

SALALAH PORT SERVICES COMPANY SAOG

Un-audited Consolidated financial statements

30 June 2015

Registered office and principal place of business:

PO Box 369, Postal Code 211

Salalah

Sultanate of Oman

C.R No.2127814

SALALAH PORT SERVICES COMPANY SAOG**Un-audited consolidated financial statements
30 June 2015**

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SALALAH PORT SERVICES COMPANY SAOG
Un-audited consolidated statement of comprehensive income
for the half year ended 30 June 2015

30-Jun-14 US \$ '000	30-Jun-15 US \$ '000		Notes	30-Jun-15 RO'000	30-Jun-14 RO'000
73,381	65,380	Revenue	28	25,146	28,223
(39,920)	(38,537)	Direct operating costs	5	(14,822)	(15,354)
(8,666)	(8,811)	Other operating expenses	6	(3,389)	(3,333)
(13,050)	(9,092)	Administration and general expenses	7	(3,498)	(5,018)
444	936	Other income	8	360	171
12,189	9,875	Profit from operations		3,797	4,689
(2,556)	(2,008)	Finance costs	9	(772)	(983)
9,633	7,867	Profit for the half year before tax		3,025	3,706
(1,360)	(944)	Income tax	25	(363)	(523)
8,272	6,924	Profit for the half year ending 30th June 2015		2,662	3,183
		Other comprehensive income			
		Items that will be never reclassified to profit or loss			
-	-	Revaluation of property, plant and equipment		-	-
-	-			-	-
		Items that are or may be reclassified to profit or loss			
16	5	Fair value change of investments	13	2	6
923	(358)	Net movement in cash flow hedges		(138)	355
939	(353)			(136)	361
939	(353)	Other comprehensive income for the half year, net of tax		(136)	361
9,211	6,570	Total comprehensive income for the half year, net of tax		2,526	3,544
		Profit attributable to :			
8,276	6,982	Equity holders of the parent		2,684	3,184
(3)	(58)	Non-controlling interests		(22)	(1)
		Total comprehensive income attributable to :			
9,215	6,628	Equity holders of the parent		2,548	3,545
(3)	(58)	Non-controlling interests		(22)	(1)
0.05	0.04	Basic earnings per share (US \$ / RO)	19	0.015	0.018

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

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

SALALAH PORT SERVICES COMPANY SAOG
Un-audited consolidated statement of financial position
as at 30 June 2015

30-Jun-14 US \$ '000	30-Jun-15 US \$ '000	Notes	30-Jun-15 RO'000	30-Jun-14 RO'000
ASSETS				
Non Current Assets				
206,742	192,756	11	74,137	79,517
539	499	12	192	207
728	767	13	295	280
10,400	13,000	14	5,000	4,000
<u>218,409</u>	<u>207,022</u>		<u>79,624</u>	<u>84,004</u>
Current Assets				
3,998	3,588	15	1,380	1,538
34,236	18,507	16	7,118	13,168
44,619	53,378	17	20,530	17,161
<u>82,853</u>	<u>75,473</u>		<u>29,028</u>	<u>31,867</u>
<u>301,262</u>	<u>282,495</u>		<u>108,652</u>	<u>115,871</u>
TOTAL ASSETS				
EQUITY				
46,758	46,758	18(a)	17,984	17,984
7,666	7,667	18(b)	2,949	2,949
15,518	15,587	18(c)	5,995	5,969
(4,953)	(4,079)	26	(1,569)	(1,905)
208	247		95	80
54,147	59,454		22,867	20,827
<u>119,344</u>	<u>125,634</u>		<u>48,321</u>	<u>45,904</u>
96	36	18(d)	14	37
<u>119,439</u>	<u>125,670</u>		<u>48,335</u>	<u>45,941</u>
TOTAL EQUITY				
LIABILITIES				
Non Current Liabilities				
96,035	58,038	22	22,322	36,936
19,362	18,379	25	7,069	7,447
5,080	5,364	23	2,063	1,954
2,733	2,059	26	792	1,051
<u>123,210</u>	<u>83,840</u>		<u>32,246</u>	<u>47,388</u>
Current Liabilities				
37,186	50,574	24	19,451	14,301
19,207	20,392	22	7,843	7,387
2,220	2,020	26	777	854
<u>58,612</u>	<u>72,986</u>		<u>28,071</u>	<u>22,542</u>
<u>181,822</u>	<u>156,825</u>		<u>60,317</u>	<u>69,930</u>
<u>301,262</u>	<u>282,495</u>		<u>108,652</u>	<u>115,871</u>
<u>0.66</u>	<u>0.27</u>	21	<u>0.269</u>	<u>0.255</u>
Net assets per share (US \$ / RO)				

These unaudited consolidated financial statements were approved and authorised for issue by the Board of Directors on 12 August 2015 and were signed on its behalf by:

Chairman	Chief Executive Officer	Chief Financial Officer
The attached notes 1 to 33 and schedules form part of these Un-audited consolidated financial statements.		

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

SALALAH PORT SERVICES COMPANY SAOG
Un-audited consolidated statement of changes in equity
for the half year ended 30 June 2015

	Attributable to equity shareholders of the parent company							Total RO '000
	Share capital RO '000	Share premium RO '000	Legal reserve RO '000	Hedging surplus/ (deficit) RO '000	Fair value reserve RO '000	Retained earnings RO '000	Non - Controlling interests RO '000	
	1 January 2014	17,984	2,949	5,650	(2,260)	74	22,458	
Net profit for the year	-	-	-	-	-	5,264	(2)	5,262
Other comprehensive income	-	-	-	829	19	-	-	848
Total comprehensive income	-	-	-	829	19	5,264	(2)	6,110
Dividend paid	-	-	-	-	-	(4,496)	-	(4,496)
Transfer	-	-	345	-	-	(345)	-	-
1 January 2015	17,984	2,949	5,995	(1,431)	93	22,881	36	48,507
Net profit for the half year ended 30th June 2015	-	-	-	-	-	2,684	(22)	2,662
Other comprehensive income	-	-	-	(138)	2	-	-	(136)
Total comprehensive income	-	-	-	(138)	2	2,684	(22)	2,526
Dividend Declared (note20)	-	-	-	-	-	(2,698)	-	(2,698)
Transfer	-	-	-	-	-	-	-	-
30 June 2015	17,984	2,949	5,995	(1,569)	95	22,867	14	48,335

	Attributable to equity shareholders of the parent company							Total US \$ '000
	Share capital US \$ '000	Share premium US \$ '000	Legal reserve US \$ '000	Hedging surplus/ (deficit) US \$ '000	Fair value reserve US \$ '000	Retained earnings US \$ '000	Non - Controlling interests US \$ '000	
	1 January 2014	46,758	7,667	14,690	(5,876)	192	58,390	
Net profit for the year	-	-	-	-	-	13,684	(5)	13,679
Other comprehensive income	-	-	-	2,155	50	-	-	2,205
Total comprehensive income	-	-	-	2,155	50	13,684	(5)	15,884
Dividend paid	-	-	-	-	-	(11,691)	-	(11,691)
Transfer	-	-	897	-	-	(897)	-	-
1 January 2015	46,758	7,667	15,587	(3,721)	242	59,486	94	126,114
Net profit for the half year ended 30th June 2015	-	-	-	-	-	6,982	(58)	6,924
Other comprehensive income	-	-	-	(358)	5	-	-	(353)
Total comprehensive income	-	-	-	(358)	5	6,982	(58)	6,570
Dividend Declared (note20)	-	-	-	-	-	(7,014)	-	(7,014)
Transfer	-	-	-	-	-	-	-	-
30 June 2015	46,758	7,667	15,587	(4,079)	247	59,454	36	125,670

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

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

SALALAH PORT SERVICES COMPANY SAOG
Un-audited consolidated statement of cash flows
for the half year ended 30 June 2015

30-Jun-14 US \$ '000	30-Jun-15 US \$ '000		30-Jun-15 RO'000	30-Jun-14 RO'000
		Operating activities		
9,633	7,867	Profit for the year before tax	3,025	3,706
		Adjustments for:		
10,521	10,546	Depreciation, derecognition and amortisation	4,056	4,047
880	452	Accrual for employees' end of service benefits	174	338
(23)	-	(Gain) loss on sale of equipment	-	(9)
(421)	(270)	Interest income	(104)	(162)
2,496	1,997	Finance cost	768	960
	(1,365)	Provision for Current Tax	(525)	
23,086	19,226	Operating profit before working capital changes	7,394	8,880
510	114	Change in inventories	44	196
1,643	2,727	Change in receivables	1,049	632
(2,508)	3,271	Change in payables	1,258	(966)
(509)	(375)	Employees' end of service benefits paid	(144)	(196)
22,222	24,964	Net cash from operating activities	9,601	8,546
		Investing activities		
(2,645)	(5,973)	Acquisition of property and equipment	(2,296)	(1,017)
38	-	Proceeds from sale of property and equipment	-	15
421	270	Interest received	104	162
22,001	36,000	Decrease/(Increase) in other term deposits	13,846	8,462
19,815	30,297	Net cash used in investing activities	11,654	7,622
		Financing activities		
(8,450)	(28,781)	Prepayment of loans and borrowings	(11,070)	(3,250)
(11,690)	(7,014)	Dividend paid	(2,698)	(4,496)
(2,496)	(1,997)	Finance cost	(768)	(960)
(22,636)	(37,792)	Net cash (used in) from financing activities	(14,536)	(8,706)
19,401	17,469	Net change in cash and cash equivalents	6,719	7,462
25,217	35,909	Cash and cash equivalents at 1 January	13,811	9,699
44,619	53,378	Cash and cash equivalents at 30 June	20,530	17,161

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

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

SALALAH PORT SERVICES COMPANY SAOG

Notes

(forming part of the financial statements)

1 Legal status and principal activities

Salalah Port Services Company SAOG ("the Company") is registered as a joint stock company in the Sultanate of Oman under the Commercial Companies Law of Oman. The Un-audited consolidated financial statement of the Company for the half year ended 30 June 2015 comprises the financial statements of the Company and its subsidiary - Port of Salalah Development Company LLC ("POSDC") (together referred to as the Group). The Company is primarily engaged in leasing, equipping, operating and managing Container Terminal and General Cargo Terminal facilities in Salalah, Sultanate of Oman. POSDC is engaged in property related activities within the Port of Salalah premises.

2 Basis of Preparation

(a) Statement of compliance

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

(b) Basis of measurement and presentation currency

These Un-audited consolidated financial statements are presented in Rials Omani ("RO") and United States Dollars ("US\$") rounded off to the nearest thousands. The Un-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 Un-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 Un-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:
- a fixed royalty fee of USD 255,814 per annum is payable for Berth 1-4, increasing at the rate of 3% per annum;

SALALAH PORT SERVICES COMPANY SAOG

Notes

(forming part of the financial statements)

3 Significant agreements (continued)

- an additional fixed royalty fee of USD 750,000 per annum is payable for Berth 5 from 2007 onwards and increasing at the rate of 3% per annum; and
 - an additional fixed royalty fee of USD 750,000 per annum is payable for Berth 6 from 2008 onwards and increasing at the rate of 3% per annum; and
 - a variable royalty fee calculated in accordance with the terms set out in the Container Terminal Facilities Agreement.
- (ii) Management agreement for Container Terminal with AP Moller Terminals Co. LLC with the responsibility for day-to-day management of the Company and operations of the port on behalf of the company. This agreement is effective for the Concession Year. In consideration of the services provided by the manager the Company pays a fee, which varies dependant on the operating revenue of the Container Terminal.
- (iii) Concession agreements with the Government of the Sultanate of Oman to equip, operate, market and manage Salalah Port Conventional Terminal facilities ("General Cargo Terminal Facilities Agreement"). The agreement was executed on 11 March 2000, with retrospective effect from 1 October 1998. The agreement is effective for a Year co-terminus with the Container Terminal Facilities Agreement. In consideration for granting the concessions, the company pays royalty fee to the Government of Sultanate of Oman as follows:
- a fixed royalty fee of RO 49,900 per annum, payable from 2005 onwards and increasing at the rate of 3% per annum; and
 - a variable royalty fee calculated in accordance with the terms set out in the General Cargo Terminal Facilities Agreement.
- (iv) Management agreement for General Cargo Terminal with AP Moller Terminals Co. LLC with the responsibility for day-to-day management of the Company and operations of the port excluding Container Terminal facilities on behalf of the Company. The agreement is effective for the Concession Year. In consideration of the services provided by the manager the Company pays a fee, which varies dependant on the volumes handled by the General Cargo Terminal.

4 Significant accounting policies

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

(a) Basis of consolidation

The Un-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.

SALALAH PORT SERVICES COMPANY SAOG**Notes**

(forming part of the financial statements)

4 Significant accounting policies *(continued)**(a) Basis of consolidation (continued)*

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

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

If the Group loses control over a subsidiary, it:

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

(b) Revenue

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

(c) Interest income

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

(d) Employee benefits

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

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

(e) Foreign currencies

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

SALALAH PORT SERVICES COMPANY SAOG**Notes**

(forming part of the financial statements)

4 Significant accounting policies (continued)*(f) Derivative financial instruments and hedging*

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

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

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

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

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

(g) Intangible asset

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

*(h) Property and equipment**(i) Recognition and measurement*

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

SALALAH PORT SERVICES COMPANY SAOG
Notes

(forming part of the financial statements)

4 Significant accounting policies (continued)
(h) Property and equipment (continued)
(i) Recognition and measurement (continued)
Capital work-in-progress

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

(ii) Depreciation

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

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

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

(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 and losses on available for sale monetary assets, are recognised as other comprehensive income. The fair value of investments available for sale is their quoted bid price at the end of the reporting date. Available for sale investments are recognised / de-recognised by the Company on the date it commits to purchase/sell the investments. When an investment is derecognised the cumulative gain or loss in other comprehensive income is transferred to the statement of comprehensive income.

(j) Receivables

Receivables are stated at their cost less impairment losses.

Notes

(forming part of the financial statements)

4 Significant accounting policies (continued)

(k) Inventories

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

(l) Cash and cash equivalents

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

(m) Impairment of non-financial assets

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

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

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

(n) Dividends

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

(o) Determination of Directors remuneration

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

SALALAH PORT SERVICES COMPANY SAOG**Notes**

(forming part of the financial statements)

4 Significant accounting policies (continued)*(p) Payables and provisions*

Payables are stated at cost and provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation that can be measured reliably as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects the current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(q) Interest bearing borrowings

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

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

(r) Operating lease payments

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

(s) Income tax

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

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date.

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

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(t) Earnings per share

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the Year.

SALALAH PORT SERVICES COMPANY SAOG**Notes**

(forming part of the financial statements)

4 Significant accounting policies (continued)*(u) New Standards and interpretations not effective yet*

A number of relevant new standards, amendments to standards and interpretations are not yet effective for the half year ended 30 June 2015, and have not been applied in preparing these financial statements as follows.

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

- IFRS 9, Financial Instruments, published on 12 November 2009 as part of Phase 1 of the IASB's comprehensive project to replace IAS 39, deals with classification and measurement of financial assets. The requirements of this standard present a significant change from the existing requirements in IAS 39 in respect of financial assets. The standard contains the two primary measurement categories of financial assets: amortised cost and fair value. The standard eliminates the existing IAS 39 categories of held to maturity, available for sale and loans and receivables. The standard is effective for annual years beginning on or after 1 January 2018. Earlier application is permitted.
- IFRS 15, Revenue from contracts with customers, establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 revenue, IAS 11 construction contracts and IFRIC 13 customer loyalty programmes. The standard is effective for annual reporting periods beginning on or after 1 January 2017, with early adoption permitted.

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

SALALAH PORT SERVICES COMPANY SAOG
Notes
(forming part of the financial statements)
5 Direct operating costs

30-Jun-14 US \$ '000	30-Jun-15 US \$ '000		30-Jun-15 RO'000	30-Jun-14 RO'000
20,828	21,954	Staff costs (note10)	8,444	8,011
9,694	9,482	Depreciation (note 11)	3,647	3,729
4,839	3,370	Repair and maintenance	1,296	1,861
3,276	2,709	Power and fuel	1,042	1,260
426	338	Equipment Leasing Costs	130	164
370	452	Marine Services	174	142
487	232	System & Communications	89	187
39,920	38,537		14,822	15,354

6 Other operating expenses

30-Jun-14 US \$ '000	30-Jun-15 US \$ '000		30-Jun-15 RO'000	30-Jun-14 RO'000
4,313	4,293	Ground rent and royalty	1,651	1,659
2,319	2,246	Management fees	864	892
671	946	Depreciation (note 11)	364	258
551	543	Terminal Maintenance	209	212
793	764	Insurance	294	305
19	19	Amortization (note 12)	7	7
8,666	8,811		3,389	3,333

7 Administration and general expenses

30-Jun-14 US \$ '000	30-Jun-15 US \$ '000		30-Jun-15 RO'000	30-Jun-14 RO'000
8,245	7,121	Staff costs (note10)	2,739	3,171
137	99	Depreciation (note 11)	38	53
114	329	Sales and marketing	126	44
75	74	Corporate Social Responsibility	29	29
479	382	Systems and communications	147	183
681	148	Legal and professional fees	57	262
595	400	Travelling Expenses	154	229
34	16	Postage, Printing & Stationery	6	13
167	122	Office Rent & Maintenance Costs	48	64
79	21	General Admin. Expenses	8	30
203	184	Directors Remuneration & Sitting Fees	71	78
(70)	94	Inventory Obsolescence / (write back) /provided (note 15)	36	(27)
2,067	44	Provision for impairment of receivables (note 16)	17	795
244	57	Other Claims	22	94
13,050	9,092		3,498	5,018

SALALAH PORT SERVICES COMPANY SAOG
Notes
(forming part of the financial statements)
8 Other income

30-Jun-14 US \$ '000	30-Jun-15 US \$ '000		30-Jun-15 RO'000	30-Jun-14 RO'000
23	-	Gain/(Loss) on sale property and equipment	-	9
421	270	Interest income	104	162
-	666	Miscellaneous income/loss	256	-
<u>444</u>	<u>936</u>		<u>360</u>	<u>171</u>

9 Finance costs

30-Jun-14 US \$ '000	30-Jun-15 US \$ '000		30-Jun-15 RO'000	30-Jun-14 RO'000
2,496	1,997	Term loan interest	768	960
60	11	Other finance charges	4	23
<u>2,556</u>	<u>2,008</u>	Total finance cost	<u>772</u>	<u>983</u>

10 Staff costs

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

30-Jun-14 US \$ '000	30-Jun-15 US \$ '000		30-Jun-15 RO'000	30-Jun-14 RO'000
23,276	23,036	Wages and salaries	8,860	8,952
4,011	3,806	Other benefits	1,464	1,515
880	452	Un-funded defined benefit retirement plan	174	338
906	1,781	Contributions to defined contribution retirement plan	685	377
<u>29,073</u>	<u>29,075</u>		<u>11,183</u>	<u>11,182</u>

11 Property and equipment

Details of property and equipment are set out in pages 35 and 36.

Buildings are situated on land leased up to the year 2028, from the Ministry of Transport and Communications. Lease rental for half year ending June 2015 is RO 0.87million (June 2014: RO 0.85 million) and increases based on contractual terms agreed with the Government.

SALALAH PORT SERVICES COMPANY SAOG
Notes
(forming part of the financial statements)
11 Property and equipment (continued)

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

30-Jun-14 US \$ '000	30-Jun-15 US \$ '000		30-Jun-15 RO'000	30-Jun-14 RO'000
9,694	9,482	Direct operating costs	3,647	3,729
671	946	Other operating expenses	364	258
137	99	Administration expenses	38	53
<u>10,502</u>	<u>10,527</u>		<u>4,049</u>	<u>4,040</u>

12 Intangible assets

30-Jun-14 US \$ '000	30-Jun-15 US \$ '000		30-Jun-15 RO'000	30-Jun-14 RO'000
1,105	1,105	1 January	425	425
		Cumulative amortisation		
(547)	(588)	1 January	(227)	(211)
(19)	(18)	Additions	(7)	(7)
<u>(566)</u>	<u>(606)</u>	30 June	<u>(234)</u>	<u>(218)</u>
		Carrying amount		
558	517	1 January	198	214
(19)	(18)	Amortisation	(7)	(7)
<u>539</u>	<u>499</u>	30 June	<u>192</u>	<u>207</u>

13 Available for sale investments

30-Jun-14 US \$ '000	30-Jun-15 US \$ '000		30-Jun-15 RO'000	30-Jun-14 RO'000
728	767	Ordinary Shares - Quoted	295	280
<u>728</u>	<u>767</u>		<u>295</u>	<u>280</u>

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:

30-Jun-14 US \$ '000	30-Jun-15 US \$ '000		30-Jun-15 RO'000	30-Jun-14 RO'000
16	5	Net movement on unrealised loss/gain	2	6

SALALAH PORT SERVICES COMPANY SAOG
Notes
(forming part of the financial statements)
14 Term Deposits

30-Jun-14 US \$ '000	30-Jun-15 US \$ '000		30-Jun-15 RO'000	30-Jun-14 RO'000
10,400	13,000	Bank Deposits	5,000	4,000
<u>10,400</u>	<u>13,000</u>		<u>5,000</u>	<u>4,000</u>

At 30 June 2015, the fixed deposits in RO placed with a commercial bank in Oman and carries effective annual interest rates of 1.75% (June 2014: 5.50% per annum).

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

Thus, at 30 June 2015, the fixed deposit constitutes DSRA of RO 3.4 million (US\$ 8.8 million) [June 2014 – RO 3.67 million (US\$ 9.56 million)] and the balance of RO 1.6 million (US\$ 4.2 million) [June 2014 – RO 0.33 million (US\$ 0.83 million)] is available for free use by the Company.

15 Inventories

30-Jun-14 US \$ '000	30-Jun-15 US \$ '000		30-Jun-15 RO'000	30-Jun-14 RO'000
6,073	5,899	Spares and consumables	2,269	2,336
(2,075)	(2,311)	Less: Provision for slow moving inventories	(889)	(798)
<u>3,998</u>	<u>3,588</u>		<u>1,380</u>	<u>1,538</u>

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

30-Jun-14 US \$ '000	30-Jun-15 US \$ '000		30-Jun-15 RO'000	30-Jun-14 RO'000
2,144	2,218	1 January	853	825
(69)	93	Provided during the year	36	(27)
<u>2,075</u>	<u>2,311</u>	30 June	<u>889</u>	<u>798</u>

SALALAH PORT SERVICES COMPANY SAOG
Notes
(forming part of the financial statements)
16 Trade and other receivables

30-Jun-14 US \$ '000	30-Jun-15 US \$ '000		30-Jun-15 RO'000	30-Jun-14 RO'000
5,975	5,697	Receivables from related parties	2,191	2,298
19,240	9,999	Trade receivables	3,846	7,400
(1,271)	(588)	Less : Provision for impairment	(226)	(489)
17,969	9,411		3,620	6,911
4,657	2,080	Receivables from the Government of Sultanate of Oman	800	1,791
851	789	Prepaid expenses	303	327
4,784	530	Other receivables	204	1,840
34,236	18,507		7,118	13,168

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

Movement for provision for impairment of trade receivables:

30-Jun-14 US \$ '000	30-Jun-15 US \$ '000		30-Jun-15 RO'000	30-Jun-14 RO'000
6,339	543	1 January	209	2,438
(5,067)	44	Provided during the year (Net)	17	(1,949)
1,271	588	30 June	226	489

17 Cash and cash equivalents

30-Jun-14 US \$ '000	30-Jun-15 US \$ '000		30-Jun-15 RO'000	30-Jun-14 RO'000
34,603	24,339	Cash and bank balances	9,361	13,309
10,015	29,039	Call deposit accounts	11,169	3,852
44,619	53,378		20,530	17,161

At 30 June 2015, call and short term deposits are placed in USD with local commercial banks in Oman. Short term deposits carry effective annual interest rates of 2% and call deposits carry an effective annual interest rate of 0.25%.

SALALAH PORT SERVICES COMPANY SAOG
Notes
(forming part of the financial statements)
18 Equity
(a) Share capital

	Authorized		Issued and fully paid	
	30-Jun-15	30-Jun-14	30-Jun-15	30-Jun-14
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.

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:

	30-Jun-15		30-Jun-14	
	No. of shares	%	No. of shares	%
A.P. Terminals BV	54,180,000	30	54,180,000	30
Government of the Sultanate of Oman (Represented by Ministry of Finance)	36,120,000	20	36,120,000	20
HSBC BK PLC a/c IB Account	25,778,730	14	25,778,730	14
HSBC A/C Ministry of Defense – Pension Fund	17,983,740	10	17,983,740	10
	=====		=====	

(c) Legal reserve

The Commercial Companies Law of 1974 requires that 10% of a company's net profit be transferred to a non-distributable legal reserve until the amount of legal reserve becomes equal to one-third of the Company's share capital. The reserve is not available for distribution.

(d) Non-controlling interest

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

SALALAH PORT SERVICES COMPANY SAOG
Notes
(forming part of the financial statements)
19 Earnings per share

Basic earnings per share is calculated by dividing the net profit for the year attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period ended 30 June 2015 as follows:

30-Jun-14	30-Jun-15		30-Jun-15	30-Jun-14
8,276	6,982	Net profit for the year (US \$ '000 / RO '000)	2,684	3,184
179,837	179,837	Weighted average number of shares outstanding at 30 June ('000)	179,837	179,837
<u>0.05</u>	<u>0.04</u>	Basic earnings per share (US \$ / RO)	<u>0.015</u>	<u>0.018</u>

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 (US \$ 0.039) per share totalling to amount of approximately RO 2.7 million (US \$ 7 million) for the year ended 31 December 2014 (2013: 25%) which was approved by the shareholders at the Annual General Meeting on 26th 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.

21 Net assets per share

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

30-Jun-14	30-Jun-15		30-Jun-15	30-Jun-14
119,344	125,634	Net assets (US \$ '000 / RO '000)	48,321	45,904
179,837	179,837	Weighted average number of shares outstanding at 30 June ('000)	179,837	179,837
<u>0.66</u>	<u>0.70</u>	Net assets per share (US \$ / RO)	<u>0.269</u>	<u>0.255</u>

SALALAH PORT SERVICES COMPANY SAOG
Notes

(forming part of the financial statements)

22 Loans and Borrowings

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

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

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

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

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

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

Prepayment of RO 7.69 million (USD 20 million) was made in Q1 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 30 June 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					
Tranch 3	12,860	3,344	3,807	5,710	-
Tranch 4	17,305	4,499	5,122	7,683	-
	30,165	7,843	8,929	13,393	-
US \$ '000					
Tranch 3	33,436	8,693	9,897	14,845	-
Tranch 4	44,994	11,698	13,318	19,978	-
	78,430	20,392	23,215	34,823	-

SALALAH PORT SERVICES COMPANY SAOG
Notes
(forming part of the financial statements)
22 Loans and Borrowings (continued)

At 30 June 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					
Tranch 3	18,896	3,149	4,094	11,652	-
Tranch 4	25,428	4,238	5,509	15,681	-
	<u>44,324</u>	<u>7,387</u>	<u>9,603</u>	<u>27,333</u>	<u>-</u>
US \$ '000					
Tranch 3	49,129	8,188	10,645	30,296	-
Tranch 4	66,113	11,019	14,324	40,769	-
	<u>115,242</u>	<u>19,207</u>	<u>24,969</u>	<u>71,066</u>	<u>-</u>

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

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

The term loan facilities bear an effective interest rate of 2.2% (June 2014: 4.06%) incorporating the effect of hedging instrument.

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

23 Employees end of service benefits

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

30-Jun-14 US \$ '000	30-Jun-15 US \$ '000		30-Jun-15 RO'000	30-Jun-14 RO'000
4,709	5,286	1 January	2,033	1,811
880	452	Accruals during the year	174	338
(509)	(375)	End of service benefit paid	(144)	(196)
<u>5,080</u>	<u>5,363</u>	30 June	<u>2,063</u>	<u>1,954</u>

SALALAH PORT SERVICES COMPANY SAOG
Notes
(forming part of the financial statements)
24 Trade and other payables

30-Jun-14 US \$ '000	30-Jun-15 US \$ '000		30-Jun-15 RO'000	30-Jun-14 RO'000
3,913	3,271	Trade payables	1,258	1,505
382	330	Amounts due to Government of Sultanate of Oman	127	147
8,557	2,340	Amounts due to related parties (note 27)	900	3,291
24,334	44,633	Accrued expenses and other liabilities	17,166	9,358
<u>37,186</u>	<u>50,574</u>		<u>19,451</u>	<u>14,301</u>

25 Taxation

The parent company and its subsidiary are assessed separately for taxation. The tax rate applicable is 12% (30 June 2014: 12%). For the purpose of determining the tax expense for the year, the accounting profit has been adjusted. Adjustments for tax purposes include items relating to both income and expense. After giving effect to these adjustments, the average effective tax rate is estimated to be 11.98% (30 June 2014: 14.11%).

The difference between the applicable tax rates of 12% and the effective tax rate of 11.80% 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% (30 June 2014: 12%).

The assessments up to tax year 2008 have been finalised by the tax department. The assessment for the years from 2009 to 2013 have not been finalised with the Department of Taxation affairs. The Board of Directors are of the opinion that the additional taxes assessed, if any, would not be material to the Company's financial position as at 30 June 2015.

30-Jun-14	30-Jun-15		30-Jun-15	30-Jun-14
		Statement of comprehensive income statement		
-	1,365	Current tax - current year	525	-
1,360	(421)	Deferred tax - current year	(162)	523
<u>1,360</u>	<u>944</u>	30 June	<u>363</u>	<u>523</u>
		Tax provision		
-	1,698	1 January	653	-
-	(1,485)	Movement for the year	(571)	-
<u>-</u>	<u>213</u>	At end of period	<u>82</u>	<u>-</u>
		Deferred tax liability		
18,002	18,801	1 January	7,231	6,924
1,360	(421)	Movement for the year	(162)	523
<u>19,362</u>	<u>18,379</u>		<u>7,069</u>	<u>7,447</u>

SALALAH PORT SERVICES COMPANY SAOG
Notes
(forming part of the financial statements)
25 Taxation (continued)

Deferred tax liability comprises the following temporary differences:

30-Jun-14 US \$ '000	30-Jun-15 US \$ '000		30-Jun-15 RO'000	30-Jun-14 RO'000
(161,021)	(154,081)	Net book value of property and equipment	(59,262)	(61,931)
10,993	2,761	Provisions & losses	1,062	4,228
<u>(150,028)</u>	<u>(151,320)</u>		<u>(58,200)</u>	<u>(57,703)</u>

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

	30-Jun-15 RO'000	30-Jun-14 RO'000
Available up to 31 December 2014	0	0
Available up to 31 December 2015	0	0
Available up to 31 December 2016	0	1,875

Port of Salalah Development Company LLC

None of the subsidiary's tax assessments have been completed by the tax authorities.

26 Derivative financial instruments and hedging deficit

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

At 30 June 2015, the USD LIBOR was approximately 0.357% (June 2014: 0.33%) 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 30 June 2015 were assessed at RO 1.57 million (US\$4.07 million) [(June 2014: RO 1.91 million (US\$4.95 million) Loss)] by the counter parties to IRS. In case the Company terminates the IRS at 30 June 2015, it may result in a loss to the extent of RO 1.57 million (US\$4.07 million) [(June 2014: RO 1.91 million (US\$4.95 million) Loss)].

In order to comply with International Accounting Standard 39 "Financial Instruments: Recognition and Measurement" fair value of the hedge instruments' indicative loss of RO 1.57 million (US\$4.07 million) [(June 2014: RO 1.91.32 million (US\$4.95 million) Loss)] has been recorded as other comprehensive income and RO 1.57 million (US\$4.07 million) amount is recorded under liability.

SALALAH PORT SERVICES COMPANY SAOG
Notes
(forming part of the financial statements)
26 Derivative financial instruments and hedging deficit (continued)

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
30-Jun-15	-	1,569	28,838	7,676	21,162	-
30-Jun-14	-	1,905	31,120	5,187	25,933	-
	US \$ '000	US \$ '000	US \$ '000	US \$ '000	US \$ '000	US \$ '000
30-Jun-15	-	4,079	74,978	19,958	55,020	-
30-Jun-14	-	4,953	80,912	13,485	67,427	-

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:

	30-Jun-15			30-Jun-14		
	Purchases	Sales	Others	Purchases	Sales	Others
	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000
Associated companies	46	9,785	59	7	9,173	44
	<u>46</u>	<u>9,785</u>	<u>59</u>	<u>7</u>	<u>9,173</u>	<u>44</u>
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Associated companies	119	25,441	155	19	23,851	114
	<u>119</u>	<u>25,441</u>	<u>155</u>	<u>19</u>	<u>23,851</u>	<u>114</u>

Compensation of key management personnel:

The key management personnel compensation for the year comprises:

30-Jun-14 US \$ '000	30-Jun-15 US \$ '000		30-Jun-15 RO'000	30-Jun-14 RO'000
502	756	Short term benefits	291	368
49	32	End of service benefits	12	29
59	156	Remuneration of directors	60	75
105	28	Sitting fees of directors	11	16
<u>715</u>	<u>972</u>		<u>374</u>	<u>488</u>

SALALAH PORT SERVICES COMPANY SAOG
Notes

(forming part of the financial statements)

27 Related party transactions (Continued)

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

	30-Jun-15		30-Jun-14	
	Trade and other receivables RO '000	Trade and other payables RO '000	Trade and other receivables RO'000	Trade and other payables RO'000
Associated companies	<u>2,191</u>	<u>900</u>	<u>2,298</u>	<u>3,291</u>
	US \$ '000	US \$ '000	US \$ '000	US \$ '000
Associated companies	<u>5,697</u>	<u>2,340</u>	<u>5,975</u>	<u>8,557</u>

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 be collectible based on the past experience.

28 Operating Segment information

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

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

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

SALALAH PORT SERVICES COMPANY SAOG
Notes
(forming part of the financial statements)
28 Operating Segment information (Continued)

	Container Terminal		General Cargo Terminal		Total	
	30-Jun-15 RO'000	30-Jun-14 RO'000	30-Jun-15 RO'000	30-Jun-14 RO'000	30-Jun-15 RO'000	30-Jun-14 RO'000
Revenue	19,321	22,641	5,825	5,582	25,146	28,223
Depreciation and amortisation	(3,640)	(3,631)	(417)	(416)	(4,056)	(4,047)
Net Profit	1,483	2,215	1,180	968	2,662	3,183
Operating Assets	92,332	100,659	16,320	15,212	108,652	115,871
Operating Liabilities	92,332	100,659	16,320	15,212	108,652	115,871
Other disclosures						
Capital Expenditure	1,897	1,017	399	-	2,296	1,017

	Container Terminal		General Cargo Terminal		Total	
	30-Jun-15 US \$ '000	30-Jun-14 US \$ '000	30-Jun-15 US \$ '000	30-Jun-14 US \$ '000	30-Jun-15 US \$ '000	30-Jun-14 US \$ '000
Revenue	50,235	58,868	15,145	14,513	65,380	73,381
Depreciation and amortisation	(9,464)	(9,441)	(1,083)	(1,081)	(10,547)	(10,521)
Net Profit	3,856	5,756	3,068	2,516	6,924	8,272
Operating Assets	240,061	261,712	42,435	39,550	282,495	301,262
Operating Liabilities	240,061	261,712	42,435	39,550	282,495	301,262
Other disclosures						
Capital Expenditure	4,932	2,645	1,037	-	5,969	2,645

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

Geographic information – Revenue Split

30-Jun-14 US \$ '000	30-Jun-15 US \$ '000		30-Jun-15 RO'000	30-Jun-14 RO'000
20,857	20,513	Oman	7,889.45	8,021
49,773	44,340	Europe	17,054	19,143
2,368	150	Other asia	58	911
383	377	Africa	145	147
73,381	65,380	Revenue as per unaudited consolidated income statement	25,146	28,223

SALALAH PORT SERVICES COMPANY SAOG
Notes
(forming part of the financial statements)
29 Commitments and contingencies

30-Jun-14 US \$'000	30-Jun-15 US \$'000		30-Jun-15 RO'000	30-Jun-14 RO'000
429	2,006	Capital expenditure commitments	772	165
<u>429</u>	<u>2,006</u>		<u>772</u>	<u>165</u>

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:

30-Jun-14 US \$'000	30-Jun-15 US \$'000		30-Jun-15 RO'000	30-Jun-14 RO'000
2,109	2,260	Not later than one year	869	811
23,070	24,717	Between one and five years	9,507	8,873
51,176	47,994	After five years	18,459	19,683
<u>76,355</u>	<u>74,971</u>		<u>28,835</u>	<u>29,367</u>

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 1.7 million (USD 4.3 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.

SALALAH PORT SERVICES COMPANY SAOG
Notes
(forming part of the financial statements)
30 Financial risk management (Continued)

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

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

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

30-Jun-14 US \$ '000	30-Jun-15 US \$ '000		30-Jun-15 RO'000	30-Jun-14 RO'000
15,464	9,116	Within credit period	3,506	5,948
5,581	1,264	Past due 31-60 days	487	2,147
2,391	542	Past due 61-90 days	209	920
1,004	1,147	Past due 90-180 days	441	386
(543)	10	More than 180 Days	4	(209)
<u>23,897</u>	<u>12,079</u>		<u>4,646</u>	<u>9,192</u>

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

30-Jun-14 US \$ '000	30-Jun-15 US \$ '000		30-Jun-15 RO'000	30-Jun-14 RO'000
6,339	962	1 January	209	2,438
(5,067)	44	Charge for the year	17	(1,949)
<u>1,272</u>	<u>1,006</u>	30 June	<u>226</u>	<u>489</u>

SALALAH PORT SERVICES COMPANY SAOG
Notes

(forming part of the financial statements)

30 Financial risk management (continued)

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

30-Jun-14 US \$ '000	30-Jun-15 US \$ '000		30-Jun-15 RO'000	30-Jun-14 RO'000
7,232	4,581	Oman	1,763	2,782
16,036	7,381	Europe	2,839	6,168
629	117	Other & Asia	45	242
23,897	12,079		4,646	9,192

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

30-Jun-14 US \$ '000	30-Jun-15 US \$ '000		30-Jun-15 RO'000	30-Jun-14 RO'000
16,765	7,468	Shipping Lines	2,872	6,448
7,132	4,611	Others	1,774	2,743
23,897	12,079		4,646	9,192

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due that are settled either by delivering cash or another financial asset. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

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

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

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

	30-Jun-15					30-Jun-14				
	Less than 3 months	3 to 6 months	6 to 12 months	more than 12 months	Total	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	RO'000	RO'000	RO'000	RO'000	RO'000
Trade and Other Payables	13,871	1,100	2,083	1,498	18,551	10,070	131	569	239	11,009
Loans and borrowings	-	3,379	4,464	22,322	30,165	-	3,250	4,137	36,936	44,324
Amount due to related Parties	-	-	900	-	900	3,086	(2)	204	3	3,291
	13,871	4,478	7,447	23,820	49,616	13,157	3,379	4,910	37,178	58,624
	US \$'000	US \$'000	US \$'000	US \$'000	US \$'000	US \$'000	US \$'000	US \$'000	US \$'000	US \$'000
Trade and Other Payables	36,067	2,860	5,414	3,894	48,234	26,188	340	1,479	622	28,629
Loans and borrowings	-	8,784	11,608	58,038	78,430	(3)	8,451	10,756	96,038	115,242
Amount due to related Parties	-	-	2,340	-	2,340	8,023	(5)	531	8	8,557
	36,067	11,644	19,361	61,932	129,004	34,208	8,786	12,766	96,668	152,428

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Notes

(forming part of the financial statements)

30 Financial risk management (continued)

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

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

Interest rate risk: Variance in interest rates affects the financial statements of the Company. With a view to minimizing this effect the Company has adopted policy of hedging outstanding loans at specific interest rates swaps. At 30 June 2015, approximately 76%% of the outstanding loans are at fixed rate of interest (June 2014: 70%). The following table summarises the impact of interest rate changes.

30-Jun-14 US\$ '000	30-Jun-15 US\$ '000		30-Jun-15 RO '000	30-Jun-14 RO '000
100	100	Increase in basis points	100	100
(115)	(186)	Effect on profit before tax	(71)	(44)
100	100	Decrease in basis points	100	100
115	186	Effect on profit before tax	71	44

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 June 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
30 June 2015				
Interest rate swap	71	(71)	157	(157)
30 June 2014				
Interest rate swap	44	(44)	191	(191)

	Profit or loss		Equity	
	100 bps increase USD'000	100 bps decrease USD'000	100 bps increase USD'000	100 bps decrease USD'000
30 June 2015				
Interest rate swap	186	(186)	408	(408)
30 June 2014				
Interest rate swap	115	(115)	495	(495)

SALALAH PORT SERVICES COMPANY SAOG
Notes

(forming part of the financial statements)

30 Financial risk management (continued)

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

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

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

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

31 Fair values of the financial instruments

Financial instruments comprise financial assets, financial liabilities and derivatives.

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

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			
	30-Jun-15		30-Jun-14		30-Jun-15		30-Jun-14	
	RO'000	USD'000	RO'000	USD'000	RO'000	USD'000	RO'000	USD'000
Financial Assets								
Short Term Deposits	-	-	4,000	10,400	-	-	4,000	10,400
Trade and other Receivables	4,624	12,022	10,870	27,410	4,624	12,022	10,870	27,410
Available-for-sale investments	295	767	280	728	295	767	280	728
Due from related parties	2,191	5,697	2,298	5,975	2,191	5,697	2,298	5,975
Cash and bank balances	20,530	53,378	17,161	44,619	20,530	53,378	17,161	44,619
Total	27,640	71,863	34,609	89,132	27,640	71,863	34,609	89,132
Financial Liabilities								
Trade and other payables	18,551	48,234	11,009	28,629	18,551	48,234	11,009	28,629
Due to related parties	900	2,340	3,291	8,557	900	2,340	3,291	8,557
Term loan	30,165	78,430	44,324	115,242	30,165	78,430	44,324	115,242
Derivatives financial instruments	1,569	4,079	1,905	4,953	1,569	4,079	1,905	4,953
Taxations	7,069	18,379	7,447	19,362	7,069	18,379	7,447	19,362
Total	58,254	151,462	67,976	176,743	58,254	151,462	67,976	176,743

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.

SALALAH PORT SERVICES COMPANY SAOG**Notes**

(forming part of the financial statements)

31 Fair values of the financial instruments (continued)

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

- Cash and short-term deposits, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Long-term fixed-rate and variable-rate receivables / borrowings are evaluated by the group based on parameters such as interest rates, specific country risk factors and individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken to account for the expected losses of these receivables. As at 30 June 2015, the carrying amounts of such receivables, net of allowances, are not materially different from their calculated fair values.
- Fair value of quoted instruments is based on price quotations at the reporting date.
- Fair value of available-for-sale financial assets is derived from quoted market prices in active markets, if available.
- The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Derivatives valued using a valuation techniques with market observable inputs are mainly, foreign exchange forward contracts and commodity forward contracts. The most frequently applied valuation techniques include forward pricing using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and forward rate curves of the underlying commodity.
- As at 30 June 2015, the marked to market value of derivative asset position is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationship and other financial instruments recognised at fair value in respect Tranche 3 and Tranche 4.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

SALALAH PORT SERVICES COMPANY SAOG
Notes
(forming part of the financial statements)
31 Fair values of the financial instruments (continued)
Assets measured at fair value at 30th June 2015

	30-Jun-15	Level1	Level2	Level3
	RO '000	RO '000	RO '000	RO '000
Available-for-sale investments	295	295	-	-
	US \$ '000	US \$ '000	US \$ '000	US \$ '000
Available-for-sale investments	767	767	-	-

Liabilities measured at fair value

	RO '000	RO '000	RO '000	RO '000
Interest rate swap	1,569	-	1,569	-
	US \$ '000	US \$ '000	US \$ '000	US \$ '000
Interest rate swap	4,079	-	4,079	-

Assets measured at fair value at 30th June 2014

	30-Jun-14	Level1	Level2	Level3
	RO '000	RO '000	RO '000	RO '000
Available-for-sale investments	280	280	-	-
	US \$ '000	US \$ '000	US \$ '000	US \$ '000
Available-for-sale financial assets	728	728	-	-

Liabilities measured at fair value

	RO '000	RO '000	RO '000	RO '000
Interest rate swap	1,905	-	1,905	-
	US \$ '000	US \$ '000	US \$ '000	US \$ '000
Interest rate swap	4,953	-	4,953	-

During the Period ended 30 June 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.

SALALAH PORT SERVICES COMPANY SAOG**Notes**

(forming part of the 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 4.6 million (US\$ 12.07 million) [June 2014 – RO 9.19 million (US\$ 23.89 million)] and the provision for impairment was made RO 0.2 million (US\$ 0.58 million) [June 2014 - RO 0.489 million (US\$ 1.27 million)]. Any difference between the amounts actually collected in future Years and the amounts expected will be recognised in the statement of comprehensive income.

Impairment of inventories

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

At the end of the reporting date, gross inventories were approximately RO 2.2 million (US\$ 5.9 million [June 2014 – RO 2.33 million (US\$ 6.07 million)] and provisions for old and obsolete inventories was RO 0.9 million (US\$ 2.3 million) [June 2014 – RO 0.8 million (US\$ 2.08 million)]. Any difference between the amounts actually realised in future Years and the amounts expected will be recognised in the statement of comprehensive income.

33 Comparative Amounts

Certain corresponding figures for Period ended 30 June 2014 have been reclassified in order to conform to the presentation for the current year. Such reclassifications were made within the same notes to the financial statements and do not affect previously reported profit or shareholder's equity.

Notes
(forming part of the financial statements)
Schedule 1 Property and Equipment for the half year ended 30 June 2015

	Leasehold improvements RO '000	Quay gantry cranes RO '000	Rubber tyre gantry cranes RO '000	Tractors and trailers RO '000	Forklifts and reach Stackers RO '000	Marine equipment RO '000	Motor vehicles RO '000	Computer equipment and software RO '000	Furniture, fixtures and equipment RO '000	Capital work in progress RO '000	Total RO '000
Cost											
1 January 2015	7,093	68,307	38,637	6,893	2,831	11,594	285	2,973	3,943	23	142,579
Additions / Recognition	-	-	-	-	-	-	-	-	-	2,296	2,296
Disposal / Derecognition											-
30 June 2015	7,093	68,307	38,637	6,893	2,831	11,594	285	2,973	3,943	2,319	144,875
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 half year	(208)	(1,435)	(1,257)	(265)	(87)	(516)	(12)	(156)	(113)	-	(4,049)
Disposal / Derecognition											-
30 June 2015	(4,442)	(28,793)	(19,552)	(4,924)	(2,125)	(5,320)	(248)	(2,366)	(2,968)	-	(70,738)
Carrying amounts											
30 June 2015	2,651	39,514	19,085	1,969	706	6,274	37	607	975	2,319	74,137
30 June 2014	2,502	42,392	21,615	2,539	878	7,253	62	438	1,112	726	79,517
											71,818
	Leasehold improvements US \$ '000	Quay gantry cranes US \$ '000	Rubber tyre gantry cranes US \$ '000	Tractors and trailers US \$ '000	Forklifts and reach Stackers US \$ '000	Marine equipment US \$ '000	Motor vehicles US \$ '000	Computer equipment and software US \$ '000	Furniture, fixtures and equipment US \$ '000	Capital work in progress US \$ '000	Total US \$ '000
Cost											
1 January 2015	18,437	177,597	100,459	17,924	7,360	30,148	743	7,726	10,256	53	370,703
Additions / Recognition	-	-	-	-	-	-	-	-	-	5,973	5,973
Disposal / Derecognition	-	-	-	-	-	-	-	-	-	-	-
30 June 2015	18,437	177,597	100,459	17,924	7,360	30,148	743	7,726	10,256	6,026	376,676
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 half year	(541)	(3,731)	(3,268)	(689)	(226)	(1,342)	(31)	(406)	(294)	-	(10,527)
Disposal	-	-	-	-	-	-	-	-	-	-	-
30 June 2015	(11,545)	(74,863)	(50,834)	(12,805)	(5,522)	(13,831)	(643)	(6,154)	(7,721)	-	(183,920)
Carrying amounts											
30 June 2015	6,891	102,734	49,625	5,119	1,838	16,317	99	1,572	2,535	6,026	192,756
30 June 2014	6,505	110,217	56,203	6,601	2,285	18,861	164	1,134	2,892	1,880	206,742

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Notes
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Schedule 1 Property and Equipment for the half year ended 30 June 2014

	Leasehold improvements RO '000	Quay gantry cranes RO '000	Rubber tyre gantry cranes RO '000	Tractors and trailers RO '000	Forklifts and reach Stackers RO '000	Marine equipment RO '000	Motor vehicles RO '000	Computer equipment and software RO '000	Furniture, fixtures and equipment RO '000	Capital work in progress RO '000	Total RO '000
Cost											
1 January 2014	6,535	68,307	38,637	7,011	2,937	12,177	423	3,347	4,619	302	144,295
Additions / Recognition	-	-	-	-	-	448	-	82	63	424	1,017
Disposal / Derecognition	(1)	(0)	-	(71)	(1)	(17)	(49)	(5)	(192)	(19)	(356)
30 June 2014	6,534	68,307	38,637	6,940	2,936	12,607	374	3,424	4,490	707	144,956
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 half year	(172)	(1,447)	(1,280)	(292)	(88)	(528)	(13)	(86)	(134)	-	(4,040)
Disposal / Derecognition	1	0	-	71	1	17	49	5	192	19	356
30 June 2014	(4,032)	(25,915)	(17,022)	(4,401)	(2,058)	(5,355)	(312)	(2,986)	(3,378)	19	(65,439)
Carrying amounts											
30 June 2014	2,502	42,392	21,615	2,539	878	7,253	62	438	1,112	726	79,517
30 June 2013	2,847	45,147	24,174	3,127	104	7,673	52	278	1,304	1,586	86,292
	Leasehold improvements US \$ '000	Quay gantry cranes US \$ '000	Rubber tyre gantry cranes US \$ '000	Tractors and trailers US \$ '000	Forklifts and reach Stackers US \$ '000	Marine equipment US \$ '000	Motor vehicles US \$ '000	Computer equipment and software US \$ '000	Furniture, fixtures and equipment US \$ '000	Capital work in progress US \$ '000	Total US \$ '000
Cost											
1 January 2014	16,987	177,597	100,459	18,231	7,635	31,663	1,101	8,700	12,013	778	375,164
Additions / Recognition	-	-	-	-	-	1,164	-	214	165	1,102	2,645
Disposal / Derecognition	(3)	(1)	-	(183)	(3)	(45)	(128)	(14)	(499)	(50)	(926)
30 June 2014	16,984	177,596	100,459	18,048	7,632	32,782	973	8,900	11,679	1,830	376,883
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 half year	(447)	(3,762)	(3,328)	(759)	(228)	(1,373)	(34)	(224)	(347)	-	(10,502)
Disposal	3	1	-	183	3	45	128	14	499	50	926
30 June 2014	(10,480)	(67,378)	(44,256)	(11,447)	(5,347)	(13,921)	(809)	(7,765)	(8,787)	50	(170,141)
Carrying amounts											
30 June 2014	6,503	110,218	56,203	6,601	2,285	18,861	164	1,135	2,892	1,880	206,742
30 June 2013	7,403	117,383	62,856	8,130	272	19,954	139	718	3,392	4,116	224,363

Schedule to the Un-audited consolidated financial statements
SALALAH PORT SERVICES COMPANY SAOG (Parent company)

Statement of comprehensive income
 for the half year ended 30 June 2015

30-Jun-14 US \$ '000	30-Jun-15 US \$ '000		30-Jun-15 RO'000	30-Jun-14 RO'000
71,590	65,391	Revenue	25,162	28,216
(39,920)	(38,536)	Direct operating costs	(14,822)	(15,354)
(8,648)	(8,800)	Other operating expenses	(3,388)	(3,326)
(11,275)	(9,073)	Administration and general expenses	(3,493)	(5,017)
444	936	Other income	360	171
12,191	9,918	Profit from operations	3,819	4,690
(2,556)	(2,006)	Finance costs	(772)	(983)
9,635	7,912	Profit for the period before tax	3,047	3,707
(1,147)	(944)	Income tax	(363)	(523)
8,489	6,968	Profit for the period	2,684	3,184
		Other comprehensive income		
		Items that will be never reclassified to profit or loss		
-	-	Revaluation of property, plant and equipment	-	-
-	-		-	-
		Items that are or may be reclassified to profit or loss		
16	5	Fair value change of investments	2	6
923	(359)	Net movement in cash flow hedges	(138)	355
939	(354)		(136)	361
939	(354)	Other comprehensive income for the year, net of tax	(136)	361
9,428	6,615	Total comprehensive income for the period, net of tax	2,548	3,545
0.05	0.04	Basic earnings per share (US \$ / RO)	0.015	0.018

Schedule to the Un-audited consolidated financial statements
SALALAH PORT SERVICES COMPANY SAOG (Parent company)

Statement of financial position

as at 30 June 2015

30-Jun-14 US \$ '000	30-Jun-15 US \$ '000		30-Jun-15 RO'000	30-Jun-14 RO'000
		ASSETS		
		Non Current Assets		
206,321	192,350	Property and equipment	73,981	79,353
539	499	Intangible assets	192	207
728	767	Available-for-sale investments	295	280
312	312	Investments in Subsidiary	120	120
10,400	13,000	Term deposits	5,000	4,000
218,300	206,928		79,588	83,960
		Current Assets		
3,998	3,589	Inventories	1,380	1,538
34,301	18,617	Trade and other receivables	7,161	13,192
44,382	53,141	Cash and cash equivalents	20,439	17,070
82,681	75,347		28,980	31,800
300,981	282,275	TOTAL ASSETS	108,568	115,760
		EQUITY		
46,758	46,758	Share capital	17,984	17,984
7,666	7,667	Share premium	2,949	2,949
15,518	15,587	Legal reserve	5,995	5,969
(4,953)	(4,079)	Hedging deficit	(1,569)	(1,905)
208	247	Fair value reserve	95	80
54,255	59,350	Retained earnings	22,827	20,786
119,452	125,530	Equity attributable to equity holders of the parent company	48,281	45,863
-	-	Non controlling interests	-	-
119,452	125,530	TOTAL EQUITY	48,281	45,863
		LIABILITIES		
		Non Current Liabilities		
96,035	58,037	Loans and borrowings	22,322	36,935
19,149	18,379	Deferred tax	7,069	7,447
5,080	5,364	Employees' end of service benefits	2,063	1,953
2,733	2,059	Derivative financial instruments	792	1,051
122,996	83,839		32,246	47,387
		Current Liabilities		
37,104	50,494	Trade and other payables	19,421	14,268
19,207	20,392	Loans and borrowings	7,843	7,388
2,221	2,020	Derivative financial instruments	777	854
58,532	72,906		28,041	22,510
181,528	156,745	TOTAL LIABILITIES	60,287	69,897
300,981	282,275	TOTAL EQUITY AND LIABILITIES	108,568	115,760
0.66	0.70	Net assets per share (US \$ / RO)	0.268	0.255

Schedule to the Un-audited consolidated financial statements
SALALAH PORT SERVICES COMPANY SAOG (Parent company)

Statement of changes of equity
 for the half year ended 30 June 2015

	Attributable to equity shareholders of the parent company						Total RO '000
	Share capital	Share premium	Legal reserve	Hedging surplus/ (deficit)	Fair value reserve	Retained earnings	
	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000	
1 January 2014	17,984	2,949	5,650	(2,260)	74	22,417	46,814
Net profit for the period	-	-	-	-	-	5,264	5,264
Other comprehensive income	-	-	-	829	19	-	848
Total comprehensive income	-	-	-	829	19	5,264	6,112
Dividend paid	-	-	-	-	-	(4,496)	(4,496)
Transfer	-	-	345	-	-	(344)	-
1 January 2015	17,984	2,949	5,995	(1,431)	93	22,841	48,430
Net profit for the period	-	-	-	-	-	2,684	2,684
Other comprehensive income	-	-	-	(138)	2	-	(136)
Total comprehensive income	-	-	-	(138)	2	2,684	2,548
Dividend Declared	-	-	-	-	-	(2,698)	(2,698)
Transfer	-	-	-	-	-	-	-
30 June 2015	17,984	2,949	5,995	(1,569)	95	22,827	48,281

	Attributable to equity shareholders of the parent company						Total US \$ '000
	Share capital	Share premium	Legal reserve	Hedging surplus/ (deficit)	Fair value reserve	Retained earnings	
	US \$ '000	US \$ '000	US \$ '000	US \$ '000	US \$ '000	US \$ '000	
1 January 2014	46,758	7,667	14,691	(5,876)	192	58,283	121,716
Net profit for the period	-	-	-	-	-	13,686	13,686
Other comprehensive income	-	-	-	2,155	49	-	2,205
Total comprehensive income	-	-	-	2,155	49	13,686	15,891
Dividend paid	-	-	-	-	-	(11,690)	(11,690)
Transfer	-	-	897	-	-	(894)	-
1 January 2015	46,758	7,667	15,587	(3,721)	242	59,386	125,919
Net profit for the period	-	-	-	-	-	6,979	6,979
Other comprehensive income	-	-	-	(359)	5	-	(354)
Total comprehensive income	-	-	-	(359)	5	6,979	6,626
Dividend Declared	-	-	-	-	-	(7,015)	(7,015)
Transfer	-	-	-	-	-	-	-
30 June 2015	46,758	7,667	15,587	(4,079)	247	59,350	125,530

Schedule to the Un-audited consolidated financial statements
SALALAH PORT SERVICES COMPANY SAOG (Parent company)

Statement of cash flows

for the half year ended 30 June 2015

30-Jun-14 US \$ '000	30-Jun-15 US \$ '000		30-Jun-15 RO'000	30-Jun-14 RO'000
		Operating activities		
9,635	7,912	Profit for the year before tax	3,047	3,707
		Adjustments for:		
10,505	10,534	Depreciation, derecognition and amortisation	4,051	4,041
880	357	Accrual for employees' end of service benefits	137	338
(23)	-	(Gain) loss on sale of equipment	-	(9)
(421)	(936)	Interest income	(360)	(162)
2,496	1,996	Finance cost	768	960
<u>23,072</u>	<u>19,863</u>	Operating profit before working capital changes	<u>7,643</u>	<u>8,875</u>
510	114	Change in inventories	44	196
1,671	1,349	Change in receivables	519	643
(2,521)	3,229	Change in payables	1,238	(971)
(511)	(258)	Employees' end of service benefits paid	(99)	(196)
<u>22,222</u>	<u>24,297</u>	Net cash from operating activities	<u>9,345</u>	<u>8,548</u>
		Investing activities		
(2,645)	(5,970)	Acquisition of property and equipment	(2,296)	(1,017)
38	-	Proceeds from sale of property and equipment	-	15
421	936	Interest received	360	162
22,001	36,000	Decrease/(Increase) in other term deposits	13,846	8,462
<u>19,815</u>	<u>30,966</u>	Net cash used in investing activities	<u>11,910</u>	<u>7,621</u>
		Financing activities		
(8,451)	(28,783)	Prepayment of loans and borrowings	(11,070)	(3,250)
(11,690)	(7,015)	Dividend paid	(2,698)	(4,496)
(2,496)	(1,996)	Finance cost	(768)	(960)
<u>(22,636)</u>	<u>(37,794)</u>	Net cash (used in) from financing activities	<u>(14,536)</u>	<u>(8,707)</u>
19,401	17,469	Net change in cash and cash equivalents	6,719	7,462
24,981	35,672	Cash and cash equivalents at 1 January	<u>13,720</u>	9,608
<u>44,382</u>	<u>53,141</u>	Cash and cash equivalents at 30 June	<u>20,439</u>	<u>17,070</u>