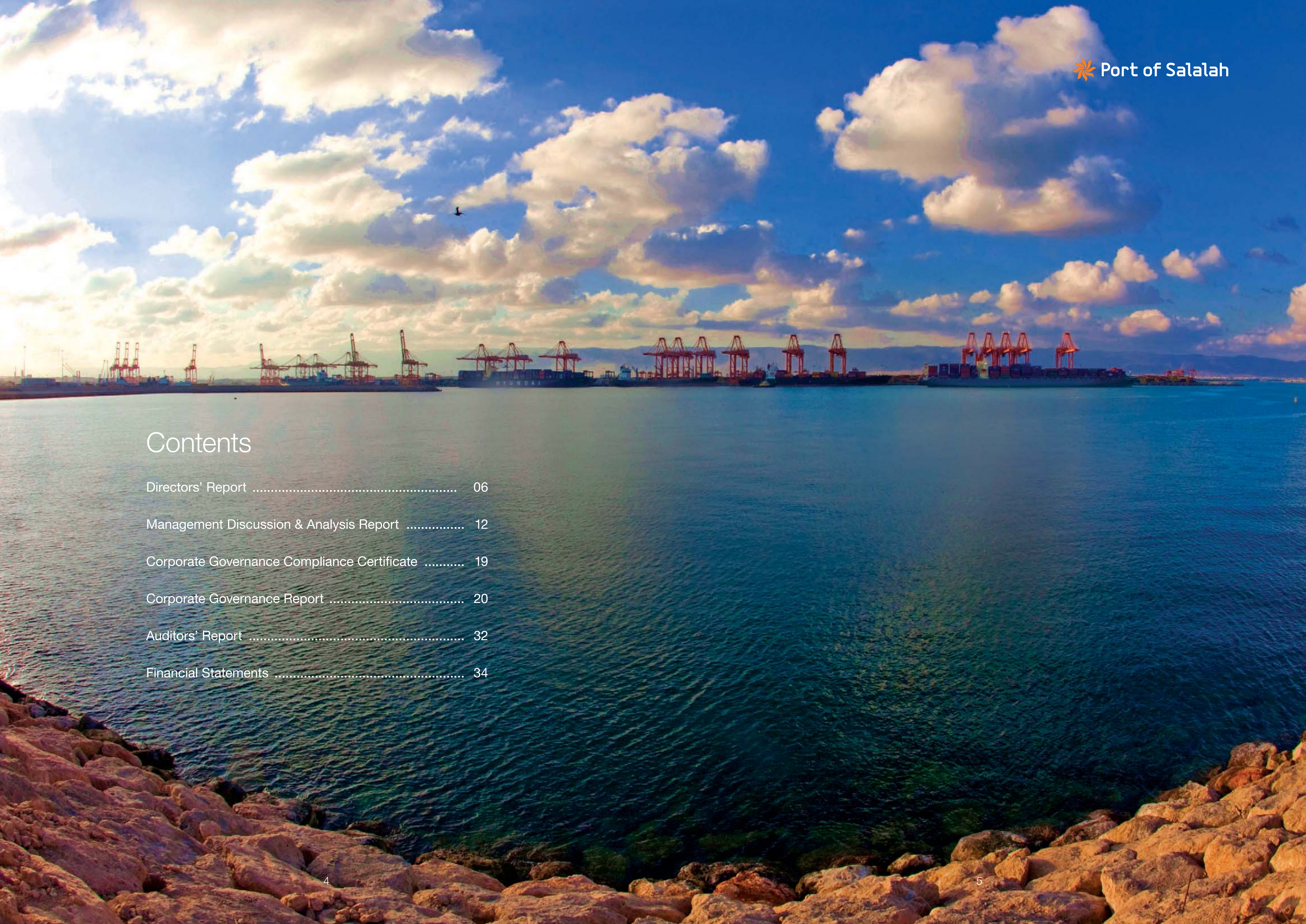
Port of Salalah

Annual Report 2015

His Majesty Sultan Qaboos Bin Said

Key Performance Indicators

Port of Salalah	2010	2011	2012	2013	2014	2015
Key Operational Data						
Crane Capacity in TEUs ('000s)	5,000	5,000	5,000	5,000	5,000	5,000
TEUs ('000s)	3,484	3,201	3,634	3,343	3,034	2,569
Tonnes ('000s)	6,280	6,519	7,251	7,944	10,314	12,543
Container Terminal Vessel calls	1,791	1,725	1,735	1,651	1,439	1,336
General Cargo Terminal Vessel calls	2,079	1,555	1,401	1,321	1,326	1,520
Headcount	2,194	2,109	2,216	2,167	2,137	2,057
Operational Ratio Analysis						
Gross Crane Productivity	29.70	29.38	30.20	31.54	30.70	30.30
TEUs handled per employees	1,588	1,518	1,640	1,543	1,420	1,249
TEUs/meter of quay p.a.	1,351	1,241	1,409	1,296	1,176	996
Cranes in operation	25	25	25	25	25	25
TEUs/quay crane p.a.	139,376	128,036	145,360	133,720	121,349	102,741
Capacity Utilization	70%	64%	73%	67%	61%	51%
Key Financial Data						**Figures in RO '000**
Revenue	52,678	49,822	57,540	58,505	53,533	49,508
Gross profit	21,161	22,486	30,337	27,641	22,605	19,474
Cash profit	15,910	12,360	16,791	14,808	14,444	13,456
Net profit / (loss)	5,760	2,361	7,083	5,663	5,262	5,182
Equity capital	17,984	17,984	17,984	17,984	17,984	17,984
Net worth before minority interest	38,510	39,684	44,318	46,855	48,471	51,647
Term debt obligations	67,215	59,438	52,617	47,574	41,235	26,786
Financial Ratio Analysis						
Operating Profit Ratio	40%	45%	53%	47%	42%	39%
Net profit margin	10.9%	4.7%	12.3%	9.7%	9.8%	10.5%
Cash Earnings per share (RO)	0.089	0.069	0.093	0.082	0.080	0.075
Earnings per share (RO)	0.032	0.013	0.039	0.031	0.029	0.029
Book value per share (RO)	0.214	0.221	0.246	0.261	0.270	0.287



Port of Salalah

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Directors' Report

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

Directors' Report

Dear Shareholders,

On behalf of the Board of Directors, I have the pleasure in presenting the annual report of your company along with the audited accounts for the year ended 31st December 2015. 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 the year 2015 as compared to the year 2014. 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

Port of Salalah continues to achieve considerable volume growth at the General Cargo Terminal (GCT), which reflects the role of the port in supporting local businesses' expansion, and growth in Oman's balance of trade. This is keeping in line with the port's strategy to diversify the company's revenue flow while increasing local businesses' import and export by sea. In the early part of the year transshipment volumes at Container Terminal (CT) were negatively impacted by the rationalization of the services of our two largest customers and increased regional competition, however because of improved productivity levels we were able to reverse this trend in the last quarter. Port of Salalah has therefore retained its position amongst leading global container ports worldwide both in terms of throughput and service levels.

The GCT has handled 12.543 million tons during the year 2015 as compared with 10.314 million tons in the year 2014. The CT has handled 2.569 million TEUs (twenty-foot equivalent unit) against 3.034 million TEUs in the year 2014.

The Company's top priority is ensuring the safety of its employees, contractors and customers, and to this end, the company continues to invest in technology and infrastructure to minimize the risk.

The Company continues to focus improvements through various initiatives to maintain operations of a world-class terminal. GCT Liquid Jetty Project was inaugurated by Ministry of Transport and Communication on 14th December 2015, after realization of major project deliverables.

Financial Overview

The consolidated revenues are recorded at RO 49.508 million, a decrease of 7.5% over the previous year mainly due to lower container volumes. Despite drop in revenues the consolidated net profit realized for the year was RO 5.182 million (as compared to RO 5.262 million in the year 2014) due to a number of Take Cost out initiatives implemented by the company. During 2015, your company distributed 15% annual dividend pertaining to year 2014. Taking into account the emerging market conditions for international trade the Board of Directors are pleased to recommend the distribution of dividend 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

	2010	2011	2012	2013	2014
Dividend %	25%	15%	25%	25%	15%
Cash outlay (RO'000)	4,495	2,697	4,495	4,495	2,698

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 and it is fundamental to our business. The company has invested RO 54K in CSR initiatives during 2015 contributing to the local Dhofar region in which we operate as well as segments of communities requiring support.

Education, SME development, environment safety, health and sports are the major focus areas of sponsorship.

Future Outlook

While the Global economic outlook for the year 2016 is increasingly negative, the Commercial prospects for the Port of Salalah are positive in most areas. On the Container Terminal (CT), the trend in the 2nd half of year 2015 was positive with more volumes and additional services added, and we believe the same trend shall continue in the year 2016. The global shipping market is facing an unprecedented glut in supply and reduced demand in 2016 which is increasing the shipping lines' reliance on transshipment hub ports like Salalah to increase network efficiency.

On the General Cargo side, we had a record volume of dry bulk handled in the year 2015 and all indications show that year 2016 will also be a good year. The gypsum exports have been driving the increased volumes, and new and additional mining operations have commenced in year 2016. The Limestone exports continue to grow as well, in spite of a reduction in demand from India, which was the primary importer of Omani Limestone in previous years. The Limestone exporters have mitigated the impact of the reduction in demand in India by diversifying their customer portfolios to include customers in Africa and Far East Asia, and this has allowed them to maintain their export volumes and grow in a challenging environment.

The Company would focus to increase the reach of our hinterland and to encourage more Import and Export volumes in and out of Salalah. We will continue to work to identify additional shipping

lines that could benefit from utilizing Salalah as a network hub as well as seek out additional services from our current customers. Additionally, we will focus on developing value added services to provide additional services to our customers and provide opportunities to add revenue.

Due to drop in oil prices government has initiated various measures, including reducing various subsidies and increasing corporate taxes, to increase its revenues. Such measures shall impact costs and potentially the profitability of the company. The full impact will materialize over the course of the year.

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 2015. Our consistent growth was possible by their hard work, solidarity, cooperation and support.

On behalf of the Board of Directors,

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

February 10, 2016

Management Discussion & Analysis Report

David Gledhill
Chief Executive Officer

Management Discussion and Analysis

Business of the company

The Port of Salalah, in the Sultanate of Oman, is one of the largest multi-purpose ports in the Middle East.

During 2015, Salalah Port Services handled 2.57 million TEUs at its Container Terminal and 12.54 million tons at its General Cargo Terminal. It is the region's leading transshipment port and has ambitions is to be the port of choice in Oman. As the national and regional economy swings away from reliance on oil, the port will play an important role in supporting Oman's burgeoning import and export trades. It is also heavily engaged in plans to link centres of trade and population via rail.

This world-class port was created under a 30-year concession agreement with the Government of Oman. It is managed by APM Terminals, one of the world's leading port and terminal operators with a global network of 170 ports and inland service businesses spanning 56 countries and employing more than 20,600 professionals. The company serves all the major shipping lines and has a global throughput of 38.3 million TEUs.

In its bid to become the port of choice in Oman, the Port of Salalah is dedicated to the development of its staff, including the employment and training of local people. It also supports local business, in-country procurement whenever possible, and plays an active role in the development of the community, region and country in which it operates.

Container Industry structure and developments

Changes in the container shipping market and alliances between some of the world's major shipping lines present interesting challenges for the Container Terminal (CT). While sliding oil prices benefit container shipping, the transshipment business is in decline as shipping companies work together to reduce their costs.

During the past year, CT handled 2.57 million TEUs, which represents a 15% reduction on the previous year.

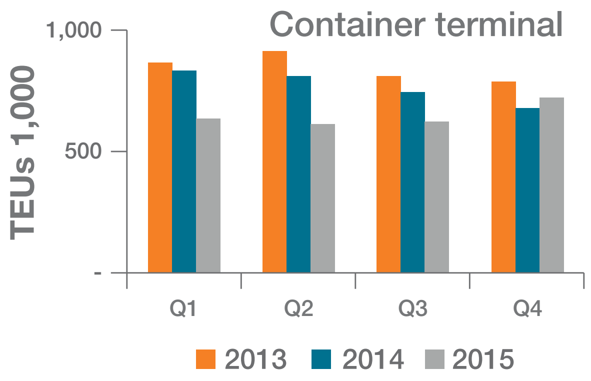
To attract the maximum amount of the remaining transshipment business, the terminal remains competitive through its dedication to the efficiency with which it handles vessels and has maintained its ranking among the top three most productive ports in the Europe, Middle East and Africa region, achieving record moves in recent months.

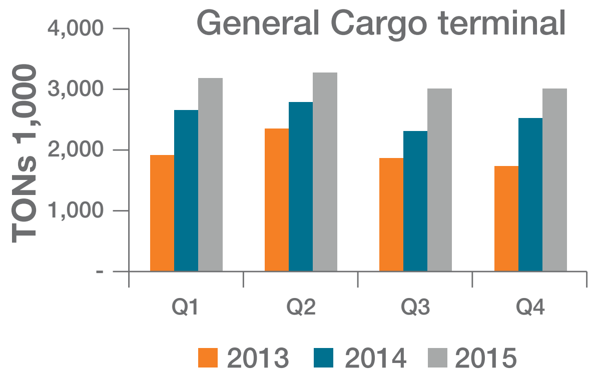
The Port of Salalah is also looking to emerging markets to achieve its growth targets. While the Chinese economy has slowed, others markets in the Indian sub-continent, Middle-East, Far East, Africa, amongst others, have become more dynamic and offer real opportunities for the Port. The lifting of sanctions on Iran is also expected by some to open a new growth area.

The Port is also committed to providing opportunities for businesses setting up in Salalah Free Zone.

Continued investment in CT, including pioneering systems to keep ships safe during the Khareef season, supports the Port's focus on productivity and to capitalize on its location on the historic and lucrative east/west trade route.

Operations Review





General Cargo Terminal

The General Cargo Terminal (GCT) continues to grow and registered a record throughput of 12.54 million tons in 2015, a growth of 22% over 2014 on the back of a 30% growth in 2014 over 2013. GCT achieved these results through operational planning and efficiency, improvements and innovation, including the completion of a Government-funded expansion and the inauguration of new berths in December 2015.

The handling of locally-mined limestone and gypsum has been driving growth in the general cargo business and remains the largest commodity for the terminal followed by methanol, fuel and bagged material, mainly cement. The outlook for GCT is positive as it attracts new business and works with existing customers to increase their throughput in 2016.

Safety

The safety of employees, visitors, contractors, vehicles and ships at the Port of Salalah remains high on the agenda. Lost Time Injury Frequency for 2015 was recorded at a higher rate than in the previous year. This was due largely to an improvement in the reporting procedure, an important process to ensure accidents do not reoccur. The company is also seeking to invest in technology and infrastructure to mitigate the increased LTIF.

Human Resources, welfare and training

At the close of 2015 the Port of Salalah employed 2,057 people with 70% of all skilled roles filled by local people. The Port remains committed to developing key skills throughout its workforce through on-the-job training and tuition by in-house experts.

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 2015 was recorded at RO 5.18 million.

Consolidated EBITDA was recorded at RO 15.13 million resulting in margins of 31%, as compared to 30% in 2014. Despite a 5% reduction in the top line due to reduced container volumes maintenance of EBITDA margin would not have been possible but for improvement through cost reduction.

Consolidated revenues year to date were RO 49.51 million as against year 2014 revenues of RO 53.53 million. Volume recorded at the CT was 15% lower whereas GCT registered a growth of 22% compared to year 2014.

Direct operating costs comprises of manpower costs, repairs and maintenance costs, energy costs, marine costs and operating systems and communication decreased by 3% compared to 2014 level. The total manpower costs decreased by 4% as compared to 2014 due to lower number of employees compared to the previous year despite increase in fixed salary related due to inflation, merit increases, redundancy and incentive payout.

Operating depreciation in 2015 was higher by about 2% compared to 2014 on account of additions to assets during the year.

Repair and maintenance costs were lower by 7% compared to 2014 on account of total productive maintenance and condition based maintenance program.

Power and fuel decreased by 11% over same period of 2014 mainly due to lower volumes in the container terminal.

Concession costs, consists of costs on account of ground rent, fixed and variable royalty which increased by 20% mainly due to increase in franchise fees in general cargo terminal which witnessed 33% higher profit before variable royalty compared to year 2014. The management fee was in line with the change in revenues and volumes.

General and administration, costs were lower by 48% compared to 2014 mainly due to lower travel costs, legal & professional fees, claims, reduction in provision for inventory obsolescence and provision for impairment of receivables.

Financing costs decreased by 27% over 2014 on account of lower outstanding loan balances.

Outlook

The company expects growth in the GCT throughput, led by increasing demand for limestone and gypsum, to continue and to exceed the current average of one million tons per month during the year ahead. This increased volume will be achieved thanks partly to the expanded berths that became operation in December 2015 and

planned investment in automated equipment for handling aggregates.

An anticipated increase in the importation of grain and other general cargo will also benefit the terminal.

The Container Terminal enjoyed a higher volume run rate during the second half of 2015, a trend that is set to continue with more volumes and additional services during 2016.

To grow the business, the Port will continue to identify additional shipping lines that could benefit from using Salalah as a network hub and seek out more services from existing customers. Crucially, it will continue to develop the value added services it offers customers, enabling them to make the most of the opportunities available and to boost the Port's revenue.

Discussions with Oman Rail will continue into 2016 as the development of a rail link is seen as a major economic driver for the Port and the wide Dhofar region.

The Port of Salalah will also work to encourage more import and export trade from its hinterland and will support burgeoning businesses in the Free Zone reach global markets.

The Port would like take this opportunity to express sincere thanks to the employees of the company, the customers, suppliers and the Government of Oman for their unstinted support during 2015. We look forward to working with you and further developing the Port of Salalah in the year ahead.

David Gledhill

Chief Executive Officer

February 10, 2016

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PR No. HMH/15/2015; HMA/9/2015

EY
Building a better working world

Report of Factual Findings on the corporate governance reporting of Salalah Port Services Company SAOG and its application of the corporate governance practices in accordance with the CMA code of corporate governance

TO THE SHAREHOLDERS OF SALALAH PORT SERVICES COMPANY SAOG

We have performed the procedures prescribed in Capital Market Authority (CMA) circular no 16/2003, dated 29 December 2003 with respect to the accompanying corporate governance report of Salalah Port Services Company SAOG ('the Company') and its application of corporate governance practices in accordance with the CMA code of corporate governance issued under circular no. 11/2002 dated 3 June 2002 and the CMA Rules and Guidelines on disclosure, issued under CMA administrative decision 5, dated 27 June 2007. 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 extent of the Company's compliance with the code as issued by the CMA.

We report our findings below:

We found that the Company's corporate governance report fairly reflects the Company's application of the provisions of the code and is free from any material misrepresentation.

Because the above 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 corporate governance report.

Had we performed additional procedures or had we performed an audit or review of the corporate governance 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.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose. This report relates only to the accompanying corporate governance report of the Company to be included in its annual report for the year ended 31 December 2015 and does not extend to any financial statements of the Salalah Port Services Company SAOG, taken as a whole.

Ernst & Young LLC

10 February 2016
Muscat

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 and key executives

Composition of the Board of Directors as on December 31, 2015 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. Hartmut Goeritz*	Non-executive, non-independent & appointed
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

* Mr. Peder Sondergaard resigned on November 9th 2015 and Mr. Hartmut Goeritz has been appointed in his place by the Board till conclusion of the next annual general meeting scheduled for 28th March, 2016.

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 joined the Board of the Company during 2010. Presently he is Director General of Treasury and Accounts, Ministry of Finance, Sultanate of Oman. He has done Masters in Accounting and Development Finance from the University of Birmingham and has more than 30 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. Hartmut Goeritz is head of Hub Terminals Portfolio of APM Terminals He has more than thirty years of international experience in shipping and Port operations and has worked at various locations in different parts of the world. He is an inspirational leader with a strategic vision and has the ability to lead organizations by setting up continuous improvement and long term business sustainability.

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 held 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 twenty years of management experience. 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 Akhzami 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 two years of extensive experience in managing financial affairs of industrial and port companies. He has been with A P Moller

Maersk group for 19 years and held positions as Head of Finance at Gujarat Pipavav Port, 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

Mr. Joseph Schofield has joined as Chief Operating Officer CT w.e.f. from 1st January, 2016 and has 20 years of experience with Port industry in all aspects of terminal operations including planning port development, national operations efficiency and national system development. His last appointment was as 'Regional General Manager Operations' responsible for operations in 15 port and terminal facilities in 12 nations spanning Western Africa, the Gulf and Sri Lanka, from the APM Terminal Africa & Middle East office located in Dubai.

Mr. Ahmed Suhail Ali Qatan is the Chief Operating Officer –GCT of the Company with effect from January 1, 2016. He joined as Employment Manager with Port in 2005 and has held positions of Senior Manager HRGM-HR & GM GCT. 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. 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.

Mr. Mohammed Al Mashani is the General Manager for Corporate Affairs at Port of Salalah. He holds a BSc in Safety Management from Central Missouri State University and an MSc in Facilities Management and Asset Maintenance from Herriot-Watt University, Edinburgh. Over the last 15 years Mohammed has worked in different sectors: Oil and Gas where he worked in PDO in logistics and HSE. Petrochemicals, where he joined Aromatics Oman. For last 8 years at Port of Salalah where he started as HSE Senior manager, he has been through a CPMD program through APM Terminals in association with ESADE Business School and in 2015 was chosen for the first cohort of the Oman National CEO program.

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 2015 four Board meetings were held on the following dates:

- February 11, 2015
- May 13, 2015
- August 12, 2015
- November 9, 2015

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 Omani SAOG Companies
	Board meeting	Last AGM		
H.E. Ahmed Bin Nasser Al Mahrizi	4	No	3,200	0
Mr. Ali Mohammed Redha	4	Yes	3,200	1
Mr. Peder Sondergaard	3	No	2,400	0
Mr. Tiemen Meester	3	No	2,400	0
Sheikh Braik Musallam Al Amri	4	Yes	3,200	0
Brig. Sultan Saif Saud Al Akhzami	4	Yes	3,200	0

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 statements and adequacy of internal control system, reviewing the adequacy of internal audit function and discussion with Internal Auditor and external auditors on significant findings.

The members of the Audit 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 up to 9th Nov,2015 ^
- Mr. Hartmut Goeritz
- Brig. Sultan Saif Saud Al Akhzami

^ Mr. Hartmut Goeritz has been appointed the member of Audit committee in place of Mr. Peder Sondergaard on November 9th 2015.

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

During the year 2015, 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	3	1,500
Brig. Sultan Saif Saud Al Akhzami	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 matters:

- 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 2015, two 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	2	1,000
Sheikh Braik Musallam Al Amri	2	1,000

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 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 28, 2016** 5:00 PM Salalah Hilton, Salalah
Financial Year	2015
Date of Book Closure	**March 28, 2016**
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

Table 1 – Market price data

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year 2015
Shares price (RO)													
High	0.648	0.648	0.636	0.648	0.648	0.644	0.640	-	-	-	-	-	0.648
Low	0.648	0.648	0.636	0.648	0.648	0.644	0.640	-	-	-	-	-	0.636
Opening	0.648	0.648	0.636	0.648	0.648	0.644	0.640	-	-	-	-	-	0.648
Closing	0.648	0.648	0.648	0.648	0.648	0.648	0.648	-	-	-	-	-	0.648
Volume	28	72	100	48	800	30	110	-	-	-	-	-	1188
Trade Value (RO)	18	47	64	31	518	19	70	-	-	-	-	-	767
Service Sector Index													
Opening	6,584	6,579	6,217	6,314	6,390	6,432	6,556	5,902	5,757	5,933	5,643	5,445	6,584
Closing	6,558	6,559	6,238	6,323	6,388	6,425	6,558	5,872	5,788	5,928	5,548	5,406	5,406

Table 2 – Distribution of shareholding as on December 31, 2015

Number of Equity Shares held	No of shares held	% of total shares	No of Shareholders	% of total shareholders
1 to 100	31,513	0.02%	663	52.29%
101 to 500	94,203	0.05%	397	31.31%
501 to 1,000	39,668	0.02%	49	3.86%
1,001 to 10,000	356,429	0.20%	104	8.20%
10,001 to 100,000	1,244,235	0.69%	34	2.68%
100,001 and above	178,071,352	99.02%	21	1.66%
Total	179,837,400	100.00%	1,268	100.00%

Table 3 – Top 10 Shareholders as on December 31, 2015

S No	Name	No of Shares	Percentage
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	Pension Fund Sultan's Special Force	1,806,000	1.00%
10	ROP Pension Fund	1,806,000	1.00%
	Total	**174,306,306**	**96.92%**

Annual General Meeting/Extra-ordinary General meeting

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

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
2014	AGM	Crown Plaza, Salalah	March 26, 2015	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.portofsalalah.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 2015 (Year 2014 – OMR 120,000).

Details of the remuneration paid to top 5 officers

During the year 2015 gross salary and compensation paid to top 5 executives of the Company including variable components is RO 559,939 (Year 2014 – RO 712,381).

Professional profile of Statutory Auditor

EY is a global leader in assurance, tax, transaction and advisory services. EY is committed to doing its part in building a better working world. The insights and quality services which EY delivers help build trust and confidence in the capital markets and in economies the world over.

The MENA practice of EY has been operating in the region since 1923 and employs over 5,000 professionals. EY has been operating in Oman since 1974 and is a leading professional services firm in the country. EY MENA forms part of EY's EMEIA practice, with over 4,000 partners and 100,000 professionals. Globally, EY operates in more than 150 countries and employs 212,000 professionals in 728 offices.

EY in Oman is accredited by the Capital Market Authority (CMA) to audit joint stock companies (SAOG's). During the year 2015, EY rendered audit services to the Company at fees of RO 14,500 and approved non-audit services at fees of RO 41,323 (USD 107,440).

Details of noncompliance by the Company, penalties, and 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 three years:

Year	Particulars
2013	None
2014	None
2015	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.

Ahmed Bin Nasser Al Mahrizi
Chairman of Board of Directors

February 10, 2016.

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C.R. No. 1224013
PR No. HMH/15/2015; HMA/9/2015

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SALALAH PORT SERVICES COMPANY SAOG

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Salalah Port Services Company SAOG ("the Parent Company") and its subsidiary ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2015 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' Responsibility for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and the relevant requirements of the Commercial Companies Law of 1974, as amended, and the Capital Market Authority, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 2015 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other matters

The consolidated financial statements of Salalah Port Services Company SAOG and its subsidiary for the year ended 31 December 2014 were audited by another auditor who expressed an unmodified opinion on those statements on 11 February 2015.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SALALAH PORT SERVICES COMPANY SAOG (continued)

Report on Other Legal and Regulatory Requirements

In our opinion, the consolidated financial statements comply, in all material respects, with the relevant requirements of the Commercial Companies Law of 1974, as amended, and the Capital Market Authority.

Ernst & Young LLC

10 February 2016
Muscat

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

2014 US $'000	**2015 US $'000**		Notes	**2015 RO'000**	2014 RO'000
		ASSETS			
		Non-current assets			
197,310	**186,207**	Property and equipment	11	**71,618**	75,890
515	**476**	Intangible assets	12	**183**	198
762	**772**	Available-for-sale investments	13	**297**	293
13,000	**39,000**	Term deposits	14	**15,000**	5,000
211,587	**226,455**			**87,098**	81,381
		Current assets			
3,703	**3,871**	Inventories	15	**1,490**	1,424
21,235	**20,420**	Trade and other receivables	16	**7,854**	8,167
36,000	**23,400**	Term deposits	17	**9,000**	13,846
35,909	**9,264**	Cash and cash equivalents	17	**3,564**	13,811
-	**70**	Assets classified as held for sale	11	**27**	-
96,847	**57,025**			**21,895**	37,248
308,434	**283,480**	**TOTAL ASSETS**		**109,033**	118,629
		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
15,584	**15,584**	Legal reserve	18(c)	**5,994**	5,994
(3,721)	**(1,940)**	Hedging deficit	26	**(746)**	(1,431)
242	**252**	Fair value reserve		**97**	93
59,489	**65,957**	Retained earnings		**25,369**	22,882
126,018	**134,277**	**Equity attributable to equity holders of the parent company**		**51,647**	48,471
94	**86**	Non-controlling interests	18(d)	**33**	36
126,112	**134,363**	**TOTAL EQUITY**		**51,680**	48,507
		LIABILITIES			
		Non-current liabilities			
85,616	**46,430**	Loans and borrowings	22	**17,857**	32,929
18,801	**16,944**	Deferred tax	25	**6,517**	7,230
5,286	**5,686**	Employees' end of service benefits	23	**2,187**	2,033
1,805	**682**	Derivative financial instruments	26	**262**	694
111,508	**69,742**			**26,823**	42,886
		Current liabilities			
47,302	**54,902**	Trade and other payables	24	**21,117**	18,193
21,596	**23,215**	Loans and borrowings	22	**8,929**	8,306
1,916	**1,258**	Derivative financial instruments	26	**484**	737
70,814	**79,375**			**30,530**	27,236
182,322	**149,117**	**TOTAL LIABILITIES**		**57,353**	70,122
308,434	**283,480**	**TOTAL EQUITY AND LIABILITIES**		**109,033**	118,629
0.70	**0.75**	**Net assets per share (US $ / RO)**	21	**0.287**	0.270

These audited consolidated financial statements were approved and authorised for issue by the Board of Directors on 10 February 2016 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 audited consolidated financial statements. The parent company statement of financial position is presented as a separate schedule to the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

2014 US $'000	**2015 US $'000**		Notes	**2015 RO'000**	2014 RO'000
139,184	**128,722**	Revenue	28	**49,508**	53,533
(80,410)	**(78,088)**	Direct operating costs	5	**(30,034)**	(30,928)
(15,461)	**(17,411)**	Other operating expenses	6	**(6,696)**	(5,947)
(23,574)	**(18,503)**	Administration and general expenses	7	**(7,117)**	(9,065)
1,670	**3,788**	Other income	8	**1,457**	642
21,409	**18,508**	**Profit from operations**		**7,118**	8,235
(5,236)	**(3,846)**	Finance costs	9	**(1,479)**	(2,014)
16,173	**14,662**	**Profit for the year before tax**		**5,639**	6,221
(2,494)	**(1,188)**	Income tax	25	**(457)**	(959)
13,679	**13,474**	**Profit for the year**		**5,182**	5,262
		Other comprehensive income			
		Items that are or may be reclassified to profit or loss			
50	**10**	Fair value change of investments	13	**4**	19
2,155	**1,781**	Net movement in cash flow hedges		**685**	829
2,205	**1,791**	**Other comprehensive income for the year, net of tax**		**689**	848
15,884	**15,265**	**Total comprehensive income for the year, net of tax**		**5,871**	6,110
		Profit attributable to :			
13,684	**13,482**	Equity holders of the parent		**5,185**	5,264
(5)	**(8)**	Non-controlling interests		**(3)**	(2)
13,679	**13,474**			**5,182**	5,262
		Total comprehensive income attributable to:			
15,889	**15,273**	Equity holders of the parent		**5,874**	6,112
(5)	**(8)**	Non-controlling interests		**(3)**	(2)
15,884	**15,265**			**5,871**	6,110
0.08	**0.08**	**Basic earnings per share (US $ / RO)**	19	**0.029**	0.029

The attached notes 1 to 33 and schedules form part of these audited consolidated financial statements. The parent company statement of comprehensive income is presented as a separate schedule to the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Attributable to equity shareholders of the parent company								
	Share capital RO'000	Share premium RO '000	Legal reserve RO '000	Hedging deficit RO '000	Fair value reserve RO '000	Retained earnings RO '000	Total RO '000	Non-controlling interest RO '000	Total RO '000
Balance at 1 January 2014	17,984	2,949	5,650	(2,260)	74	22,458	46,855	38	46,893
Profit for the year	-	-	-	-	-	5,264	5,264	(2)	5,262
Other comprehensive income	-	-	-	829	19	-	848	-	848
Total comprehensive income	-	-	-	829	19	5,264	6,212	(2)	6,110
Dividend paid (note 20)	-	-	-	-	-	(4,496)	(4,496)	-	(4,496)
Transfer	-	-	344	-	-	(344)	-	-	-
Balance at 31 December 2014	**17,984**	**2,949**	**5,994**	**(1,431)**	**93**	**22,882**	**48,471**	**36**	**48,507**
Balance at 1 January 2015	17,984	2,949	5,994	(1,431)	93	22,882	48,471	36	48,507
Profit for the year	-	-	-	-	-	5,185	5,185	(3)	5,182
Other comprehensive income	-	-	-	685	4	-	609	-	689
Total comprehensive income	-	-	-	685	4	5,185	5,874	(3)	5,871
Dividend paid (note 20)	-	-	-	-	-	(2,698)	(2,698)	-	(2,698)
Balance 31 December 2015	**17,984**	**2,949**	**5,994**	**(746)**	**97**	**25,369**	**51,647**	**33**	**51,680**

	Attributable to equity shareholders of the parent company								
	Share capital US $ '000	Share premium US $ '000	Legal reserve US $ '000	Hedging deficit US $ '000	Fair value reserve US $ '000	Retained earnings US $ '000	Total US $ '000	Non-controlling interest US $ '000	Total US $ '000
Balance at 1 January 2014	46,758	7,666	14,690	(5,876)	192	58,390	121,820	99	121,921
Profit for the year	-	-	-	-	-	13,684	13,684	(5)	13,679
Other comprehensive income	-	-	-	2,155	50	-	2,205	-	2,205
Total comprehensive income	-	-	-	2,155	50	13,684	15,889	(5)	15,884
Dividend paid (note 20)	-	-	-	-	-	(11,691)	(11,691)	-	(11,691)
Transfer	-	-	894	-	-	(894)	-	-	-
Balance at 31 December 2014	**46,758**	**7,666**	**15,584**	**(3,721)**	**242**	**59,489**	**126,018**	**94**	**126,112**
Balnce at 1 January 2015	46,758	7,666	15,584	(3,721)	242	59,489	126,018	94	126,112
Profit for the year	-	-	-	-	-	13,482	13,482	(8)	13,474
Other comprehensive income	-	-	-	1,781	10	-	1791	-	1,791
Total comprehensive income	-	-	-	1,781	10	13,482	15,273	(8)	15,265
Dividend paid (note 20)	-	-	-	-	-	(7,014)	(7,014)	-	(7,014)
Balance at 31 December 2015	**46,758**	**7,666**	**15,584**	**(1,940)**	**252**	**65,957**	**134,277**	**86**	**134,363**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

2014 US $'000	2015 US $'000		2015 RO'000	2014 RO'000
		OPERATING ACTIVITIES		
16,173	**14,662**	Profit for the year before tax	**5,639**	6,221
		Adjustments for:		
21,063	**21,551**	Depreciation, derecognition and amortisation	**8,289**	8,102
1,262	**828**	Accrual for employees' end of service benefits	**318**	485
(32)	**(13)**	Gain on sale of equipment	**(5)**	(12)
(972)	**(720)**	Interest income	**(277)**	(374)
5,161	**3,760**	Finance cost	**1,446**	1,985
42,655	**40,068**	**Operating profit before working capital changes**	**15,410**	16,407
806	**(172)**	Change in inventories	**(66)**	310
14,649	**2,387**	Change in receivables	**917**	5,633
5,932	**4,470**	Change in payables	**1,721**	2,280
21,387	**6,685**	**Operating profit after working capital changes**	**2,572**	8,223
(684)	**(427)**	Employees' end of service benefits paid	**(164)**	(263)
-	**(1,485)**	Tax paid	**(571)**	-
63,358	**44,841**	**Net cash from operating activities**	**17,247**	24,367
		INVESTING ACTIVITIES		
(3,825)	**(10,480)**	Acquisition of property and equipment	**(4,029)**	(1,471)
117	**13**	Proceeds from sale of property and equipment	**5**	45
972	**720**	Interest received	**277**	374
(16,598)	**(13,399)**	Increase in other term deposits	**(5,154)**	(6,384)
(19,334)	**(23,146)**	**Net cash used in investing activities**	**(8,901)**	(7,436)
		FINANCING ACTIVITIES		
(16,481)	**(37,566)**	Prepayment of loans and borrowings	**(14,449)**	(6,338)
(11,691)	**(7,014)**	Dividend paid	**(2,698)**	(4,496)
(5,161)	**(3,760)**	Finance cost paid	**(1,446)**	(1,985)
(33,333)	**(48,340)**	**Net cash used in financing activities**	**(18,593)**	(12,819)
10,691	**(26,645)**	**Net change in cash and cash equivalents**	**(10,247)**	4,112
25,218	**35,909**	Cash and cash equivalents at the 1 January	**13,811**	9,699
35,909	**9,264**	**CASH AND CASH EQUIVALENTS AT 31 DECEMBER**	**3,564**	13,811

The attached notes 1 to 33 and schedules form part of these audited consolidated financial statements. The parent company statement of changes in cash flows is presented as a separate schedule to the financial statements.

NOTES

(Forming part of the consolidated financial statements)

1 Legal status and principal activities

Salalah Port Services Company SAOG ("the Company" or "the Parent Company) is registered as a joint stock company in the Sultanate of Oman under the Commercial Companies Law of Oman. The Audited consolidated financial statement of the Company for the year ended 31 December 2015 comprises the consolidated 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 audited consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS"), comply with the relevant requirements of the Capital Market Authority and the Commercial Companies Law of 1974, as amended.

b) Basis of measurement and presentation currency

These audited consolidated financial statements are presented in Rials Omani ("RO") and United States Dollars (''US$'') rounded off to the nearest thousands. The Group's functional currency is RO. The audited 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 audited 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 Audited 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:

NOTES

(Forming part of the consolidated financial statements)

3 Significant agreements (continued)

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

For the year ended 31 December 2015, the Company has adopted all of the new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for periods beginning on 1 January 2015.

The adoption of those standards and interpretations has not resulted in changes to the Group's accounting policies and has not affected the amounts reported for the current and prior periods.

NOTES

(Forming part of the consolidated financial statements)

4 Significant accounting policies (continued)

(a) Basis of consolidation

The audited consolidated financial statements comprise those of Salalah Port Services Company SAOG and its subsidiary as at end of each reporting period. The financial statements of the subsidiary are prepared for the same reporting period 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.

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 space a change of control, is accounted for as an equity transaction.

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

If the Group loses control over a subsidiary, it:

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

(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.

NOTES

(Forming part of the consolidated financial statements)

4 Significant accounting policies (continued)

(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 profit or loss 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 of monetary assets and liability are recognised in the profit or loss. 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. The fuctional currency of all Group companies is same.

(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. At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. 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 profit and loss as finance costs.

Amounts taken to other comprehensive income are transferred to the profit and loss when the hedged transaction affects the profit and loss, 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.

NOTES

(Forming part of the consolidated financial statements)

4 Significant accounting policies (continued)

(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 profir and loss 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 profit and loss 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 profit and loss.

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 recognised in the profit and loss 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

NOTES
(Forming part of the consolidated financial statements)

4 Significant accounting policies (continued)

(h) Property and equipment (continued)

(ii) Depreciation (continued)

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.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted prospectively if appropriate.

(i) 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, are recognised in 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 Group 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 profit and loss.

(j) 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

NOTES
(Forming part of the consolidated financial statements)

4 Significant accounting policies (continued)

(m) Impairment of non-financial assets (continued)

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 period of five years. For longer period, 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 profit and loss 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.

(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 profit and loss over the period of borrowings on an effective interest rate basis.

NOTES

(Forming part of the consolidated financial statements)

4 Significant accounting policies (continued)

(q) Interest bearing borrowings (continued)

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 period 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 profit and loss 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.

(u) Fair value

The fair value of interest bearing items is estimated based on discounted cash flows using interest rates for items with similar terms and risk characteristics.

The fair value of unquoted derivatives is determined by discounted cash flows or by reference to broker's quotes.

(v) Royalty

Royalty is payable based on the respective concession agreements on accrual basis.

NOTES

(Forming part of the consolidated financial statements)

4 Significant accounting policies (continued)

(w) 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 2015, and have not been applied in preparing these consolidated financial statements as follows:

- IFRS 9: In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but comparative information is not compulsory. The Group has performed a high-level impact assessment of all three aspects of IFRS 9 and expects no significant impact on its balance sheet and equity. The Group plans to adopt the new standard on the required effective date.
- IFRS 15: Issued in May 2014, IFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plan to adopt the new standard on the required effective date. The Group is considering the clarifications issued by the IASB in an exposure draft in July 2015 and will monitor any further developments.
- IFRS 16: The IASB issued IFRS 16 Leases (IFRS 16), which requires lessees to recognise assets and liabilities for most leases. For lessors, there is little change to the existing accounting in IAS 17 Leases. The Group will perform a detailed assessment in the future to determine the extent. The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, IFRS 15 Revenue from Contracts with Customers, has been applied, or is applied at the same date as IFRS 16.

NOTES

(Forming part of the consolidated financial statements)

5 Direct operating costs

31 December 2014 US $ '000	**31 December 2015 US $ '000**		**31 December 2015 RO'000**	31 December 2014 RO'000
43,237	**42,315**	Staff costs (note10)	**16,275**	16,629
19,267	**19,378**	Depreciation (note 11)	**7,453**	7,411
8,667	**8,093**	Repair and maintenance	**3,113**	3,334
6,208	**5,527**	Power and fuel	**2,126**	2,388
883	**824**	Equipment leasing costs	**317**	340
1,412	**967**	Marine services	**372**	543
736	**984**	System and communications	**378**	283
80,410	**78,088**		**30,034**	30,928

6 Other operating expenses

31 December 2014 US $ '000	**31 December 2015 US $ '000**		**31 December 2015 RO'000**	31 December 2014 RO'000
6,752	**8,129**	Ground rent and royalty	**3,126**	2,597
4,436	**4,430**	Management fees	**1,704**	1,706
1,489	**1,830**	Depreciation (note 11)	**704**	573
1,164	**975**	Terminal maintenance	**375**	448
1,581	**2,008**	Insurance	**772**	608
39	**39**	Amortisation (note 12)	**15**	15
15,461	**17,411**		**6,696**	5,947

NOTES

(Forming part of the consolidated financial statements)

7 Administration and general expenses

31 December 2014 US $ '000	**31 December 2015 US $ '000**		**31 December 2015 RO'000**	31 December 2014 RO'000
16,277	**15,039**	Staff costs (note10)	**5,784**	6,260
1,101	**706**	Travelling expenses	**272**	423
1,080	**648**	Systems and communications	**249**	415
199	**522**	Sales and marketing	**201**	76
394	**380**	Directors remuneration and sitting fees	**146**	152
1,268	**348**	Legal and professional fees	**134**	488
996	**322**	Other claims	**124**	383
268	**304**	Depreciation (note 11)	**117**	103
268	**257**	Office rent and land maintenance costs	**99**	103
184	**141**	Corporate social responsibility	**54**	71
79	**39**	Postage, printing and stationery	**15**	30
45	**21**	General admintration expenses Expenses	**8**	17
74	**(172)**	Inventory obsolescence / (write back) (note 15)	**(66)**	28
1,341	**(52)**	Provision for impairment of receivables write back (note 16)	**(20)**	516
23,574	**18,503**		**7,117**	9,065

8 Other income

31 December 2014 US $ '000	**31 December 2015 US $ '000**		**31 December 2015 RO'000**	31 December 2014 RO'000
-	**1,916**	Write back of provision for expenses made in previous year	**737**	-
666	**1,139**	Miscellaneous income	**438**	256
32	**13**	Gain on sale property and equipment	**5**	12
972	**720**	Interest income	**277**	374
1,670	**3,788**		**1,457**	642

NOTES

(Forming part of the consolidated financial statements)

9 Finance costs

31 December 2014 US $ '000	**31 December 2015 US $ '000**		**31 December 2015 RO'000**	31 December 2014 RO'000
5,161	**3,760**	Term loan interest	**1,446**	1,985
75	**86**	Other finance charges	**33**	29
5,236	**3,846**	Total finance cost	**1,479**	2,014

10 Staff costs

31 December 2014 US $ '000	**31 December 2015 US $ '000**		**31 December 2015 RO'000**	31 December 2014 RO'000
47,597	**46,227**	Wages and salaries	**17,780**	18,307
8,103	**7,134**	Other benefits	**2,744**	3,115
1,262	**828**	Un-funded defined benefit retirement plan	**318**	485
2,552	**3,165**	Contributions to defined contribution retirement plan	**1,217**	982
59,514	**57,354**		**22,059**	22,889

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

31 December 2014 US $ '000	**31 December 2015 US $ '000**		**31 December 2015 RO'000**	31 December 2014 RO'000
43,237	**42,315**	Direct Operating costs	**16,275**	16,629
16,277	**15,039**	Adminstration and general expenses	**5,784**	6,260
59,514	**57,354**		**22,059**	22,889

11 Property and equipment

Details of property and equipment are set out in pages 42, 43, 44 and 45.

Buildings are situated on land leased up to the year 2028, from the Ministry of Transport and Communications. Lease rental for year ended December 2015 is RO 1.51 million (December 2014: RO 1.47 million) and increases based on contractual terms agreed with the Government.

NOTES

(Forming part of the consolidated financial statements)

11 Property and equipment (continued)

During November 2015, the Board of Directors approved sale of 2 RTG cranes. Accordingly, RO 27 thousands (USD 70 thousands) has been recognised as "assets held for sale". Assets held for sale are recorded at lower of their carrying amount and fair value less costs to sell.

The depreciation charge has been allocated in the profit and loss as follows:

31 December 2014 US $ '000	**31 December 2015 US $ '000**		**31 December 2015 RO'000**	31 December 2014 RO'000
19,267	**19,378**	Direct operating costs	**7,453**	7,411
1,489	**1,830**	Other operating expenses	**704**	573
268	**304**	Administration expenses	**117**	103
21,024	**21,512**		**8,274**	8,087

12 Intangible assets

31 December 2014 US $ '000	**31 December 2015 US $ '000**		**31 December 2015 RO'000**	31 December 2014 RO'000
1,105	**1,105**	1 January	**425**	425
		Cumulative amortisation		
(551)	**(590)**	1 January	**(227)**	(212)
(39)	**(39)**	Additions	**(15)**	(15)
(590)	**(629)**	31 December	**(242)**	(227)
		Carrying amount		
554	**515**	1 January	**198**	213
(39)	**(39)**	Amortisation	**(15)**	(15)
515	**476**	31 December	**183**	198

13 Available for sale investments

31 December 2014 US $ '000	**31 December 2015 US $ '000**		**31 December 2015 RO'000**	31 December 2014 RO'000
762	**772**	Ordinary Shares – Quoted	**297**	293
762	**772**		**297**	293

NOTES

(Forming part of the consolidated financial statements)

13 Available for sale investments (continued)

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 period is as follows:

31 December 2014 US $ '000	31 December 2015 US $ '000		31 December 2015 RO'000	31 December 2014 RO'000
50	10	Net movement on unrealised gain	4	19

14 Term deposits

31 December 2014 US $ '000	31 December 2015 US $ '000		31 December 2015 RO'000	31 December 2014 RO'000
13,000	13,000	Bank deposits – DSRA (i)	5,000	5,000
-	26,000	Bank deposits and others (ii)	10,000	-
13,000	39,000		15,000	5,000

(i) 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 2015, the fixed deposit constitutes DSRA of RO 4.46 million (US$ 11.61 million) [December 2014 – RO 4.51 million (US$ 11.73 million)] and the balance of RO 0.54 million (US$ 1.39 million) [December 2014 – RO 0.49 million (US$ 1.27 million)] is available for free use by the Company.

(ii) At 31 December 2015, the long term deposits in RO are placed with a commercial bank in Oman and bank depoits – DSRA (i) carries effective annual interest rates of 1.75% and Bank Deposits and others carries effective interest rate of 3.25%. These depoits are recorded as non current assets.

15 Inventories

31 December 2014 US $ '000	31 December 2015 US $ '000		31 December 2015 RO'000	31 December 2014 RO'000
5,921	5,917	Spares and consumables	2,277	2,277
(2,218)	(2,046)	Less: provision for slow moving inventories	(787)	(853)
3,703	3,871		1,490	1,424

NOTES

(Forming part of the consolidated financial statements)

15 Inventories (continued)

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

For the year 31 December 2014 US $ '000	For the year 31 December 2015 US $ '000		For the year 31 December 2015 RO'000	For the year 31 December 2014 RO'000
2,144	2,218	1 January	853	825
74	(172)	Provided during the year	(66)	28
2,218	2,046	31 December	787	853

16 Trade and other receivables

31 December 2014 US $ '000	31 December 2015 US $ '000		31 December 2015 RO'000	31 December 2014 RO'000
5,132	8,445	Receivables from related parties	3,248	1,974
13,835	9,885	Trade receivables	3,802	5,321
(543)	(491)	Less : provision for impairment	(189)	(209)
13,292	9,394		3,613	5,112
966	1,754	Receivables from the Government of Sultanate of Oman	675	372
887	783	Prepaid expenses	301	341
958	44	Other receivables	17	368
21,235	20,420		7,854	8,167

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

Movement for provision for impairment of trade receivables:

For the year 31 December 2014 US $ '000	For the year 31 December 2015 US $ '000		For the year 31 December 2015 RO'000	For the year 31 December 2014 RO'000
6,339	543	1 January	209	2,438
1,341	(52)	Provided during the year (Net)	(20)	516
(7,137)	-	Receivables written off during the year	-	(2,745)
543	491	31 December	189	209

NOTES

(Forming part of the consolidated financial statements)

17 Cash and bank balances

31 December 2014	**31 December 2015**		**31 December 2015**	31 December 2014
US $ '000	**US $ '000**		**RO'000**	RO'000
7,870	**6,450**	Cash and bank balances	**2,481**	3,027
28,039	**2,814**	Call deposit accounts	**1,083**	10,784
35,909	**9,264**	Cash and cash equivalents	**3,564**	13,811

31December 2014	**31 December 2015**		**31 December 2015**	31 December 2014
US $ '000	**US $ '000**		**RO'000**	RO'000
49,000	**23,400**	Short term deposits	**9,000**	18,846

At 31 December 2015, call and short term deposits are placed in USD with local commercial banks in Oman. Term deposits carry effective annual interest rates of 2.3% (2014: 1.3%) and call deposits carry an effective annual interest rate of 1.73% (2014: 0.25%).

18 Equity

(a) Share capital

	Authorised		Issued and fully paid	
	31 December 2015	31 December 2014	**31 December 2015**	31 December 2014
Shares of RO 0.100 each (RO '000)	**200,000**	200,000	**179,837**	179,837
Shares of RO 0.100 each (US$ '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.

NOTES

(Forming part of the consolidated financial statements)

18 Equity (continued)

(b) Share premium (continued)

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:

	31 December 2015		31 December 2014	
	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. This having been achieved no further transfers were being made during the year.

(d) Non-controlling interests

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 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 2015 as follows:

31 December 2014	**31 December 2015**		**31 December 2015**	31 December 2014
13,684	**15,273**	Profit for the year (US $ '000 / RO '000)	**5,185**	5,264
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**	0.029

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(Forming part of the consolidated financial statements)

19 Earnings per share (continued)

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

The Board of Directors has proposed a cash dividend of RO 0.015 (2014: RO 0.015) [USD 0.39 (2014: USD 0.39)] per share totalling to amount of approximately RO 2.698 million (2014: RO 2.698 million) [USD 7.013 million (2014: USD 7.013 million)] for the year ended 31 December 2015 (2014: 15%) which is subject to approval by the shareholders at the forth coming Annual General Meeting.

Shareholders approved the proposed cash dividend for 2014 in annual general meeting held in 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 2015, total amount of unclaimed dividend amounted to RO 45,021 (December 2014: RO 38,633). Any outstanding unpaid dividend more than six months has been transferred to the Investors' Trust Fund during October 2015.

21 Net assets per share

Net assets per share is 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 at 31 December as follows:

31 December 2014	**31 December 2015**		**31 December 2015**	31 December 2014
126,018	**134,311**	Net assets (US $ '000 / RO '000)	**51,660**	48,471
179,837	**179,837**	Shares outstanding at 31 December ('000)	**179,837**	179,837
0.70	**0.75**	Net assets per share (US $ / RO)	**0.287**	0.270

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.

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(Forming part of the consolidated financial statements)

22 Loans and borrowings (continued)

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

Tranche III of the term loan is repayable in 18 instalments of six-monthly intervals which 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 annual maximum interest rate of 4.895% (refer note 26).

Tranche IV of the term loan is repayable in 16 instalments of six-monthly intervals which 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 annual maximum interest rate of 3.350% (refer note 26).

The company prepaid an amount of RO 7.69 million (USD 20 million) in quarter ended 31 March 2015. Prepayment of RO 3.27 million (USD 8.5 million) was made towards Tranche III and RO 4.4 million (USD 11.5 million) towards Tranche IV.

At 31 December 2015, 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					
Tranche 3	**11,421**	**3,807**	**3,807**	**3,807**	**-**
Tranche 4	**15,365**	**5,122**	**5,122**	**5,121**	**-**
	26,786	**8,929**	**8,929**	**8,928**	**-**
US $ '000					
Tranche 3	**29,691**	**9,897**	**9,897**	**9,897**	**-**
Tranche 4	**39,955**	**13,318**	**13,318**	**13,318**	**-**
	69,646	**23,215**	**23,215**	**23,215**	**-**

At 31 December 2014, 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					
Tranche 3	17,579	3,541	4,679	9,359	-
Tranche 4	23,656	4,765	6,297	12,594	-
	41,235	8,306	10,976	21,953	-
US $ '000					
Tranche 3	45,705	9,207	12,165	24,333	-
Tranche 4	61,506	12,389	16,373	32,744	-
	107,211	21,596	28,539	57,077	-

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

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(Forming part of the consolidated financial statements)

22 Loans and borrowings (continued)

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

The term loan facilities bear an effective interest rate of 4.02% (December 2014: 4.17%) 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 Employee's end of service benefits

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

31 December 2014	**31 December 2015**		**31 December 2015**	31 December 2014
US $ '000	**US $ '000**		**RO'000**	RO'000
4,708	**5,286**	As at 1 January	**2,033**	1,811
1,262	**828**	Accruals during the year	**318**	485
(684)	**(428)**	End of service benefit paid	**(164)**	(263)
5,286	**5,686**	As at 31 December	**2,187**	2,033

24 Trade and other payables

31 December 2014	**31 December 2015**		**31 December 2015**	31 December 2014
US $ '000	**US $ '000**		**RO'000**	RO'000
4,696	**4,992**	Trade payables	**1,920**	1,806
329	**1,018**	Amounts due to Government of Sultanate of Oman	**393**	127
4,540	**4,540**	Amounts due to related parties (note 27)	**1,746**	1,746
1,698	**3,255**	Current tax payable (note 25)	**1,252**	653
36,039	**41,097**	Accrued expenses and other liabilities	**15,806**	13,861
47,302	**54,902**		**21,117**	18,193

25 Taxation

The parent company and its subsidiary are assessed separately for taxation. The tax rate applicable is 12% (31 December 2014: 12%). For the purpose of determining the tax expense for the year, the accounting profit has been adjusted for tax purposes relating to both income and expense items. After giving effect to these adjustments, the average effective tax rate is estimated to be 8% (31 December 2014: 15.44%).

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(Forming part of the consolidated financial statements)

25 Taxation (continued)

The difference between the applicable tax rates of 12% and the effective tax rate of 8% 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 2014: 12%).

During the year tax assessments up to tax year 2012 have been finalised by the tax department for the parent company. Based on the assessment an additional tax impact of RO 85,155 was recognised in the consolidated financial statements. The assessment for the years from 2013 to 2014 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 Group's consolidated financial position as at 31 December 2015.

31 December 2014	**31 December 2015**		**31 December 2015**	31 December 2014
		Profit and loss		
1,698	**3,042**	Current tax - current year	**1,170**	653
796	**(1,854)**	Deferred tax - current year	**(713)**	306
2,494	**1,188**		**457**	959
		Tax provision		
-	**1,698**	As at 1 January	**653**	-
1,698	**1,557**	Movement for the year	**599**	653
1,698	**3,255**	As at 31 December	**1,252**	653

Deferred tax liability comprises the following temporary differences:

		Deferred tax liability		
18,005	**18,801**	As at 1 January	**7,230**	6,924
796	**(1,854)**	Movement for the year	**(713)**	306
18,801	**16,944**	As at 31 December	**6,517**	7,230

Deferred tax adjustments relates to the following:

31 December 2014	**31 December 2015**		**31 December 2015**	31 December 2014
US $ '000	**US $ '000**		**RO'000**	RO'000
(154,081)	**(143,746)**	Net book value of property and equipment	**(55,287)**	(59,262)
2,761	**2,538**	Provisions and losses	**976**	1,062
(151,320)	**(141,208)**		**(54,311)**	(58,200)

Port of Salalah Development Company LLC

Tax assessments have been completed up to tax year 2009. There were no additional tax implications.

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(Forming part of the consolidated financial statements)

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 2015, the USD LIBOR was approximately 0.846% (December 2014: 0.326%) 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 2015 were assessed at RO 0.75 million (US$1.94 million) [December 2014: Loss of RO 1.43 million (US$ 3.72 million)] by the counter parties to IRS. In case, the Company terminates the IRS at 31 December 2015, it may incur the above stated 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 0.75 million (US$1.94 million) [December 2014: Loss of RO 1.43 million (US$3.72 million)] has been recorded as other comprehensive income and RO 0.75 million (US$1.94 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
2015	**-**	**746**	**19,190**	**7,676**	**11,514**	**-**
2014	-	1,431	25,933	6,743	19,190	-
	US $ '000	US $ '000	US $ '000	US $ '000	US $ '000	US $ '000
2015	**-**	**1,940**	**49,895**	**19,958**	**29,937**	**-**
2014	-	3,721	67,427	17,531	49,896	-

As at 31 December 2015, the foreign currency forward contract commitment amounted to RO 1.03 million (2014 - NIL) to purchase EURO. The aggregate fair value of the rights and obligations of the foreign currency forward contracts, which were in EURO at 31 December 2015 were insignificant and therefore were not recognised in the consolidated financial statements.

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27 Related party transactions

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:

	31 December 2015			31 December 2014		
	Purchases	**Sales**	**Others**	Purchases	Sales	Others
	RO '000	**RO '000**	**RO '000**	RO'000	RO '000	RO '000
Other related parties	**89**	**21,203**	**253**	55	16,727	211
	89	**21,203**	**253**	55	16,727	211
	USD '000	**USD '000**	**USD '000**	USD '000	USD '000	USD '000
Other related parties	**231**	**55,128**	**658**	142	43,490	549
	231	**55,128**	**658**	142	43,490	549

Compensation of key management personnel:

The key management personnel compensation for the year comprises:

31 December 2014	**31 December 2015**		**31 December 2015**	31 December 2014
US $ '000	**US $ '000**		**RO'000**	RO'000
1,754	**1,328**	Short term benefits	**511**	674
99	**128**	End of service benefits	**49**	38
312	**312**	Remuneration of directors	**120**	120
82	**68**	Sitting fees of directors	**26**	32
2,247	**1,836**		**706**	864

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(Forming part of the consolidated financial statements)

27 Related party transactions (continued)

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

	31 December 2015		31 December 2014	
	Trade and other receivables	**Trade and other payables**	Trade and other receivables	Trade and other payables
	RO '000	**RO '000**	RO'000	RO'000
Other related parties	**3,248**	**1,746**	1,974	1,746
	US $ '000	**US $ '000**	US $ '000	US $ '000
Other related parties	**8,445**	**4,540**	5,132	4,540

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 organised 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 organised 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 Audited consolidated financial statements.

	Container terminal		General cargo terminal		Total	
	31 December 2015	31 December 2014	**31 December 2015**	31 December 2014	**31 December 2015**	31 December 2014
	RO'000	RO'000	**RO'000**	RO'000	**RO'000**	RO'000
Revenue	**37,920**	42,50	**11,588**	11,024	**49,508**	53,533
Depreciation and amortisation	**(7,412)**	(7,255)	**(878)**	(847)	**(8,289)**	(8,102)
Net Profit	**2,974**	3,441	**2,208**	1,821	**5,182**	5,262

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(Forming part of the consolidated financial statements)

28 Operating Segment information (continued)

	Container terminal		General cargo terminal		Total	
	31 December 2015	31 December 2014	**31 December 2015**	31 December 2014	**31 December 2015**	31 December 2014
	RO'000	RO'000	**RO'000**	RO'000	**RO'000**	RO'000
Other disclosures						
Capital expenditure	**3,670**	1,463	**399**	8	**4,029**	1,471

	Container terminal		General cargo terminal		Total	
	31 December 2015	31 December 2014	**31 December 2015**	31 December 2014	**31 December 2015**	31 December 2014
	US $ '000	US $ '000	**US $'000**	US $ '000	**US $ '000**	US $ '000
Revenue	**98,593**	110,522	**30,129**	28,662	**128,722**	139,184
Depreciation and amortisation	**(19,271)**	(18,862)	**(2,280)**	(2,201)	**(21,551)**	(21,063)
Net Profit	**7,735**	8,945	**5,739**	4,734	**13,474**	13,679
Operating assets	**236,650**	261,868	**46,830**	46,566	**283,480**	308,434
Operating liabilities	**236,650**	261,868	**46,830**	46,566	**283,480**	308,434
Other disclosures						
Capital expenditure	**9,542**	3,804	**1,037**	21	**10,579**	3,825

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

31 December 2014	**31 December 2015**		**31 December 2015**	31 December 2014
US $ '000	**US $ '000**		**RO'000**	RO'000
37,951	**38,465**	Oman	**14,794**	14,597
97,667	**88,690**	Europe	**34,112**	37,564
2,691	**573**	Other Asia	**220**	1,035
875	**994**	Africa	**382**	337
139,184	**128,722**		**49,508**	53,533

NOTES

(Forming part of the consolidated financial statements)

29 Commitments and contingencies

29.1 State audit findings

During the year 2015, State Audit Institution observations were received relating to the Company's financial and administrative matters for the period 2005 to 2013 highlighting alleged deviations from the terms of concession and commercial agreements. The Company replied in consultation with its legal advisors confirming that the Company has not caused any violations and the commercial decisions were well authorised.

A further letter was received from State Audit Institution in January 2016 which is being examined by the management.

The Board of Directors of the Company are of the opinion that the appropriate commercial decisions were taken in the best interests of the Company considering the market conditions and no further action is required in this regard. The matter is being taken up suitably by the company with the State Audit Institution.

29.2 Capital expenditure commitments

31 December 2014	**31 December 2015**		**31 December 2015**	31 December 2014
US $'000	**US $'000**		**RO'000**	RO'000
2,449	**5,455**	Capital expenditure commitments	**2,098**	942
2,449	**5,455**		**2,098**	942

29.3 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:

31 December 2014	**31 December 2015**		**31 December 2015**	31 December 2014
US $'000	**US $'000**		**RO'000**	RO'000
4,520	**4,520**	Not later than one year	**1,738**	1,738
19,478	**24,719**	Between one and five years	**9,507**	7,491
53,236	**47,995**	After five years	**18,459**	20,475
77,234	**77,234**		**29,704**	29,704

NOTES

(Forming part of the consolidated financial statements)

29 Commitments and contingencies (continued)

29.4 Claims

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 1.4 million (USD 3.68 million) [2014 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.

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.

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(Forming part of the consolidated financial statements)

30 Financial risk management (continued)

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

31December 2014	31 December 2015		31 December 2015	31 December 2014
US $ '000	US $ '000		RO'000	RO'000
10,945	7,924	Within credit period	3,048	4,210
2,419	2,645	Past due 31-60 days	1,018	930
1,037	1,134	Past due 61-90 days	436	399
174	554	Past due 90-180 days	213	67
226	(619)	More than 180 days	(238)	87
14,801	11,638		4,477	5,693

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

31 December 2014	31 December 2015		31 December 2015	31 December 2014
US $ '000	US $ '000		RO'000	RO'000
6,339	543	1 January	209	2,438
1,342	(52)	Charge for the year	(20)	516
(7,138)	-	Amounts written off	-	(2,745)
543	491	31 December	189	209

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

31 December 2014	31 December 2015		31 December 2015	31 December 2014
US $ '000	US $ '000		RO'000	RO'000
3,378	4,228	Oman	1,627	1,300
11,183	7,221	Europe	2,777	4,301
240	189	Other & Asia	73	92
14,801	11,638		4,477	5,693

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

31 December 2014	31 December 2015		31 December 2015	31 December 2014
US $ '000	US $ '000		RO'000	RO'000
11,389	7,419	Shipping lines	2,854	4,381
3,412	4,220	Others	1,623	,313
14,801	11,639		4,477	5,694

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(Forming part of the consolidated financial statements)

30 Financial risk management (continued)

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:

	31 December 2015				
	Less than 3 months	3 to 6 months	6 to 12 months	more than 12 months	Total
	RO'000	RO'000	RO'000	RO'000	RO'000
Trade and other payables	16,402	1,868	965	136	19,370
Loans and borrowings	-	5,055	4,931	18,646	28,632
Amount due to related Parties	1,746	-	-	-	1,746
	18,148	6,923	5,896	18,782	49,748
	US $'000	US $'000	US $'000	US $'000	US $'000
Trade and other payables	42,642	4,857	2,508	354	50,361
Loans and borrowings	-	13,143	12,823	48,480	74,446
Amount due to related Parties	4,540	-	-	-	4,540
	47,182	18,000	15,331	48,834	129,347

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(Forming part of the consolidated financial statements)

30 Financial risk management (continued)

	31 December 2014				
	Less than 3 months	3 to 6 months	6 to 12 months	more than 12 months	Total
	RO'000	RO'000	RO'000	RO'000	RO'000
Trade and Other Payables	15,793	-	-	-	15,793
Loans and borrowings	8,306	10,976	21,953	-	41,235
Amount due to related Parties	1,746	-	-	-	1,746
	25,845	10,976	21,953	-	58,774
	US $'000	US $'000	US $'000	US $'000	US $'000
Trade and Other Payables	41,065	-	-	-	41,065
Loans and borrowings	21,596	28,538	57,077	-	107,211
Amount due to related Parties	4,540	-	-	-	4,540
	67,201	28,538	57,077	-	152,816

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. Depended 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 2015, approximately 72% of the outstanding loans are at fixed rate of interest (December 2014: 63%). The following table summarises the impact of interest rate changes.

31 December 2014	**31 December 2015**		**31 December 2015**	31 December 2014
US$ '000	**US$ '000**		**RO '000**	RO '000
100	**100**	Increase in basis points	**100**	100
(398)	**(198)**	Effect on profit before tax	**(76)**	(153)
100	**100**	Decrease in basis points	**100**	100
398	**198**	Effect on profit before tax	**76**	153

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(Forming part of the consolidated financial statements)

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 December 2014.

	Profit or loss		**Equity**	
	100 bps Increase RO'000	**100 bps decrease RO'000**	**100 bps increase RO'000**	**100 bps decrease RO'000**
31 December 2015				
Interest rate swap	**76**	**(76)**	**75**	**(75)**
31 December 2014				
Interest rate swap	**-**	**-**	**143**	**(143)**

	Profit or loss		**Equity**	
	100 bps Increase USD'000	**100 bps decrease USD'000**	**100 bps increase USD'000**	**100 bps decrease USD'000**
31 December 2015				
Interest rate swap	**198**	**(198)**	**194**	**(194)**
31 December 2014				
Interest rate swap	**-**	**-**	**372**	**(372)**

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 recognises 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.

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(Forming part of the consolidated financial statements)

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.

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			
	31 December 2015		31 December 2014		**31 December 2015**		31 December 2014	
	RO '000	USD '000	RO '000	USD '000	RO '000	USD '000	RO '000	USD '000
Financial assets								
Non-current term deposits	**15,000**	**39,000**	5,000	13,000	**15,000**	**39,000**	5,000	13,000
Current-term deposits	**9,000**	**23,400**	13,846	36,000	**9,000**	**23,400**	13,846	36,000
Trade and other receivables	**4,606**	**11,975**	6,193	16,103	**4,606**	**11,975**	6,193	16,103
Due from related parties	**3,248**	**8,445**	1,974	5,132	**3,248**	**8,445**	1,974	5,132
Available-for-sale investments	**297**	**772**	293	762	**297**	**772**	293	762
Cash and bank balances	**3,564**	**9,264**	13,811	35,909	**3,564**	**9,264**	13,811	35,909
Total	**35,715**	**92,856**	41,117	106,906	**35,715**	**92,856**	41,117	106,906
Financial liabilities								
Trade and other payables	**19,371**	**50,362**	16,446	42,762	**19,371**	**50,362**	16,446	42,762
Due to related parties	**1,746**	**4,540**	1,746	4,540	**1,746**	**4,540**	1,746	4,540
Term loan	**26,786**	**69,646**	41,235	107,211	**26,786**	**69,646**	41,235	107,211
Derivatives financial instruments	**746**	**1,940**	1,431	3,721	**746**	**1,940**	1,431	3,721
Taxations	**6,517**	**16,944**	653	1,698	**6,517**	**16,944**	653	1,698
Total	**55,166**	**143,432**	61,511	159,932	**55,166**	**143,432**	61,512	159,933

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 Goup 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 2015, the carrying amounts of such receivables, net of allowances, are not materially different from their calculated fair values.

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(Forming part of the consolidated financial statements)

31 Fair values of the financial instruments (continued)

- Fair value of quoted instruments is based on price quotations at the reporting date.
- Interest rate swaps are fair valued on the valuation provided by the counter parties.

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 31 December 2015	**31 December 2015**	**Level 1**	**Level 2**	**Level 3**
	RO '000	**RO '000**	**RO '000**	**RO '000**
Available-for-sale investments	**297**	**297**	**-**	**-**
	US $ '000	**US $'000**	**US $ '000**	**US $ '000**
Available-for-sale investments	**772**	**772**	**-**	**-**
Liabilities measured at fair value	**RO '000**	**RO '000**	**RO '000**	**RO '000**
Interest rate swap	**746**	**-**	**746**	**-**
	US $ '000	**US $'000**	**US $ '000**	**US $ '000**
Interest rate swap	**1,940**	**-**	**1,940**	**-**

Assets measured at fair value at 31 December 2014	**31 December 2014**	**Level 1**	**Level 2**	**Level 3**
	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 financial assets	**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**	**-**

During the year ended 31 December 2015, 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.

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(Forming part of the consolidated financial statements)

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 4.48million (US$ 11.64 million) [December 2014 – RO 5.70 million (US$ 14.80 million)] and the provision for impairment was made RO 0.2 million (US$ 0.49 million) [December 2014 - RO 0.21 million (US$ 0.54 million)]. Any difference between the amounts actually collected in future period and the amounts expected will be recognised in the profit and loss.

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 2.3 million (US$ 5.92 million [December 2014 – RO 2.27 million (US$ 5.92 million)] and provisions for old and obsolete inventories was RO 0.8 million (US$ 2.0 million) [December 2014 – RO 0.85 million (US$ 2.21 million)]. Any difference between the amounts actually realised in future period and the amounts expected will be recognised in the profit and loss

Taxes

Uncertainties exist with respect to the interpretation of tax regulations and the amount and timing of future taxable income. Given the wide range of business relationships and nature of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of finalisation of tax assessments of respective Group companies. The amount of such provisions is based on various factors, such as experience of previous tax assessments and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

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(Forming part of the consolidated financial statements)

33 Comparative amounts

Certain corresponding figures for year ended 31 December 2014 have been reclassified in order to confirm 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.

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(Forming part of the consolidated financial statements)

Schedule 1 Property and equipment

For the year ended 31 December 2015

	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	Furnitures, fixtures and equipment RO '000	Capital work in progress RO '000	Total RO '000
Cost											
1 January 2015	7,093	68,307	38,637	6,893	2,831	11,594	285	2,973	3,943	23	142,579
Additions / recognition	132	399	-	-	-	2577	-	102	49	770	4,029
Disposal / Derecognition	-	-	(812)	(54)	-	(54)	-	-	-	-	(920)
31 December 2015	7,225	68,706	38,637	6,839	2,831	14,117	285	3,075	3,992	833	145,688
Accumulated depreciation											
1 January 2015	(4,234)	(27,358)	(18,295)	(4,659)	(2,038)	(4,804)	(236)	(2,210)	(2,855)	-	(66,689)
Depreciation for the year	(420)	(2,905)	(2,513)	(508)	(174)	(1,178)	(21)	(327)	(228)	-	(8,274)
Disposal / Derecognition	-	-	785	54	-	54	-	-	-	-	893
31 December 2015	**(4,654)**	**(30,263)**	**(20,808)**	**(5,113)**	**(2,212)**	**(5,928)**	**(257)**	**(2,537)**	**(3,083)**	**-**	**(74,070)**
Carrying amounts											
31 December 2015	**2,571**	**38,443**	**17,802**	**1,726**	**619**	**8,189**	**28**	**538**	**909**	**833**	**71,618**
31 December 2014	2,859	40,949	20,342	2,234	793	6,790	49	763	1,088	23	75,890

	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	Furnitures, fixtures and equipment US $ '000	Capital work in progress US $ '000	Total US $ '000
Cost											
1 January 2015	18,437	177,597	100,459	17,924	7,360	30,148	743	7,726	10,256	53	370,703
Additions / recognition	343	1,037	-	-	-	6,700	-	265	129	2,005	10,479
Disposal / Derecognition	-	-	(2,111)	(141)	-	(140)	-	-	-	-	(2,392)
31 December 2015	18,780	178,634	98,348	17,783	7,360	36,708	743	7,991	10,385	2,058	378,790
Accumulated depreciation											
1 January 2015	(11,004)	(71,132)	(47,566)	(12,116)	(5,296)	(12,490)	(612)	(5,749)	(7,428)	-	(173,393)
Depreciation for the year	(1,091)	(7,553)	(6,534)	(1,321)	(452)	(3,063)	(55)	(850)	(593)	-	(21,512)
Disposal	-	-	2,041	141	-	140	-	-	-	-	2,322
31 December 2015	(12,095)	(78,685)	(52,059)	(13,296)	(5,748)	(15,413)	(667)	(6,599)	(8,021)	-	(192,583)
Carrying amounts											
31 December 2015	**6,685**	**99,949**	**46,259**	**4,487**	**1,612**	**21,295**	**76**	**1,392**	**2,364**	**2,058**	**186,207**
31 December 2014	7,433	106,465	52,893	5,808	2,064	17,658	131	1,977	2,828	53	197,310

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(Forming part of the consolidated financial statements)

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	Marine equipment RO '000	Motor vehicles RO '000	Computer equipment and software RO '000	Furnitures, fixtures and equipment RO '000	Capital work in progress RO '000	Total RO '000
Cost											
1 January 2014	6,535	68,307	38,637	7,011	2,937	12,177	423	3,347	4,619	302	144,295
Additions / recognition	559	-	-	-	-	495	-	245	172	-	1,471
Transfer from CWIP	-	-	-	-	-	-	-	279		(279)	-
Disposal / Derecognition	(1)	(0)	-	(118)	(106)	(1,078)	(138)	(898)	(848)	-	(3,187)
31 December 2014	7,093	68,307	38,637	6,893	2,831	11,594	285	2,973	3,943	23	142,579
Accumulated depreciation											
Additions / recognition	(3,861)	(24,468)	(15,742)	(4,180)	(1,971)	(4,844)	(348)	(2,905)	(3,436)	-	(61,755)
Depreciation for the year	(374)	(2,890)	(2,553)	(567)	(173)	(1,038)	(26)	(199)	(267)	-	(8,087)
Disposal / derecognition	1	-	-	88	106	1,078	138	894	848	-	3,153
31 December 2014	(4,234)	(27,358)	(18,295)	(4,659)	(2,038)	(4,804)	(236)	(2,210)	(2,855)	-	(66,689)
Carrying amounts											
31 December 2014	**2,859**	**40,949**	**20,342**	**2,234**	**793**	**6,790**	**49**	**763**	**1,088**	**23**	**75,890**
31 December 2013	2,674	43,839	22,895	2,831	966	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	Marine equipment US $ '000	Motor vehicles US $ '000	Computer equipment and software US $ '000	Furnitures, fixtures and equipment US $ '000	Capital work in progress US $ '000	Total US $ '000
Cost											
1 January 2014	16,987	177,597	100,459	18,231	7,635	31,663	1,101	8,700	12,013	778	375,164
Additions / recognition	1,453	-	-	-	-	1,287	-	637	448	-	3,825
Transfer from CWIP	-	-	-	-	-	-	-	725	-	(725)	-
Disposal / derecognition	(3)	-	-	(307)	(275)	(2,802)	(358)	(2,336)	(2,205)	-	(8,286)
31 December 2014	18,437	177,597	100,459	17,924	7,360	30,148	743	7,726	10,256	53	370,703
Accumulated depreciation											
1 January 2014	(10,035)	(63,618)	(40,928)	(10,871)	(5,122)	(12,593)	(903)	(7,556)	(8,939)	-	(160,565)
Depreciation for the year	(972)	(7,514)	(6,638)	(1,474)	(449)	(2,699)	(67)	(517)	(694)	-	(21,024)
Disposal	3	-	-	229	275	2,802	358	2,324	2,205	-	8,196
31 December 2014	(11,004)	(71,132)	(47,566)	(12,116)	(5,296)	(12,490)	(612)	(5,749)	(7,428)	-	(173,393)
Carrying amounts											
31 December 2014	**7,433**	**106,465**	**52,893**	**5,808**	**2,064**	**17,658**	**131**	**1,977**	**2,828**	**53**	**197,310**
31 December 2013	6,952	113,979	59,531	7,360	2,513	19,070	198	1,144	3,074	778	214,599

STATEMENT OF COMPREHENSIVE INCOME (Parent Company)

For the year ended 31 December 2015

31 December 2014 US $ '000	**31 December 2015 US $ '000**		**31 December 2015 RO'000**	31 December 2014 RO'000
139,152	**128,729**	Revenue	**49,511**	53,521
(80,410)	**(78,088)**	Direct operating costs	**(30,034)**	(30,928)
(15,429)	**(17,379)**	Other operating expenses	**(6,684)**	(5,935)
(23,569)	**(18,496)**	Administration and general expenses	**(7,115)**	(9,063)
1,669	**3,788**	Other income	**1,457**	642
21,413	**18,554**	**Profit from operations**	**7,135**	8,237
(5,236)	**(3,846)**	Finance costs	**(1,479)**	(2,014)
16,177	**14,708**	**Profit for the year before tax**	**5,656**	6,223
(2,493)	**(1,188)**	Income tax	**(457)**	(959)
13,684	**13,520**	**Profit for the year**	**5,199**	5,264
		Other comprehensive income		
		Items that are or may be reclassified to profit or loss		
50	**10**	Fair value change of investments	**4**	19
2,155	**1,781**	Net movement in cash flow hedges	**685**	829
2,205	**1,791**		**689**	848
2,205	**1,791**	Other comprehensive income for the year, net of tax	**689**	848
15,889	**15,311**	**Total comprehensive income for the year, net of tax**	**5,888**	6,112
0.08	**0.08**	**Basic earnings per share (US $ / RO)**	**0.029**	0.029

STATEMENT OF FINANCIAL POSITION (Parent Company)

As at 31 December 2015

31 December 2014 US $ '000	**31 December 2015 US $ '000**		**31 December 2015 RO'000**	31 December 2014 RO'000
		ASSETS		
		Non-current Assets		
196,902	**186,819**	Property and equipment	**71,469**	75,730
515	**476**	Intangible assets	**184**	198
762	**772**	Available-for-sale investments	**297**	293
312	**312**	Investments in Subsidiary	**120**	120
13,000	**39,000**	Term deposits	**15,000**	5,000
211,491	**226,483**		**87,070**	81,341
		Current assets		
3,703	**3,871**	Inventories	**1,490**	1,424
21,279	**20,420**	Trade and other receivables	**7,854**	8,185
35,999	**23,400**	Short term deposits	**9,000**	13,846
35,672	**9,115**	Cash and cash equivalents	**3,503**	13,720
-	**70**	Assets classified as Held for Sale	**27**	-
96,653	**56,772**		**21,874**	37,175
308,144	**283,255**	**TOTAL ASSETS**	**108,944**	118,516
		EQUITY		
46,758	**46,758**	Share capital	**17,984**	17,984
7,666	**7,666**	Share premium	**2,949**	2,949
15,586	**15,586**	Legal reserve	**5,994**	5,994
(3,721)	**(1,940)**	Hedging deficit	**(746)**	(1,431)
242	**252**	Fair value reserve	**97**	93
59,383	**65,889**	Retained earnings	**25,342**	22,841
125,913	**134,211**	**TOTAL EQUITY**	**51,620**	48,430
		LIABILITIES		
		Non-current Liabilities		
85,616	**46,430**	Loans and borrowings	**17,857**	32,929
18,801	**16,947**	Deferred tax	**6,517**	7,230
5,286	**5,686**	Employees' end of service benefits	**2,187**	2,033
1,805	**681**	Derivative financial instruments	**262**	694
111,508	**69,744**		**26,823**	42,886
		Current liabilities		
47,212	**54,827**	Trade and other payables	**21,088**	18,157
21,596	**23,215**	Loans and borrowings	**8,929**	8,306
1,916	**1,258**	Derivative financial instruments	**484**	737
70,723	**79,300**		**30,501**	27,200
182,231	**149,044**	**TOTAL LIABILITIES**	**57,324**	70,086
308,144	**283,255**	**TOTAL EQUITY AND LIABILITIES**	**108,944**	118,516
0.70	**0.75**	**Net assets per share (US $/ RO)**	**0.287**	0.270

STATEMENT OF CHANGES OF EQUITY (Parent Company)

For the year ended 31 December 2015

	Attributable to equity shareholders of the parent company						
	Share capital RO '000	Share premium RO '000	Legal RO '000	Hedging deficit RO '000	Fair value reserve RO '000	Retained earnings RO '000	Total RO '000
Balance at 1 January 2014	17,984	2,949	5,650	(2,260)	74	22,417	46,814
Profit for the year	-	-	-	-	-	5,264	5,264
Other comprehensive income	-	-	-	829	19	-	848
Total comprehensive income	-	-	-	829	19	5,264	6,112
Dividend paid	-	-	-	-	-	(4,496)	(4,496)
Transfer	-	-	344	-	-	(344)	-
Balance at 31 December 2014	**17,984**	**2,949**	**5,994**	**(1,431)**	**93**	**22,841**	**48,430**
Balance 1 January 2015	17,984	2,949	5,994	(1,431)	93	22,841	48,430
Profit for the year	-	-	-	-	-	5,199	5,199
Other comprehensive income	-	-	-	685	4	-	689
Total comprehensive income	-	-	-	685	4	5,199	5,888
Dividend paid	-	-	-	-	-	(2,698)	(2,698)
Transfer	-	-	-	-	-	-	-
Balance at 31 December 2015	**17,984**	**2,949**	**5,994**	**(746)**	**97**	**25,342**	**51,620**

	Attributable to equity shareholders of the parent company						
	Share capital US $ '000	Share premium US $ '000	Legal US $ '000	Hedging deficit US $ '000	Fair value reserve US $ '000	Retained earnings US $ '000	Total US $ '000
Balance at 1 January 2014	46,758	7,666	14,690	(5,876)	192	58,284	121,714
Net profit for the year	-	-	-	-	-	13,684	13,684
Other comprehensive income	-	-	-	2,155	50	-	2,205
Total comprehensive income	-	-	-	2,155	50	13,684	15,889
Dividend paid	-	-	-	-	-	(11,691)	(11,691)
Transfer	-	-	894	-	-	(894)	-
Balance at 31 December 2014	**46,758**	**7,666**	**15,586**	**(3,721)**	**242**	**59,383**	**125,914**
Balance 1 January 2015	46,758	7,666	15,586	(3,721)	242	59,383	125,914
Net profit for the year	-	-	-	-	-	13,520	13,520
Other comprehensive income	-	-	-	1,781	10	-	1,791
Total comprehensive income	-	-	-	1,781	10	13,520	15,311
Dividend paid	-	-	-	-	-	(7,014)	(7,014)
Transfer	-	-	-	-	-	-	-
Balance at 31 December 2015	**46,758**	**7,666**	**15,586**	**(1,940)**	**252**	**65,889**	**134,211**

STATEMENT OF CASH FLOWS (Parent Company)

For the year ended 31 December 2015

31 December 2014 US $ '000	**31 December 2015 US $ '000**		**31 December 2015 RO'000**	31 December 2014 RO'000
		Operating activities		
16,178	**14,708**	Profit for the year before tax	**5,656**	6,223
		Adjustments for:		
21,034	**21,523**	Depreciation, derecognition and amortisation	**8,278**	8,091
1,262	**828**	Accrual for employees' end of service benefits	**318**	485
(32)	**(13)**	Gain on sale of equipment	**(5)**	(12)
(972)	**(720)**	Interest income	**(277)**	(374)
5,161	**3,760**	Finance cost	**1,446**	1,985
42,631	**40,086**	**Operating profit before working capital changes**	**15,416**	16,398
806	**(172)**	Change in inventories	**(66)**	310
14,687	**813**	Change in receivables	**313**	5,649
5,914	**5,877**	Change in payables	**2,257**	2,273
21,407	**6,518**	**Operating profit after working capital changes**	**2,504**	8,232
(684)	**(427)**	Employees' end of service benefits paid	**(164)**	(263)
-	**(1,485)**	Tax paid	**(571)**	-
63,354	**44,692**	**Net cash from operating activities**	**17,185**	24,367
		Investing activities		
(3,825)	**(10,480)**	Acquisition of property and equipment	**(4,029)**	(1,471)
120	**13**	Proceeds from sale of property and equipment	**5**	45
972	**720**	Interest received	**277**	374
(16,598)	**(13,399)**	Increase in other term deposits	**(5,154)**	(6,384)
(19,331)	**(23,146)**	**Net cash used investing activities**	**(8,901)**	(7,436)
		Financing activities		
(16,480)	**(37,566)**	Prepayment of loans and borrowings	**(14,448)**	(6,338)
(11,690)	**(7,014)**	Dividend paid	**(2,698)**	(4,496)
(5,161)	**(3,760)**	Finance cost	**(1,446)**	(1,985)
(33,331)	**(48,340)**	**Net cash used in financing activities**	**(18,592)**	(12,819)
10,691	**(26,794)**	**Net change in cash and cash equivalents**	**(10,308)**	4,112
24,981	**35,909**	**Cash and cash equivalents at 1 January**	**13,811**	9,608
35,672	**9,115**	**Cash and cash equivalents at 31 December**	**3,503**	13,720