	4,619	302	144,294
Accumulated depreciation											
1 January 2013	(3,514)	(21,543)	(13,183)	(4,415)	(1,830)	(3,776)	(332)	(2,751)	(3,101)	-	(54,445)
Depreciation for the year	(347)	(2,925)	(2,559)	(591)	(229)	(1,068)	(16)	(154)	(335)	-	(8,224)
Disposal / Derecognition	-	-	-	826	88	-	-	-	-	-	914
31 Dec 2013	(3,861)	(24,468)	(15,742)	(4,180)	(1,971)	(4,844)	(348)	(2,905)	(3,436)	-	(61,755)
Carrying amounts											
31 Dec 2013	**2,674**	**43,839**	**22,895**	**2,831**	**966**	**7,333**	**75**	**442**	**1,183**	**302**	**82,540**
31 Dec 2012	2,982	46,608	25,454	3,422	255	8,196	21	314	1,383	1,207	89,842

	Leasehold improvements US $ '000	Quay gantry cranes US $ '000	Rubber tyre gantry cranes US $ '000	Tractors and trailors US $ '000	Forklifts and reach Stackers US $ '000	Marine equipment US $ '000	Motor vehicles US $ '000	Computer equipment and software US $ '000	Furniture, fixtures and equipment US $ '000	Capital work in progress US $ '000	Total US $ '000
Cost											
1 January 2013	16,886	177,194	100,459	20,380	5,422	31,130	920	7,967	11,664	3,131	375,153
Additions / Recognition	101	403	-	-	2,444	533	181	733	349	-	4,744
Transfer from CWIP											
Disposal / Derecognition	-	-	-	(2,149)	(231)	-	-	-	-	(2,353)	(4,733)
31 Dec 2013	16,987	177,597	100,459	18,231	7,635	31,663	1,101	8,700	12,013	778	375,164
Accumulated depreciation											
1 January 2013	(9,133)	(56,013)	(34,275)	(11,483)	(4,758)	(9,816)	(861)	(7,155)	(8,068)	-	(141,562)
Depreciation for the year	(902)	(7,605)	(6,653)	(1,537)	(595)	(2,777)	(42)	(401)	(871)	-	(21,383)
Disposal	-	-	-	2,149	231	-	-	-	-	-	2,380
31 Dec 2013	(10,035)	(63,618)	(40,928)	(10,871)	(5,122)	(12,593)	(903)	(7,556)	(8,939)	-	(160,565)
Carrying amounts											
31 Dec 2013	**6,952**	**113,979**	**59,531**	**7,360**	**2,513**	**19,070**	**198**	**1,144**	**3,074**	**778**	**214,599**
31 Dec 2012	7,753	121,181	66,184	8,897	664	21,314	59	812	3,596	3,131	233,591

STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 December 2014

2013 US $ '000	2014 US $ '000		2014 RO'000	2013 RO'000
152,077	**139,152**	Revenue	**53,521**	58,491
(80,249)	**(80,410)**	Direct operating costs	**(30,928)**	(30,864)
(16,678)	**(15,429)**	Other operating expenses	**(5,935)**	(6,415)
(33,319)	**(23,569)**	Administration and general expenses	**(9,063)**	(12,816)
962	**1,670**	Other income	**642**	370
22,793	**21,414**	**Profit from operations**	**8,237**	8,766
(5,601)	**(5,236)**	Finance costs	**(2,014)**	(2,154)
17,192	**16,178**	**Profit for the period before tax**	**6,223**	6,612
(2,464)	**(2,493)**	Income tax	**(959)**	(948)
14,728	**13,684**	**Profit for the period**	**5,264**	5,664
		Other comprehensive income		
		Items that will be never reclassifed to profit or loss		
-	**-**	Revaluation of property, plant and equipment	**-**	-
-	**-**		**-**	-
		Items that are or may be reclassifed to profit or loss		
124	**50**	Fair value change of investments	**19**	48
3,435	**2,155**	Net movement in cash flow hedges	**829**	1,321
3,559	**2,205**		**848**	1,369
3,559	**2,205**	Other comprehensive income for the period, net of tax	**848**	1,369
18,287	**15,889**	**Total comprehensive income for the period, net of tax**	**6,112**	7,033
0.08	**0.08**	**Basic earnings per share (US $ / RO)**	**0.029**	0.031

CONSOLIDATED STATEMENT OF CASH FLOWS For the year ended 31 December 2014

Port of Salalah

2013 US $ '000	2014 US $ '000		Notes	2014 RO'000	2013 RO'000
		ASSETS			
		Non Current Assets			
214,163	**196,902**	Property and equipment	*11*	**75,730**	82,370
554	**515**	Intangible assets	*12*	**198**	213
712	**762**	Available-for-sale investments	*13*	**293**	274
312	**312**	Investments in Subsidiary		**120**	120
10,400	**13,000**	Term deposits	*14*	**5,000**	4,000
226,141	**211,491**			**81,341**	86,977
		Current Assets			
4,510	**3,703**	Inventories	*15*	**1,424**	1,734
35,969	**21,279**	Trade and other receivables	*16*	**8,185**	13,834
22,001	**35,999**	Short term deposits	*17*	**13,846**	8,462
24,981	**35,672**	Cash and cash equivalents	*17*	**13,720**	9,608
87,461	**96,653**			**37,175**	33,638
313,602	**308,144**	**TOTAL ASSETS**		**118,516**	120,615
		EQUITY			
46,758	**46,758**	Share capital	*18(a)*	**17,984**	17,984
7,666	**7,666**	Share premium	*18(b)*	**2,949**	2,949
14,690	**15,585**	Legal reserve	*18(c)*	**5,994**	5,650
(5,876)	**(3,721)**	Hedging deficit	*26*	**(1,431)**	(2,260)
192	**242**	Fair value reserve		**93**	74
58,284	**59,383**	Retained earnings		**22,841**	22,417
121,714	**125,912**	**TOTAL EQUITY**		**48,430**	46,814
		LIABILITIES			
		Non Current Liabilities			
106,792	**85,616**	Loans and borrowings	*22*	**32,929**	41,074
18,005	**18,801**	Deferred Tax	*25*	**7,230**	6,924
4,708	**5,286**	Employees' end of service benefits	*23*	**2,033**	1,811
3,487	**1,805**	Derivative financial instruments	*26*	**694**	1,341
132,992	**111,508**			**42,886**	51,150
		Current Liabilities			
39,607	**47,212**	Trade and other payables	*24*	**18,157**	15,232
16,900	**21,596**	Loans and borrowings	*22*	**8,306**	6,500
2,389	**1,916**	Derivative financial instruments	*26*	**737**	919
58,896	**70,723**			**27,200**	22,651
191,888	**182,232**	**TOTAL LIABILITIES**		**70,086**	73,801
313,602	**308,144**	**TOTAL EQUITY AND LIABILITIES**		**118,516**	120,615
0.68	**0.70**	**Net assets per share (US $ / RO)**	*21*	**0.269**	0.260

STATEMENT OF CHANGES OF EQUITY For the year ended 31 December 2014

	Attributable to equity shareholders of the parent company						
	Share capital RO '000	Share premium RO '000	Legal reserve RO '000	Hedging surplus/ (deficit) RO '000	Fair value reserve RO '000	Retained earnings RO '000	Total RO '000
1 January 2013	17,984	2,949	5,084	(3,581)	26	21,815	44,277
Net profit for the period	-	-	-	-	-	5,664	5,664
Other comprehensive income	-	-	-	1,321	48	-	1,369
Total comprehensive income	-	-	-	1,321	48	5,664	7,033
Dividend paid	-	-	-	-	-	(4,496)	(4,496)
Transfer	-	-	566	-	-	(566)	-
1 January 2014	17,984	2,949	5,650	(2,260)	74	22,417	46,814
Net profit for the period	-	-	-	-	-	5,264	5,264
Other comprehensive income	-	-	-	829	19	-	848
Total comprehensive income	-	-	-	829	19	5,264	6,112
Dividend Paid (note 20)	-	-	-	-	-	(4,496)	(4,496)
Transfer	-	-	344	-	-	(344)	-
31 Dec 2014	**17,984**	**2,949**	**5,994**	**(1,431)**	**93**	**22,841**	**48,430**

	Attributable to equity shareholders of the parent company						
	Share capital US $ '000	Share premium US $ '000	Legal reserve US $ '000	Hedging surplus/ (deficit) US $ '000	Fair value reserve US $ '000	Retained earnings US $ '000	Total US $ '000
1 January 2013	46,758	7,666	13,218	(9,311)	68	56,719	115,118
Net profit for the period	-	-	-	-	-	14,728	14,728
Other comprehensive income	-	-	-	3,435	124	-	3,559
Total comprehensive income	-	-	-	3,435	124	14,728	18,287
Dividend paid	-	-	-	-	-	(11,691)	(11,691)
Transfer	-	-	1,472	-	-	(1,472)	-
1 January 2014	46,758	7,666	14,690	(5,876)	192	58,284	121,714
Net profit for the period	-	-	-	-	-	13,684	13,684
Other comprehensive income	-	-	-	2,155	50	-	2,205
Total comprehensive income	-	-	-	2,155	50	13,684	15,889
Dividend Paid (note20)	-	-	-	-	-	(11,691)	(11,691)
Transfer	-	-	894	-	-	(894)	-
31 Dec 2014	46,758	7,666	15,585	(3,721)	242	59,383	125,912

STATEMENT OF CASH FLOWS

for the year ended 31 December 2014

2013 US $ '000	**2014 US $ '000**		**2014 RO'000**	2013 RO'000
		Operating activities		
17,192	**16,178**	Profit for the year before tax	**6,223**	6,612
		Adjustments for:		
23,746	**21,034**	Depreciation, derecognition and amortisation	**8,091**	9,133
1,046	**1,262**	Accrual for employees' end of service benefits	**485**	402
(109)	**(32)**	Gain on sale of equipment	**(12)**	(42)
(853)	**(1,638)**	Interest income	**(374)**	(328)
5,515	**5,161**	Finance cost	**1,985**	2,121
46,537	**41,965**	**Operating profit before working capital changes**	**16,398**	17,898
434	**806**	Change in inventories	**310**	168
841	**14,687**	Change in receivables	**5,649**	324
2,059	**5,914**	Change in payables	**2,273**	792
(478)	**(684)**	Employees' end of service benefits paid	**(263)**	(183)
49,393	**62,687**	**Net cash from operating activities**	**24,367**	18,999
		Investing activities		
(4,744)	**(3,825)**	Acquisition of property and equipment	**(1,471)**	(1,827)
109	**120**	Proceeds from sale of property and equipment	**45**	42
853	**1,638**	Interest received	**374**	328
(22,001)	**(16,598)**	Increase in other term deposits	**(6,384)**	(8,462)
(25,783)	**(18,665)**	**Net cash used in investing activities**	**(7,436)**	(9,919)
		Financing activities		
(13,112)	**(16,480)**	Repayment of loans and borrowings	**(6,338)**	(5,043)
(11,691)	**(11,690)**	Dividend paid	**(4,496)**	(4,496)
(5,515)	**(5,161)**	Finance cost	**(1,985)**	(2,121)
(30,318)	**(33,331)**	**Net cash used in from financing activities**	**(12,819)**	(11,660)
(6,708)	**10,691**	Net change in cash and cash equivalents	**4,112**	(2,580)
31,689	**24,981**	**Cash and cash equivalents at 1 January**	**9,608**	12,188
24,981	**35,672**	**Cash and cash equivalents at 31 December**	**13,720**	9,608