ميناء صلالة
Port of Salalah

ANNUAL REPORT

2019 | 2020

port_salalah

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Designed by:
360MEDIA

His Majesty Sultan Haitham Bin Tariq Bin Taimour

Sultan of Oman

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Directors' Report

Braik Musallam Al Amri
Deputy Chairman of Board of Directors,
Salalah Port Services Co. SAOG

Directors' Report for the year ended 2020

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 financial statements for the year ended 31st December 2020.

At the outset, I hope you and your family are safe. We are indeed living through very unusual times and as the disruption continues unabated your Company is ensuring business continuity. The health and safety of our employees, customers and immediate community will remain our priority. Despite uncertain global economic circumstances and pandemic situation, the year 2020 has ended on a positive note with both the Container terminal and the General Cargo terminal showing consistent performance.

Operational Overview

During the year 2020 the container terminal handled record breaking volume of 4.344 million TEUs (2019: 4.109 million TEUs), a growth of 6%. The company has retained all major customers and Maersk's contribution to the total business has remained consistent throughout the year.

The growth of container volumes in the Port, compared to 2019 was despite the COVID -19 pandemic, and was a reflection of strong demand globally driven by high consumption is some key markets.

The Company's General Cargo segment handled 15.296 million tons during 2020 as compared to 16.278 million during 2019 which was a drop of 6%. The overall general cargo volume decrease is mainly due to lower demand in export markets for gypsum and limestone. The impact was felt most during the second and third quarter of 2020 as the Covid -19 pandemic unfolded. The general cargo volumes handled at Berth 31 have been included in the container terminal financials, as in the previous year, due to the conversion of the berth into a multipurpose terminal facility.

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 and has maintained consistent productivity levels.

Financial Overview

The consolidated revenue YTD 2020 are recorded at RO 65.606 million, an increase of 1% over the corresponding period last year.

Consolidated EBITDA was recorded at RO 18.021 million (excluding extraordinary items such as insurance income) which corresponds to an EBITDA margin of 27.5%. This compares to RO 17.678 million (a margin of 27.3%) during corresponding period last year. The operational margin was impacted by lower GCT volumes and lower marine revenues due to reduced vessel traffic and port stay impacting revenue but compensated by the higher container traffic. Additionally, the increase in expenses compared to 2019 mainly due to increases in staff costs, concession related costs, insurance premiums, was partially offset by lower fuel costs.

Consolidated Net Profit was recorded at RO 14.807 million YTD 2020, as compared to RO 5.673 million during corresponding period last year. In May 2018, Port of Salalah was impacted by Cyclone Mekunu that caused property damage, increased cost of working, and business interruption. SPS reached a settlement with the insurance parties for USD 68.13mil (OMR 26.20mill) for loss and damage compensation, which was accepted by SPS Board in February 2020. An advance payment of USD 38.5mill (OMR 14.80mill) was already received and accounted for in 2018. The balance of USD 29.63mill (OMR 11.40mill) has been received and recognized in 2020.

During 2020, your company distributed 20 baiza per share annual dividend pertaining to year 2019. Taking into account various capital expenditure plans to meet the equipment life cycle requirements and port improvement needs, as well as the volatile market conditions for international trade the Board of Directors are pleased to recommend the distribution of dividend of 25 baiza per share on the paid-up equity share capital of the company, resulting in a total cash disbursal of RO 4.496 million.

Dividend history for the last 5 years

	2015	2016	2017	2018	2019
Dividend %	20%	20%	15%	15%	20%
Cash Outlay (RO'000)	3,597	3,597	2,698	2,698	3,597

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 97,830 in CSR initiatives during 2020 contributing to the local Dhofar region in which we operate as well as segments of communities requiring support. Impacting the local Dhofar region and benefiting the larger segments of communities requiring support are the guiding posts of the company's CSR program.

Future Outlook

The global economy is expected to expand 5.5% in 2021, assuming an initial COVID-19 vaccine rollout becomes widespread throughout the year. Aggregate GDP in emerging market and developing economies, including China, is expected to grow 5% in 2021, after a contraction of 2.6% in 2020. China's economy is expected to expand by 7.9% this year following 2% growth last year. Excluding China, emerging market and developing economies are forecast to expand 3.4% in 2021 after a contraction of 5% in 2020. Among low-income economies, activity is projected to increase 3.3% in 2021, after a contraction of 0.9% in 2020. (Source the World Bank in its January 2021 Global Economic Prospects.)

As for container shipping, carriers struggled with uncertainty in the first half of 2020 due to the caused by the COVID-19 pandemic. In the second half, carrier conditions were boosted by sustained capacity discipline, strong trade developments, as well as low fuel

prices. Carriers are expected to hold on to this more disciplined approach to capacity management in 2021 with an attempt to hold the rates from dropping down to the past lows.
The strong performance of 2020 is expected to continue into the first part of 2021. Consumption is showing signs of recovery globally which will have a positive impact on our transshipment volume. However, the economic reforms and austerity measures, coupled with the decision to implement a VAT in Oman, will potentially impact domestic demand.
As for 2021 outlook for General cargo, dry bulk shipping has seen a strong comeback after a dip due to the COVID-19 outbreak. The recovery was further fueled by the recent surge in the demand for commodities after the stimulus package from various economies came into play. The year started on a very positive note with all the key commodities performing well and forecasts strong. Limestone is also forecasted to show a recovery in 2021. Bagged cement forecast remains bullish with expected volume forecast of 1million MT in 2021 as the construction activities picks up. Liquid movements are also looking positive as the Salalah LPG will be operational by Q1 2021.

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 Haitham bin Tariq, for his strategic vision, leadership and his continued support. I also thank our customers, investors, Lenders and the members of the government we work together with daily.

Lastly, but certainly not the least, I place on record our appreciation for the contributions made by our employees in achieving the level of performance in 2020. Our consistent growth was possible by their hard work, solidarity, cooperation and support in what was a very challenging year for all.

On behalf of the Board of Directors,

Braik Musallam Al Amri
Deputy Chairman of Board of Directors,
Salalah Port Services Co. SAOG

February 11, 2021

Management Dicussion

Mark Hardiman
Chief Executive Officer Salalah Port Services Co. SAOG

Management Discussion and Analysis Report

The business of the company

Salalah Port Services (SPS/the Port) is the largest port in Oman. It is strategically located on the Arabian Sea, the northern part of the Indian Ocean. SPS is centrally positioned at the crossroads of trade between Asia and Europe. With over 2.5 billion consumers, it serves the markets of; East Africa, the Red Sea, the Indian Subcontinent, and the Arabian Gulf on its doorstep.

SPS is managed by APM Terminals, a leading port operator with a global network of 76 Terminals, employing more than 20,000 professionals in 40 countries. APM Terminals is a part of the A.P. Moller-Maersk Group, a global provider of container logistics and supply chain services.

SPS has multi-purpose facilities to handle containers, dry & liquid bulk, general cargo, cruise, and navy vessels. The Port offers value-added services such as a container freight station (CFS), bunkering, warehousing solutions. The Port plays a strategic role in diversifying the economy, lifting trade in the region and complements the goals of the Sultanate of Oman for non-oil dependent economic growth.

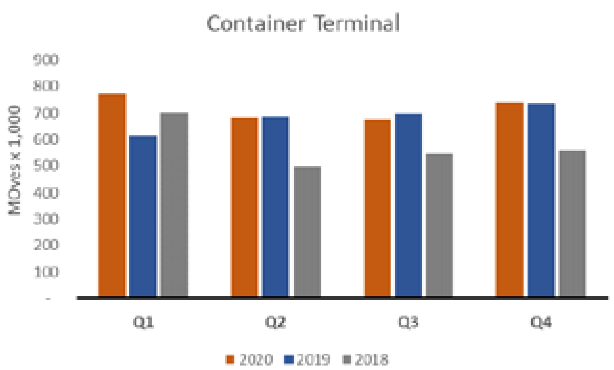
SPS is dedicated to developing its staff, including the employment and training of local people. It also supports local business, in-country procurement whenever possible and plays an active role in developing the community, region, and country in which it operates.

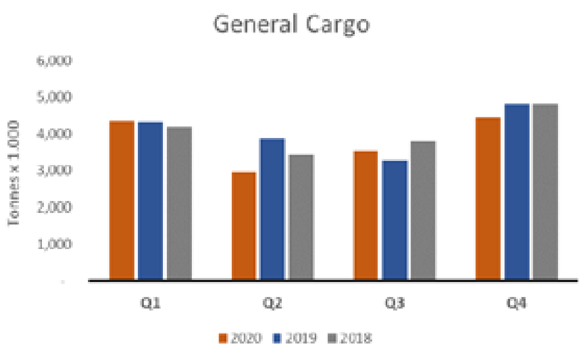
Business performance 2020

The COVID-19 pandemic has made 2020 a historic year, as lockdowns disrupted businesses, supply chains and left many without employment. COVID-19 tested businesses' resolve to respond, minimize impact and stimulate recovery. Throughout the pandemic SPS' priorities have been –and still are- foremost the safety of our employees and our ability to service our customers that play a vital role in the local and well as global supply chains.

Given these circumstances it is especially pleasing to be able to report that SPS was able to close the year with record-breaking volumes of 4.3 mill TEU (2019: 4.1 mill TEU) in the Container Terminal, a growth of 6% over 2019, and a better than expected recovery in the General Cargo that produced an underlying net result of 12% above 2019 levels.

CT and GCT last three years volume development presented below:





Container Terminal

The container shipping industry has managed to mitigate the pandemic's impact better than expected by proactively adjusting capacity and services in line with the demand, which helped improve freight rates and, therefore, relatively lower impact in 2020 volumes.

SPS's Container Terminal segment has performed close to the Safe Operating Capacity (our concept to safeguard consistent high-level productivity) and posted record volumes of 4.3mill TEU. SPS's future growth will depend on its ability to increase Safe Operating Capacity (SOC) through operational efficiencies and investment in equipment & infrastructure. In this aspect, various short- and long-term initiatives are underway, such as continuous manning, optimize equipment availability, and investment in new equipment.

Digital initiatives due to pandemic have been slow to materialize. However, SPS remains committed to continuing digitalization to simplify the process and enhance the overall customer experience.

General Cargo Terminal

The general cargo operations felt the impact of the pandemic and subsequent lockdown of the main consumption markets mainly during the second and third quarter of 2020. By mid-year it was expected that 2020 volumes would be significantly below 2019 levels. However, with the major markets opening again in the fourth quarter, coupled with various economies' stimulus packages, the gap reduced, leading to volumes only 6% below 2019 levels.

In 2020 various investment decisions were made for the replacement and refurbishment of handling equipment. This will upgrade the general cargo terminal to accommodate further growth in the dry and break-bulk section. The completion of the Central Service Corridor will enable growth of the liquid bulk segment as well.

Safety

In February 2020, the general cargo operations witnessed a tragic event leading to multiple fatalities. A wire rope parted on a 3rd party Mobile Crane during operations on a dhow e dropping a cage with animals on two crew and one cattle handler who were in the cargo hold under the falling load, killing them instantly. A detailed investigation was carried out, action points established and countermeasures implemented.

SPS has taken several measures, including training and improving awareness amongst the employees and third-party personnel, to improve safety compliance.

Human Resources, welfare, and training

At the close of 2020, the Port of Salalah employed 2,184 people with Omani Nationals filling 71% of the skilled workforce. The Port remains committed to developing critical skills throughout its workforce through on-the-job training and by offering world class training opportunities across various disciplines supporting both staff development and business needs.

Financial review

SPS reported consolidated revenue of RO 65.606mill (2019: RO 64.724mill) 1% increase over 2019. The increase is driven by a 5% growth in container volumes, which offset a drop of 6% in general cargo volumes compared to 2019.

SPS recorded an EBITDA of RO 27.480mill (2019: 17.678mill), which includes the final installment of insurance settlement of RO 11.40mill (USD 29.63mill) for property damage, increased cost of working, and business interruption caused by Cyclone Mekunu in 2018. SPS reached a settlement with the insurance parties for USD 68.13mill (OMR 26.20mill) for loss and damage compensation. An advance payment of USD 38.5mill (OMR 14.80mill) was already received and accounted for in 2018. SPS reported an underlying EBITDA of 18.021mill & EBITDA margin of 27.5% (excluding extraordinary items) compared to underlying EBITDA RO 17.678mill and margin of 27.3% during the corresponding period last year.

SPS operating costs increased compared to 2019, driven mainly by increased staff costs, concession-related costs, insurance premiums, and accelerated depreciation of 4 STS cranes. Lower fuel costs partially offset the increase in costs.

SPS recorded an underlying (ie excluding extraordinary items) consolidated net profit of RO 6.815mill compared to RO 5.877mill during the last year.

Internal Control Systems and their Adequacy

The company has internal control systems and processes that provide reasonable assurance of effective and efficient operations, internal financial control, and compliance with laws and regulations.

The Management receives independent feedback from the reports issued by Internal Audit and Statutory Auditors on the adequacy of the internal controls and continues to strengthen the internal control weaknesses. Also, as part of the internal control, the company has a defined authority manual and processes followed across the organization. Internal controls are generally adequate for regular activities and services.

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 near future. Any change in the policy will affect the company's financials. The company will exercise constant vigilance and initiate all possible measures to contain this risk if required.

Outlook

With recent vaccine approvals, there are high expectations that the pandemic will be curtailed by the second half of 2021. However, mass production and distribution of vaccines remain a challenge. The new variants of the COVID-19 pose serious concerns about whether businesses should be optimistic about the growth forecasted of the global economy.

SPS Container Terminal segment remains reliant on transhipment business primarily from Maersk. Therefore, maintaining and strengthening our strategic partnerships with key clients will remain a top priority. The General Cargo segment relies mainly on export of gypsum and its performance in 2021 will depend on the demand from the main consumption markets. The strong performance of the fourth quarter of 2020 is expected to continue into the first part of 2021. In the local market economic reforms and austerity measures, coupled with the decision to implement a VAT in Oman, may potentially impact domestic consumption.

Conclusion

SPS management would like to express sincere thanks to its employees, customers, suppliers, and the Government of Oman for their support during 2020.

We look forward to working with you and further developing the Salalah Port Services in 2021 and beyond.

Mark Hardiman
Chief Executive Officer
Salalah Port Services Co. SAOG
February 11, 2021

Auditors Report Cooporate Governance

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REPORT OF FACTUAL FINDINGS TO THE SHAREHOLDERS OF SALALAH PORT SERVICES COMPANY SAOG

1. We have performed the procedures agreed with you pursuant to the Capital Market Authority (CMA) circular no. E/4/2015, dated 22 July 2015, with respect to the Board of Directors' corporate governance report of Salalah Port Services Company SAOG (the Company) as at and for the year ended 31 December 2020 and application of the corporate governance practices in accordance with amendments to CMA Code of Corporate Governance issued under circular no. E/10/2016 dated 1 December 2016 (collectively the 'Code').

2. Our engagement was undertaken in accordance with the International Standard on Related Services 4400 applicable to agreed-upon procedures engagements. The procedures were performed solely to assist the Board of Directors of the Company in complying with the requirement of the Code issued by the CMA.

3. We have performed the following procedures:

   a) We have checked that the corporate governance report issued by the Board of Directors includes as a minimum, all items suggested by CMA to be covered by the report as detailed in the Annexure 3 of the Code by comparing the report with such suggested content in the Annexure 3; and

   b) We have obtained the details of the Company's compliance with the Code, including any non-compliances, identified by the Company's Board of Directors, included in the report together with the reasons for such non-compliance and agreed these to the discussions in the Board minutes or/and a checklist prepared by the Board of Directors to identify any non-compliance.

4. As a result of performing the above procedures, we have no exceptions to report.

5. Because the above procedures do not constitute either an audit performed in accordance with International Standards on Auditing or a review in accordance with International Standards on Review Engagements, we do not express any assurance on the accompanying corporate governance report.

6. Had we performed additional procedures or had we performed an audit in accordance with International Standards on Auditing or a review in accordance with International Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.

7. Our report is solely for the purpose set forth in paragraph 2 above and for your information and is not to be used for any other purpose. This report relates only to the Board of Directors' corporate governance report included in its annual report for the year ended [year end date] and does not extend to any financial statements of Salalah Port Services Company SAOG taken as a whole.

PricewaterhouseCoopers

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C.R. No 1230865
PricewaterhouseCoopers LLC

14 February 2021
Muscat, Sultanate of Oman

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Cooporate Governance Report

CORPORATE GOVERNANCE REPORT 2020

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

The Company's philosophy of the Corporate Governance is aimed at maximizing the shareholders' value and protecting the interest of other stakeholders. The Company aims to achieve this through adequate and appropriate disclosure of the material facts and the 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 the 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 seven 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, 2020 is as follows:

Name	Category
Sheikh Braik Musallam Al Amri	Non-executive, independent & elected
Mr. Rolf Nielsen	Non-executive, non-independent & elected
Mr. Soren Sjostrand Jakobsen	Non-executive, non-independent & elected
Mr. Ahmed Salem Al Busaidi	Non-executive, independent & elected
Mr. David Michael Guy	Non-executive, non-independent, elected
Mr. Ahmed Ali Issa Akaak **	Non-Executive ,non-independent, elected

***H.E. Ahmed Bin Nasser Al Mahrizi was the Chairman and Director from 1st Jan'20 to 9th July'20.**

**** Mr. Ahmed Ali Issa Akaak joined as member on 29th June, 2020.**

Board of Directors profile

Sheikh Braik Musallam Al Amri joined the Board in March 2013. He has done master's in business administration from Northampton University UK, a Postgraduate Diploma from the University of Kent UK, a High National Diploma from the University of Salford UK, and a Diploma from Lloyds Maritime Academy UK. He has 25 years of management experience in varied senior positions. He had worked previously with the Port of Salalah for 11 years. He has a very good exposure to business and international practices, presently engaged with the financial services sector.

Mr. Rolf Nielsen joined the company's Board in November, 2018 and currently is, the Vice President and Head of Hub Terminals in APM Terminals, the Netherlands. He holds an Executive MBA (GEMBA) from INSEAD. He is an international business executive with over 24 years of leadership experience in the maritime industry (Inland operations, liner operations cluster, terminal operations, network strategy, development of sophisticated analytical tools/network optimization customer service, and supply chain management).

Mr. Soren Sjostrand Jakobsen joined the Board in January 2017 and holds the position as Executive Director and portfolio manager for APM Terminals Russia Portfolio. He furthermore holds a number of board positions in other joint venture terminals where APM Terminals are partners, including 2 other stock listed companies. Prior to taking up the portfolio management position in Dubai in 2003, Soren was Global Head of Project Implementation based in the APM Terminals headquarter in The Hague, responsible for implementation of all new port investments of APM Terminals. Soren has been in the A.P. Moller – Maersk Group for more than 40 years and has worked with most business units in the Group, the last 16 years in APM Terminals. He has spent about 22 years outside of Denmark including postings in Panama, USA, Belgium, The Netherlands, and Dubai.

Mr. Ahmed Salem Al Busaidi joined the Board in March 2019. Presently he is working as General Manager of Ministry of Defence Pension Fund. He holds Master's Degree in Finance & Economics from Southampton University in UK. For the past 28 years he has held many positions within Ministry of Defence in Treasury, Accounts and Contracts.

Mr. David Michael Guy joined the Board in January 2018. He is presently working as Group Chief Financial Officer of ASYAD Group Oman. He is a member of Institute of Chartered Accountants of England and Wales with over 25 years of experience in the power, water, and infrastructure sectors. David graduated from Durham University in 1990 with BA Hons degree in Accountancy and Economics and qualified as a chartered accountant in 1993. He subsequently worked in number of entities in the power and water sectors and took part in various business sales and acquisition processes before taking the role of group CFO at an international water business with assets in South America, Africa, and UK.

Mr. Ahmed Ali Akaak joined the Board in June'20. He is presently working as an Advisor to Public Authority for Special Economic Zones and Free Zones seconded from Asyad Group and previously he was also an Advisor for Ports to the Minister of Transport. He also served Asyad as a Group Chief Marketing Office Mr. Akaak was a Deputy Chief Executive Officer at the Port of Salalah for over 9 years. He started his career with the port industry since early 2000 where he has worked in several key positions including Chief Corporate Officer and General Manager for Human Resources at the Port of Salalah.
Ahmed brings to the logistic sector a broad industry knowledge and executive experience in all aspects of management, including strategic planning and organizational development both locally and nationally.
He graduated as Bachelor's in Economics from the US and Masters' Degree in Human Resources Management from the Gulf University.

Management profile

Mr. Mark Hardiman has been the CEO of the Company since February 2019. He has a total of 26 years' experience in the shipping and ports industry, having worked in seven different countries across three continents - namely South Africa, Nigeria, Egypt, Belgium, Bahrain, the U.A.E. and now Oman.
Mr. Hardiman has been influential in driving growth and enhancing business performance across various functions in the Port of Salalah.
Under his guidance the port has made and is planning further substantial investments in IT (Information Technology) systems and terminal equipment, seeking to further enhance the performance of the terminal and setting challenging goals for the future.

Mr. Roeland Van Beers joined Port of Salalah on 01st September, 2019 as Chief Financial Officer. Prior to his current position, he was serving as Deputy CFO of the Port of Tanjung Pelepas, Malaysia and has held various financial leadership positions in APM Terminal from 2011-2019 and Dutch Real Estate Company Multi Corporation from 2001-2011. Roeland holds an MSc in Economics from the Erasmus University Rotterdam and is a member of the Dutch Association of Register Controllers (VRC).

Mr. Sunil Joseph has joined in January 2020 as Chief Commercial Officer of the Company. Sunil has over 27 years' experience in shipping with 17 of those in GCC countries – UAE, Qatar, Saudi Arabia, Bahrain as well as Oman. Sunil has held various senior leadership roles within Maersk Line and APM Terminals. Prior to joining Port of Salalah Sunil held the position of Chief Commercial Officer at APM Terminals, Bahrain, a multiport, where he had driven revenue improvements, been instrumental in the development and implementation of customer e-solutions, developed customer centric value propositions (including marine) and diversified cargo and customer bases.

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 Bedfordshire University in UK. He has working experience of 30 years that includes a director of field studies, director of coordination and director of hygiene in the local government in Dhofar region.

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. He has been through a CPMD program
(MAGNUM) through APM Terminals in association with ESADE Business School and in 2015 was chosen for the first cohort of the Oman National CEO program.
Over the last 20 years Mohammed has worked in different sectors, Oil and Gas where he worked in PDO in logistics and HSE and Petrochemicals, where he worked with OQ (Aromatics Oman Project). For last 12 years at Port of Salalah Mohammed started as HSE Senior manager before moving to his current role.

Mr. Ali Kashoob is the General Manager Human Resources**.** 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, HSSE, commercial, Training and HR and brings vast industry knowledge.

Mr. Scott Selman joined in September 2018 as Chief Operating Officer of the container terminal. He is responsible for the day to day business of the terminal as well as port wide services of Maintenance & Repair, Marine services and IT. Scott brings diverse operations and leadership experience from his work for APM Terminals in The United States, Nigeria, Egypt, Singapore/ APAC region and has previously served as COO of Cai Mep International Terminal in Vietnam. Scott holds a BSc in Business Administration from The University of Southern California.

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 2020 four Board meetings were held on the following dates:

- February 12, 2020
- May 13, 2020
- July 27, 2020
- November 12, 2020

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	1	No	800	0
Sheikh Braik Musallam Al Amri	4	Yes	3,200	0
Mr. Jens Rolf Nielsen	3	No	2,400	0
Mr. Soren Sjostrand Jakobsen	4	No	3,200	0
Mr. David Michael Guy	4	Yes	3,200	0
Mr. Ahmed Salem Al Busaidi	4	Yes	3,200	0
Mr. Ahmed Issa Ali Akaak *	2	No	1,600	0

**Ahmed Issa Ali Akaak has been elected as additional 7th director in June 2020*

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 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. Ahmed Salem Al Busaidi
- Mr. Jens Rolf Nielsen

The majority of the Audit Committee members are independent and has knowledge of finance, accounts, company law and the shipping industry. The quorum for the audit committee is majority of independent directors of its membership are presented.
During the year 2020, 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. Ahmed Salem Al Busaidi	4	2,000
Mr. Jens Rolf Nielsen	3	1,500
Mr. Soren Sjostrand Jakobsen*	1	500

**One meeting attended by Mr. Soren as a proxy.*

The Audit Committee reviews and recommends for Board's approval of 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. 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 and Nomination and Remuneration Committee (TNRC):
TNRC has been established as a sub-committee of the board. This requirement is consistent with the Company's obligations under the Container terminal and general cargo terminal concession agreements and Code of Corporate Governance for Public listed companies issued by Capital Market Authority Oman in July 2015 (the Code).
TNRC 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.
- Setting minimum levels of all charges, fees and levies to be paid by users of the port facility (excluding the facility) ("port charges")
- The committee aims to assist the board in selecting the appropriate and necessary executives for the executive management and other related matters as per the Code of corporate governance.

Following Directors are the members of TNRC:

- Mr. Jens Rolf Nielsen – Chairman
- Mr. Ahmed Salem Al Busaidi
- Mr. Soren Sjostrand Jakobsen
- Mr. David Michael Guy

During the year 2020, two TNRC meetings were held on 27th July 2020 and 12th November 2020 as per details below:

Member	No. of meetings	Sitting fees (in RO)
Mr. Jens Rolf Nielsen – Chairman	1	500
Mr. Ahmed Salem Al Busaidi	2	1,000
Mr. Soren Sjostrand Jakobsen	2	1,000
Mr. David Michael Guy	2	1,000

Process for nomination of Directors

In accordance with the amended Articles of Association of the company , all Directors must be voted on to the Board using the cumulative voting process.

General Shareholders' information

AGM: Date Time Venue	**March 17th 2021** 5:00 PM Online (MCD electronic platform)
Financial Year	2020
Date of Book Closure	**March 17th 2021**
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 Clearing & Depository Company (SAOC)
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, and Sultanate of Oman.
Address of correspondence	Salalah Port Services Co. SAOG P.O. Box 105, PC 118, Al Sarooj, Way No. 2601, Beach One Building, Fourth Floor, Office 401, Muscat, Sultanate of Oman

Table 1 – Market price data

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year 2020
Shares price (RO)													
High	-	0.600	0.600	0.570	0.540	0.540	0.540	0.588	0.600	0.600	-	0.600	0.600
Low	-	0.600	0.600	0.540	0.540	0.540	0.540	0.588	0.590	0.600	-	0.600	0.540
Opening	-	0.600	0.600	0.570	0.540	0.540	0.540	0.588	0.590	0.600	-	0.600	0.600
Closing	-	0.600	0.600	0.600	0.600	0.600	0.600	0.600	0.600	0.600	-	0.600	0.600
Volume	-	160	118	1,020	56	500	362	1,635	1,335	500	-	1,676,670	1,682,356
Trade Value (RO)	-	96	71	566	31	270	195	967	793	300	-	1,006,002	1,009,291
Services Index													
Opening	1932	1930	1682	1698	1613	1572	1536	1574	1566	1611	1598	1582	1932
Closing	1936	1920	1688	1697	1613	1567	1539	1579	1564	1610	1601	1592	1592

Table 2 – Distribution of shareholding as on December 31, 2020

No of Equity Shares held	No. of Shares Held	% of Total Shares	No. of Shareholders	% of Total Shareholders
01 to 100	31,108	0.02%	657	52.52%
101 to 500	93,993	0.05%	400	31.97%
501 - 1,000	38,148	0.02%	49	3.92%
1001 - 10,000	322,914	0.18%	98	7.83%
10,001 - 100,000	1,098,327	0.61%	31	2.48%
100,000 and above	178,252,910	99.12%	16	1.28%
Grand Total	**179,837,400**	**100.00%**	**1,251**	**100.00%**

Table 3 – Top 10 Shareholders as on December 31, 2020

S No	Name	No of Shares	%age
1	APM Terminal B.V.	54,180,000	30.13%
2	Oman Global Logistics Group (SAOC)	36,120,000	20.08%
3	HSBC A/C HSBC BK PLC A/C IB	27,455,320	15.27%
4	HSBC A/C Ministry of Defence Pension Fund	17,803,740	9.90%
5	The Public Authority for Social Insurance	13,238,046	7.36%
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	**177,456,612**	**98.68%**

Annual General Meeting/Extra-ordinary General meeting

The details of AGMs and EGMs held by the Company during the previous 10 years are as follows:

Year	Meeting	Location	Date	Time
2010	OGM	Hilton, Salalah	November 3, 2010	09.00 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
2015	AGM	Hilton, Salalah	March 28, 2016	05.00 PM
2016	AGM	Hilton, Salalah	April 26, 2017	03.00 PM
2017	AGM	Hilton ,Salalah	March 22, 2018	03.00 PM
2018	AGM	Hilton ,Salalah	March 31, 2019	03.00 PM
2019	AGM	Online	May 11,2020	02.00 PM

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

Communication with shareholders and investors

- Initial Unaudited Unapproved quarterly results are disclosed at Muscat Security Market website within 15 days of closure of quarter as per stipulated guidelines.
- The quarterly and annual results were published in local newspaper both in Arabic as well in English. These results can be obtained by shareholders either from our website http://www.salalahport.com / or from MSM website.
- The company has made no presentations to the institutional investors or to the analysts during the year
- Management Discussion & Analysis Report forms part of the Annual Report

Remuneration

Details of the remuneration to Directors

The remuneration proposed to pay to the members of the Board besides sitting fees is RO 25,000 per member, proportionate to their period as Board Member, totaling to RO 150,625 for the year 2020 (Year 2019 – OMR 150,000).

Details of the remuneration paid to top 5 officers

During the year 2020 gross salary and compensation paid to top 5 executives of the Company including variable components is RO 574,154 (Year 2019 – RO 537,277).

Professional Profile of Statutory Auditor

During the year 2020, PwC rendered audit services to the Company at fees of RO 24,400 plus out of pocket expenses.

PwC is a global network of firms operating in 155 countries with more than 284,000 people who are committed to delivering quality in assurance, tax and advisory services. PwC also provides corporate training and professional financial qualifications through PwC's Academy.

Established in the Middle East for over 40 years, PwC Middle East has firms in Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Oman, the Palestinian territories, Qatar, Saudi Arabia and the United Arab Emirates, with around 5,600 people. (www.pwc.com/me).

PwC is strongly committed to Oman where it is recognized as one of the leading providers of quality business advisory services. We have had a local practice in Oman since 1971 and now have 8 partners, 1 of whom is Omani and 7 directors, 1 of whom is Omani and approximately 176 other members of staff operating from our office in the Sultanate.

PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please see www.pwc.com/structure for further details.

Compliances

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
2018	None
2019	None
2020	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.

Braik Musallam Al Amri
Deputy Chairman of Board of Directors
Salalah Port Services Co. SAOG

February 11, 2021

Auditors Report

Independent auditor's report to the shareholders of Salalah Port Services Company SAOG

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements of Salalah Port Services Company SAOG (the "Parent Company") and the consolidated financial statements of the Parent Company and its subsidiaries (together, the "Group") present fairly, in all material respects, the respective financial positions of the Parent Company and the Group as at 31 December 2020, and their respective financial performance and their respective cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The financial statements of the Parent Company and the consolidated financial statements of the Group (together "these financial statements") comprise their respective:

- statements of comprehensive income for the year ended 31 December 2020;
- statements of financial position as at 31 December 2020;
- statements of changes in equity for the year then ended;
- statements of cash flows for the year then ended; and
- the notes to these financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of these financial statements section of our report.

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

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of these financial statements in the Sultanate of Oman. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

PricewaterhouseCoopers LLC, Salam Square - South, 4th Floor, Suites 402-404, Madinat Al Sultan Qaboos, P.O. Box 3075, Ruwi, Postal Code 112, Muscat, Sultanate of Oman, T: +968 2 455 9110, F: +968 2 456 4408, www.pwc.com/me

Chartered Accountants Licence No. L1065369, Management Consultants Licence No. L1065290, Commercial Register No. 1230865, Tax Card No 8055889

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Independent auditor's report to the shareholders of Salalah Port Services Company SAOG (continued)

Our audit approach

Overview

Key Audit Matter
- Impairment indicator assessment of non-financial assets (Parent Company and Group)

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in these financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on these financial statements as a whole, taking into account the structure of the Group and the Parent Company, the accounting processes and controls, and the industry in which the Group and the Parent Company operate.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of these financial statements of these current period. These matters were addressed in the context of our audit of these financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
Impairment indicator assessment of non-financial assets (Parent Company and Group) As at 31 December 2020, the carrying value of the Group's non-financial assets is RO 64.3 (US$ 164.3) million which comprises Property and equipment of RO 53.1 (US$ 138.1) million, right of use of assets of RO 11.1 (US$ 28.9) million and intangible assets of RO 0.113 (US$ 0.292) million respectively. In accordance with the Group's accounting policy, when impairment indicators exist, management assesses whether actual impairment has occurred. The impairment indicators were assessed for observable indications whether the asset's value has declined, significant changes with an adverse effect have taken place in the environment where the Group operates, changes in market interest rates affecting the discount rate, any obsolescence or physical damage of an asset during the year. The COVID-19 outbreak has developed rapidly in 2020, with a significant number of infections and measures taken to contain the virus around the globe, affecting the economic activity which in turn has implications for financial reporting. The lockdown measures generally resulted in ceasing operations and immediate decline in demand and supply within other sectors in Oman, being possible events that might indicate impairment under IAS 36 - Impairment of Assets. Management has carefully considered the potential impact of the COVID-19 on its non-financial assets.	Our procedures in relation to management's impairment review of its non-financial assets included: • Evaluation of the Group's policies for the impairment of the non-financial assets; • We discussed with management the Company's assessment of impairment indicators. The discussions focused on the impact of COVID-19 pandemic; • Discussion with management on the plans for any restructuring or discontinuance of assets, reviewing cost of equity under COVID-19 circumstances and comparison of the net assets value of the Group to the Group's market capitalization; • Reading of the Board and audit committee minutes, internal audit reports and performing a physical inspection as an unpredictability procedure on the site; • Reviewed the forecasted quarterly budgets prepared by the management for any impact of the COVID-19 pandemic or any impairment indicators; and • Reviewed the disclosures made to the fina statements with respect to impact of COVI and impairment assessments.

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Independent auditor's report to the shareholders of Salalah Port Services Company SAOG (continued)

Our audit approach *(continued)*

Key audit matter	How our audit addressed the key audit matter
Impairment indicator assessment of non-financial assets (Parent Company and Group) Management has also assessed the economic performance of its non-financial assets and made comparisons with budget and actual net cash flows including comparison of the carrying amount of the net assets with its market capitalization. Based on its assessment, management believes that there are no impairment indicators. We focused on this area due to the significance of the balances of non-financial assets of the Group as well as the potential impact that COVID-19 may have had on the carrying amounts of those balances. Disclosure on the accounting policy and accounting estimate involved in the impairment assessment are mentioned in notes 4 (o) and 24 to the accompanying financial statements.	

Other information

The directors are responsible for the other information. The other information comprises the Board of Directors' Report, the Corporate Governance Report and Management's Discussion and Analysis Report (but does not include these financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the Annual Report which is expected to be made available to us after that date.

Our opinion on these financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of these financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with these financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors.

Responsibilities of directors for these financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and their preparation in compliance with the relevant requirements of the Capital Market Authority of the Sultanate of Oman and the applicable provisions of the Commercial Companies Law of 2019, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing these financial statements, the directors are responsible for assessing the Parent Company and Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Parent Company and the Group or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report to the shareholders of Salalah Port Services Company SAOG (continued)

Auditor's responsibilities for the audit of these financial statements

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

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

- Identify and assess the risks of material misstatement of these financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Parent Company's and/or the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Parent Company's and/or the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in these financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Parent Company and/or the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of these financial statements, including the disclosures, and whether these financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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Independent auditor's report to the shareholders of Salalah Port Services Company SAOG (continued)

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of these financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Further, as required by the relevant requirements of the Capital Market Authority of the Sultanate of Oman and the applicable provisions of the Commercial Companies Law of 2019, we report that these financial statements have been prepared and comply, in all material respects, with those requirements and provisions.

PricewaterhouseCoopers

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C.R. No 1230865
PricewaterhouseCoopers LLC

Husam Elnaili
Muscat, Sultanate of Oman

14 February 2021

SALAHAH PORT SERVICES COMPANY SAOG

Consolidated and parent statement of financial position

As at 31 December 2020

Parent Company		Consolidated				Parent Company		Consolidated	
2019	**2020**	2019	**2020**			**2020**	2019	**2020**	2019
US $ '000	US $ '000	US $ '000	US $ '000		***Notes***	**RO'000**	RO'000	**RO'000**	RO'000
				ASSETS					
				Non-Current Assets					
158,398	**137,859**	158,670	**138,110**	Property and equipment	13.a	**53,023**	60,921	**53,119**	61,027
32,734	**28,786**	32,734	**28,874**	Right of use of Assets	13.b	**11,072**	12,590	**11,105**	12,590
330	**292**	330	**292**	Intangible assets	13.c	**113**	127	**113**	127
312	**546**	-	**-**	Investments in Subsidiary	13.d	**210**	120	**-**	-
191,774	**167,483**	191,734	**167,276**			**64,418**	73,758	**64,337**	73,744
				Current Assets					
4,616	**6,613**	4,616	**6,613**	Inventories	13.e	**2,543**	1,775	**2,543**	1,775
4,724	**5,024**	4,724	**5,024**	Other current assets	13.f	**1,931**	1,817	**1,931**	1,817
23,553	**13,234**	23,552	**13,234**	Trade receivables	14.a	**5,090**	9,056	**5,090**	9,055
3,676	**2,345**	3,676	**2,345**	Other financial assets at amortised cost	14.b	**902**	1,414	**902**	1,414
52,000	**23,400**	52,000	**23,400**	Short term deposits	14.c	**9,000**	20,000	**9,000**	20,000
11,240	**97,298**	11,240	**97,298**	Cash and cash equivalents	14.d	**37,422**	4,323	**37,422**	4,323
99,809	**147,914**	99,808	**147,914**	**Total current assets**		**56,888**	38,385	**56,888**	38,384
900	**-**	900	**-**	Non-current asset held for sale		**-**	346	**-**	346
100,709	**147,914**	100,708	**147,914**			**56,888**	38,731	**56,888**	38,730
292,483	**315,397**	292,442	**315,190**	**TOTAL ASSETS**		**121,306**	112,489	**121,225**	112,474
				EQUITY					
46,758	**46,758**	46,758	**46,758**	Share capital	15.a	**17,984**	17,984	**17,984**	17,984
7,666	**7,666**	7,666	**7,666**	Share premium	15.b	**2,949**	2,949	**2,949**	2,949
15,584	**15,584**	15,584	**15,584**	Legal reserve	15.c	**5,994**	5,994	**5,994**	5,994
89,602	**118,700**	90,138	**119,218**	Retained earnings		**45,652**	34,460	**45,849**	34,665
159,610	**188,708**	160,146	**189,226**	Equity attributable to equity holders of the parent company		**72,579**	61,387	**72,776**	61,592
-	**-**	174	**-**	Non controlling interests	15.d	**-**	-	**-**	64
159,610	**188,708**	160,320	**189,226**	**TOTAL EQUITY**		**72,579**	61,387	**72,776**	61,656
				LIABILITIES					
				Non-Current Liabilities					
29,481	**26,798**	29,481	**26,891**	Lease Liabilities	13.b	**10,306**	11,339	**10,343**	11,339
8,681	**9,453**	8,681	**9,453**	Employees' end of service benefits	13.g	**3,636**	3,339	**3,636**	3,339
14,188	**12,013**	14,178	**12,002**	Deferred tax liability	12	**4,620**	5,457	**4,616**	5,453
52,350	**48,264**	52,340	**48,346**			**18,562**	20,135	**18,595**	20,131
				Current Liabilities					
4,716	**4,716**	4,716	**4,716**	Lease Liabilities	13.b	**1,814**	1,814	**1,814**	1,814
48,751	**45,118**	47,946	**44,301**	Trade and other payables	14.e	**17,354**	18,747	**17,040**	18,455
22,942	**19,690**	22,942	**19,690**	Contract liabilities	5.b	**7,573**	8,824	**7,573**	8,824
4,114	**8,901**	4,178	**8,911**	Current tax liabilities	12	**3,424**	1,582	**3,427**	1,594
80,523	**78,425**	79,782	**77,618**			**30,165**	30,967	**29,854**	30,687
132,873	**126,689**	132,122	**125,964**	**TOTAL LIABILITIES**		**48,727**	51,102	**48,449**	50,818
292,483	**315,397**	292,442	**315,190**	**TOTAL EQUITY AND LIABILITIES**		**121,306**	112,489	**121,225**	112,474
0.89	**1.05**	0.89	**1.05**	**Net assets per share (US$ / RO)**	18	**0.40**	0.34	**0.40**	0.34

These Audited consolidated financial statements were approved and authorised for issue by the Board of Directors _ February 2021 and were signed on its behalf by:

Deputy Chairman	Chief Executive Officer	Chief Financial Officer

The attached notes 1 to 25 form part of these consolidated financial statements.

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SALALAH PORT SERVICES COMPANY SAOG

Consolidated and parent statement of comprehensive income

For the year ended 31 December 2020

Parent Company		Consolidated				Parent Company		Consolidated	
2019 US $ '000	**2020 US $ '000**	2019 US $ '000	**2020 US $ '000**		*Notes*	**2020 RO '000**	2019 RO '000	**2020 RO '000**	2019 RO '000
168,001	**170,463**	168,282	**170,575**	Revenue	*5.a*	**65,563**	64,616	**65,606**	64,724
(105,048)	**(110,160)**	(105,048)	**(110,160)**	Direct operating costs	*6*	**(42,368)**	(40,406)	**(42,368)**	(40,406)
(18,061)	**(21,619)**	(18,118)	**(21,655)**	Other operating expenses	*7*	**(8,314)**	(6,947)	**(8,328)**	(6,969)
(25,753)	**(24,460)**	(25,772)	**(24,472)**	Administration and general expenses	*8*	**(9,407)**	(9,902)	**(9,413)**	(9,911)
(524)	**(844)**	(524)	**(844)**	Impairment losses on financial assets	*22*	**(326)**	(202)	**(326)**	(202)
5,479	**986**	5,479	**986**	Other Income	*9*	**379**	2,107	**379**	2,107
24,094	**14,366**	24,299	**14,430**	**Profit from operations**		**5,527**	9,266	**5,550**	9,343
(7,350)	**-**	(7,350)	**-**	Cyclone related expenses	*21.b*	**-**	(2,827)	**-**	(2,827)
-	**29,633**	-	**29,633**	Insurance Compensation	*25*	**11,397**	-	**11,397**	-
2,460	**3,034**	2,460	**3,034**	Finance income	*10*	**1,167**	947	**1,167**	947
(2,363)	**(2,146)**	(2,363)	**(2,152)**	Finance cost	*10*	**(826)**	(909)	**(828)**	(909)
16,841	**44,887**	17,046	**44,945**	**Profit before income tax expense**		**17,265**	6,477	**17,286**	6,554
(2,269)	**(6,437)**	(2,290)	**(6,445)**	Income tax expense	*12*	**(2,476)**	(873)	**(2,479)**	(881)
14,572	**38,450**	14,756	**38,500**	**Profit for the year**		**14,789**	5,604	**14,807**	5,673
-	**-**	-	**-**	Other comprehensive income for the year, net of tax		**-**	-	**-**	-
14,572	**38,450**	14,756	**38,500**	**Total comprehensive income for the year**		**14,789**	5,604	**14,807**	5,673
				Profit attributable to :					
14,572	**38,450**	14,752	**38,500**	Equity holders of the parent		**14,789**	5,604	**14,807**	5,672
-	**-**	4	**-**	Non-controlling interests		**-**	-	**-**	1
				Total comprehensive income attributable to :					
14,572	**38,450**	14,752	**38,500**	Equity holders of the parent		**14,789**	5,604	**14,807**	5,672
-	**-**	4	**-**	Non-controlling interest		**-**	-	**-**	1
14,572	**38,450**	14,756	**38,500**			**14,789**	5,604	**14,807**	5,673
0.08	**0.21**	0.08	**0.21**	**Basic and diluted earnings per share (US $ / RO)**	*16*	**0.08**	0.03	**0.08**	0.03

The attached notes 1 to 25 form part of these consolidated financial statements.

SALAHAH PORT SERVICES COMPANY SAOG

Consolidated and parent statement of cash flows

For the year ended 31 December 2020

Parent Company		Consolidated				Parent Company		Consolidated	
2019 US $ '000	**2020 US $ '000**	2019 US $ '000	**2020 US $ '000**		**Notes**	**2020 RO'000**	2019 RO'000	**2020 RO'000**	2019 RO'000
				Operating activities					
16,841	**44,887**	17,046	**44,945**	Profit before tax		**17,265**	6,477	**17,286**	6,554
				Adjustments for:					
25,276	**27,023**	25,305	**27,051**	Depreciation and amortisation	**13.a**	**10,394**	9,722	**10,404**	9,733
3,932	**3,948**	3,932	**3,970**	Depreciation on right of use of asset	**13.b**	**1,519**	1,512	**1,527**	1,512
1,264	**1,387**	1,263	**1,387**	Provision for employees' end of service benefits	**13.g**	**533**	486	**533**	486
-	**845**	-	**845**	Writeback of provision made in prior years	**9**	**325**	-	**325**	-
526	**847**	525	**847**	Impairment loss on financial assets	**22**	**326**	202	**326**	202
257	**512**	257	**512**	Inventory obsolescence	**8**	**197**	99	**197**	99
122	**158**	122	**158**	Unrealised foreign exchange loss, net		**61**	47	**61**	47
(268)	**649**	(268)	**649**	Loss on sale of assets	**9**	**250**	(103)	**250**	(103)
(2,369)	**(3,034)**	(2,369)	**(3,034)**	Finance income	**10**	**(1,167)**	(911)	**(1,167)**	(911)
2,363	**2,148**	2,363	**2,153**	Finance cost	**10**	**826**	909	**828**	909
(421)	**-**	(421)	**-**	Impairment of non-current assets held for sale		**-**	(162)	**-**	(162)
47,523	**79,370**	47,756	**79,483**	**Operating profit before working capital changes**		**30,529**	18,278	**30,570**	18,366
				Working capital changes					
385	**(2,508)**	385	**(2,508)**	Inventories		**(965)**	148	**(965)**	148
(1,984)	**(296)**	(1,984)	**(296)**	Other current assets		**(114)**	(763)	**(114)**	(763)
(12,081)	**9,932**	(12,354)	**9,932**	Trade receivables		**3,820**	(4,645)	**3,820**	(4,750)
2,392	**1,332**	2,850	**1,332**	Other financial assets at amortised cost		**512**	920	**512**	1,096
(5,924)	**(4,862)**	(6,469)	**(4,925)**	Trade and other payables		**(1,871)**	(2,279)	**(1,893)**	(2,486)
(1,953)	**(3,253)**	(1,953)	**(3,253)**	Contract liabilities		**(1,251)**	(751)	**(1,251)**	(751)
28,358	**79,715**	28,231	**79,765**	**Operating profit after working capital changes before payment of tax and employees end of service benefit**		**30,660**	10,908	**30,679**	10,860
(4,101)	**(3,824)**	(4,133)	**(3,855)**	Tax paid		**(1,471)**	(1,577)	**(1,483)**	(1,590)
(467)	**(615)**	(467)	**(615)**	Employees' end of service benefits paid		**(236)**	(180)	**(236)**	(180)
23,790	**75,276**	23,631	**75,295**	**Net cash generated from operating activities**		**28,953**	9,151	**28,960**	9,090
				Investing activities					
(17,359)	(6,947)	(17,359)	(6,947)	Acquisition of property and equipment		(2,672)	(6,677)	(2,672)	(6,677)
268	1,387	268	1,387	Proceeds from sale of property and equipment		533	103	533	103
(410)	900	(410)	900	Proceeds from disposal of non-current assets held for sale		346	(158)	346	(158)
2,369	3,034	2,369	3,034	Finance income received		1,167	911	1,167	911
41,600	78,000	41,600	78,000	Proceeds from sale of short-term deposits		30,000	16,000	30,000	16,000
(59,800)	(49,400)	(59,800)	(49,400)	Purchase of short term deposits		(19,000)	(23,000)	(19,000)	(23,000)
(33,332)	**26,974**	(33,332)	**26,974**	**Net cash generated from / (used in) investing activities**		**10,374**	(12,821)	**10,374**	(12,821)
				Financing activities					
(7,012)	**(9,352)**	(7,012)	**(9,352)**	Dividend paid	**17**	**(3,597)**	(2,697)	**(3,597)**	(2,697)
(4,631)	**(4,692)**	(4,631)	**(4,706)**	Lease Payments		**(1,805)**	(1,781)	**(1,810)**	(1,781)
(2,363)	**(2,148)**	(2,363)	**(2,153)**	Finance cost paid		**(826)**	(909)	**(828)**	(909)
(14,006)	**(16,192)**	(14,006)	**(16,211)**	**Net cash used in financing activities**		**(6,228)**	(5,387)	**(6,235)**	(5,387)
(23,548)	**86,058**	(23,707)	**86,058**	Net change in cash and cash equivalents		**33,099**	(9,057)	**33,099**	(9,118)
34,788	**11,240**	34,947	**11,240**	**Cash and cash equivalents at beginning of the year**		**4,323**	13,380	**4,323**	13,441
11,240	**97,298**	11,240	**97,298**	**Cash and cash equivalents at the end of the year**	**14.d**	**37,422**	4,323	**37,422**	4,323

The attached notes 1 to 25 form part of these consolidated financial statements.

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SALALAH PORT SERVICES COMPANY SAOG

Consolidated statement of changes in equity

For the year ended 31 December 2020

	Attributable to equity shareholders of the consolidated company					Non - Controlling interests	Total
	Share capital RO '000	Share premium RO '000	Legal reserve RO'000	Retained earnings RO '000	Total RO '000	RO '000	RO '000
At 1 January 2019	17,984	2,949	5,994	31,704	58,631	49	58,680
Profit for the year	-	-	-	5,672	5,672	1	5,673
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	5,672	5,672	1	5,673
Transactions with owners, recorded directly in equity							
Dividend paid (note 17)	-	-	-	(2,697)	(2,697)	-	(2,697)
Transactions with non-controlling interests, recognised directly in equity							
Transfers	-	-	-	(14)	(14)	14	-
At 31 December 2019	17,984	2,949	5,994	34,665	61,592	64	61,656
At 1 January 2020	**17,984**	**2,949**	**5,994**	**34,665**	**61,592**	**64**	**61,656**
Profit for the year				**14,785**	**14,785**	**22**	**14,807**
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**14,785**	**14,785**	**22**	**14,807**
Transactions with owners, recorded directly in equity							
Dividend paid (note 17)	**-**	**-**	**-**	**(3,597)**	**(3,597)**	**-**	**(3,597)**
Transactions with non-controlling interests, recognised directly in equity							
Transaction with non-controlling interests	**-**	**-**	**-**	**(4)**	**(4)**	**(86)**	**(90)**
31 December 2020	**17,984**	**2,949**	**5,994**	**45,849**	**72,776**	**-**	**72,776**

	Attributable to equity shareholders of the consolidated company					Non - Controlling interests	Total
	Share capital US $ '000	Share premium US $ '000	Legal reserve US $ '000	Retained earnings US $ '000	Total US $ '000	US $ '000	US $ '000
At 1 January 2019	46,758	7,666	15,584	82,435	152,443	133	152,576
Profit for the year	-	-	-	14,752	14,752	4	14,756
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	14,752	14,752	4	14,756
Transactions with owners, recorded directly in equity							
Dividend paid (note 17)	-	-	-	(7,012)	(7,012)	-	(7,012)
Transactions with non-controlling interests, recognised directly in equity							
Transfers	-	-	-	(37)	(37)	37	-
At 31 December 2019	46,758	7,666	15,584	90,138	160,146	174	160,320
At 1 January 2020	**46,758**	**7,666**	**15,584**	**90,138**	**160,146**	**174**	**160,320**
Profit for the year	**-**	**-**	**-**	**38,442**	**38,442**	**58**	**38,500**
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**38,442**	**38,442**	**58**	**38,500**
Transactions with owners, recorded directly in equity							
Dividend paid (note 17)	**-**	**-**	**-**	**(9,352)**	**(9,352)**	**-**	**(9,352)**
Transactions with non-controlling interests, recognised directly in equity							
Transaction with non-controlling interests	**-**	**-**	**-**	**(10)**	**(10)**	**(232)**	**242)**
At 31 December 2020	**46,758**	**7,666**	**15,584**	**119,218**	**189,226**	**-**	**189,226**

The attached notes 1 to 25 form part of these consolidated financial statements.

Notes
to Consolidated and parent 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 and the Company's shares are listed in the Muscat Securities Market. Port of Salalah Development Company LLC ("the subsidiary") is the wholly owned subsidiary of the Company.

The Company is primarily engaged in leasing, equipping, operating and managing Container Terminal and General Cargo Terminal facilities in Salalah, Sultanate of Oman. Whereas, the subsidiary is engaged in property-related activities within the Port of Salalah premises.

The consolidated financial statement of the Company for the year ended 31 December 2020 comprise the Company and its subsidiary (together referred to as "the Group").

2 Basis of Preparation

(a) Statement of compliance

These financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRS), interpretations issued by the IFRS Interpretations Committee (IFRS IC), the requirements of the Commercial Companies Law of the Sultanate of Oman, 2019 and comply with the disclosure requirements set out in the 'Rules and Guidelines on Disclosure by the issuer of Securities and Insider Trading' issued by the Capital Market Authority (CMA) of the Sultanate of Oman.

(b) Basis of measurement

The financial statements of the Group have been prepared under the historical cost basis except otherwise described in the notes below.

(c) Use of estimates and judgements

The preparation of 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 financial statements are described in note 24.

(d) New and amended standards adopted by the group

The Group applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020:

- Amendments to IFRS 3 – definition of a business, (effective on or after 1 January 2020)
- Amendments to IAS 1 and IAS 8 on the definition of material, (effective on or after 1 January 2020)
- Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark Reform Phase 1, (effective on or after 1 January 2020)
- Amendments to References to the Conceptual Framework in IFRS Standards, (effective on or after 1 January 2020)
- Amendments to IFRS 16 – Covid-19-Related Rent Concessions, (effective on or after 1 June 2020)

SALALAH PORT SERVICES COMPANY SAOG

Notes to the consolidated and parent financial statements

2 Basis of Preparation (continued)

(d) New and amended standards adopted by the group (continued)

Amendments to IFRS 16 - Covid-19-Related Rent Concessions, became effective for annual periods beginning on or after 1 June 2020, but early application is permitted. This amendment, which resulted from the COVID-19 pandemic, sets out the principles for the rent concessions granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. In May 2020, the IASB made an amendment to IFRS 16 Leases which provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(e) New standards and interpretations not yet adopted

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2021 or later periods. The Group has not early adopted them, and these standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

- Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark Reform Phase 2, (effective on or after 1 January 2021)
- Annual Improvements to IFRS Standards 2018–2020, (effective on or after 1 January 2022)
- Amendments to IAS 16 – Property, Plant and Equipment — Proceeds before Intended Use, (effective on or after 1 January 2022)
- Amendments to IAS 37 – Onerous Contracts — Cost of Fulfilling a Contract, (effective on or after 1 January 2022)
- Amendments to IFRS 3 – Reference to the Conceptual Framework, (effective on or after 1 January 2022)
- Amendments to IFRS 17 – Insurance Contracts, (effective on or after 1 January 2023)
- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current, (effective on or after 1 January 2023)

3 Significant agreements

The Company has entered into the following significant agreements:

(a) 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 a royalty fee to the Government of Sultanate of Oman and is calculated as follows:

- A fixed royalty fee of US$ 255,814 per annum is payable for Land Lease agreement covering (Berth 1-4), increasing at the rate of 3% per annum; and
- A fixed royalty fee of US$ 744,184 per annum is payable for Land Lease agreement covering (Berth 1-4), increasing at the rate of 3% per annum
- A fixed royalty fee of US$ 750,000 per annum is payable for Berth 5 from 2007 onwards and increasing at the rate of 3% per annum; and
- A fixed royalty fee of US$ 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.

(b) The management agreement for Container Terminal with AP Moller Terminals Co. LLC with the responsibility for the 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 depending on the operating revenue of the Container Terminal.

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3 Significant agreements (continued)

(c) 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 the 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.

(d) 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 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 depending on the volumes handled by the General Cargo Terminal.

4 Significant accounting policies

The following significant accounting policies have been consistently applied in the preparation of these consolidated financial statements throughout the Group to all the years presented, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiary

Subsidiary is an entity 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. 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.

The acquisition method of accounting is used to account for business combinations including common control transactions by the Group on the date of acquisition.

(ii) Change in ownership interests in subsidiaries without loss of control

Changes in the Group's interests in a subsidiary that does not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The difference between the fair value of any consideration paid or received and relevant shares acquired or disposed of in the carrying value of net assets of the subsidiary is recorded in equity under retained earnings.

(iii) Disposal of subsidiaries (loss of control)

On the loss of control, the Group:
- 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
- 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.

(iv) Non-controlling interest

For each business combination, the Group elects to measure any non-controlling interests at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.
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SALAH PORT SERVICES COMPANY SAOG

Notes to the consolidated and parent financial statements

4 Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(v) Transactions eliminated on consolidation

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.

(b) Foreign currencies

Presentation and functional currency

These financial statements are presented in Rials Omani ("RO") and United States Dollars (''US$'') rounded off to the nearest thousands. The Group's functional currency is RO. The Exchange rate considered for the conversion is RO 1 = US$ 2.6 and US$ amounts are presented only for the convenience of readers.

Foreign currency transactions and balances

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 the 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 functional currency of all Group companies is same.

(c) Dividend

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.

(d) Directors remuneration and sitting fees

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 2019 of the Sultanate of Oman.

(e) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The board of the Group has appointed a strategic steering committee which assesses the financial performance and position of the group, and makes strategic decisions. The Steering Committee, which has been identified as being the chief operating decision maker, consists of the Chief Executive Officer, the Chief Financial Officer and the manager for corporate planning.

(f) Revenue

The revenue is recognized net of credit notes and rebate and at a point in time when the Group satisfies a performance obligation by transferring service to the customer. The amount of revenue recognized is the amount of the transaction price allocated to each satisfied performance obligation. The transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised services. Where the contracts include multiple performance obligations, the transaction price is allocated to each performance obligation based on stand-alone selling prices.

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SALALAH PORT SERVICES COMPANY SAOG

Notes to the consolidated and parent financial statements

4 Significant accounting policies (continued)

(f) Revenue

Group revenue includes income from the container, general cargo and marine services.

- Container services represent the activities relating to stevedoring (import, export, and transhipment containers), yard handling, reefer electricity, storage, and other related activities.
- General cargo services represent the activities relating to handling general cargo vessels, including stuffing and un-stuffing, equipment rental and storage of non-containerized/ bulk cargo.
- Marine services represent activities relating to berth rental, pilotage, anchorage, towage and other related activities.

No element of financing is deemed present as the sales are made with a credit term, which is consistent with market practice. Thus, the Group does not adjust any of the transaction prices for the time value of money.

A receivable is recognised when the goods are delivered and services are rendered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. Contract liabilities include advances received from customers.

(g) Finance income and finance cost

Finance 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.

Finance cost comprise interest expense on lease liabilities that is recognised in the income statement. Except for interest capitalised directly attributable to the purchase or construction of qualifying assets, all borrowing costs are measured at amortised cost and recognised in the income statement, using the effective interest method.

(h) Taxation

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.

(i) Earnings per share

The Group 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 Group by the weighted average number of ordinary shares outstanding during the year.

(j) 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 (o). 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.

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SALAHAH PORT SERVICES COMPANY SAOG

Notes to the consolidated and parent financial statements

4 Significant accounting policies (continued)

(j) Property and equipment

Capital work-in-progress

Capital work-in-progress is measured at cost less impairment, if any. Capital work-in-progress is 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:

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

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

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

(k) Leases

Group as a lessee

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payment that are based on an index or a rate
- Amounts expected to be payable by the lessee under residual value guarantees
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate.

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SALALAH PORT SERVICES COMPANY SAOG

Notes to the consolidated and parent financial statements

4 Significant accounting policies (continued)

(k) Leases

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

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs, and
- Restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. The Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract.
The lease term is considered to be the non-cancellable period for which the Group has the right to use an underlying asset. The lease term is adjusted for periods covered by an option to extend; if it is reasonably certain that the option will be exercised as well as periods covered by an option to terminate the lease; if it is reasonably certain that the option will not be exercised.

Group as a lessor

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to the ownership of an underlying asset. Lease payments from operating lease are recognised as income on a straight-line basis unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. Costs incurred in earning the lease income, including depreciation are recognised as an expense. Initial direct cost incurred in obtaining lease, are added to the carrying amount of the underlying asset and recognised as an expense over the lease term on the same basis as the lease income. Modification to an operating lease is accounted for as a new lease from the effective date of the modification, considering any prepaid or accrued leased payments relating to the original lease as part of the lease payments for the new lease. The respective leased assets are included in the statement of financial position based on their nature.

Finance lease receivables and finance income

Finance leases, which transfer from the Group substantially all of the risks and rewards incidental to ownership of the leased item, are recognised as a disposal of asset at the inception of the lease and are presented as receivables under a finance lease at an amount equal to the net investment in the finance lease. Lease receivables are apportioned between finance income and reductions of the receivables under a finance lease so as to achieve a constant periodic rate of return on the lessor's net investment in the finance lease. Finance income earned is recognised within profit and loss in the statement of comprehensive income. Lease receivables due within one year are disclosed as current assets.

(l) Intangible assets

These are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses, if any [refer accounting policy (o)]. The intangibles assets include development expenditure and licensed software. Amortisation of intangibles relating to development expenditure is charged to profit and loss on a straight-line basis over the Concession period, whereas acquired licensed software is amortised using the straight-line method over their estimated useful lives (three to five years).

(m) 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.

(n) Non-current assets held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

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4 Significant accounting policies (continued)

(o) 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 period of five years. For a 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. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

(p) Financial assets

Initial recognition and measurement

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into four categories:

- Financial assets at amortised cost (debt instruments).
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments).
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).
- Financial assets at fair value through profit or loss.

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4 Significant accounting policies (continued)

(p) Financial assets

Subsequent measurement (continued)

Financial assets at amortised cost (debt instruments)
This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

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

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes trade receivables and cash and cash equivalents.

Financial assets at fair value through OCI (debt instruments)
The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

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

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of comprehensive income and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss. The Group does not have any such instruments.

Financial assets designated at fair value through OCI (equity instruments)
Upon initial recognition, the Company can elect to classify its equity investments irrevocably as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Group does not have any such instruments as of reporting date.

Financial assets at fair value through profit or loss (FVTPL)
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

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4 Significant accounting policies (continued)

(p) Financial assets (continued)

Impairment of financial assets
The Group accounts for impairment losses for financial assets with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Group to record an allowance for ECLs for all debt financial assets not held at FVTPL. The Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience as adjusted for forward-looking factors.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The Group considers a financial asset in default when contractual payment is 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

(q) Trade receivables

Trade receivables represents amount due from customers for goods sold in the ordinary course of business. Trade receivables are recognised initially at the amounts of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value and subsequently measured at amortised cost using effective interest method, less provision for impairment. See note 14.a for further information about the Company's accounting for trade receivables and note 22 for a description of the Company's trade receivable impairment policies. The amount of the provision is recognised in the statement of comprehensive income. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'administrative expenses' in the statement of comprehensive income

(r) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(s) Share capital and share premium

Ordinary shares are classified as equity. Any excess of the fair value of consideration received over the par value of shares issued is recognised as share premium.

(t) Employees' end of service benefits

Government Social Security scheme under Royal Decree 72 / 91 for Omani employees.

End of service benefits are accrued in accordance with the terms of employment of the Company's employees at the reporting date, having regard to the requirements of the Oman Labour Law 2003 as amended and in accordance with IAS - 19 'Employee Benefits'. Employee entitlements to annual leave are recognised when they accrue to employees and an accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date. The accrual relating to annual leave and leave passage is included in current liabilities, while that relating to end of service benefits is disclosed as a non-current liability.

Contributions to a defined contribution retirement plan for Omani employees in accordance with the Omani Social Insurances Law of 1991, are recognised as an expense in the statement of comprehensive income as incurred.

In accordance with the provisions of IAS 19, Employee benefits, management carries an exercise to assess the present value of the Company's obligations as of reporting date, using the actuarial techniques, in respect of employees' end of service benefits payable under the Oman aforesaid Labour Law. Under this method, an assessment is made of an employee's expected service life with the Company and the expected basic salary at the date of leaving the service.

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4 Significant accounting policies (continued)

(u) Trade and other payables

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Liabilities are recognised for amounts to be paid for goods and services received, whether or not billed to the Group.

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

(w) Provisions

Provisions are 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.

(x) Fair value

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on a number of accounting policies and methods. Where applicable, information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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Notes to the consolidated and parent financial statements

4 Significant accounting policies (continued)

(x) Fair value (continued)

At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing to the information in the valuation computation to contracts and other relevant documents.

The Group also compares each of the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

5 Revenue

5.a Disaggregation of revenue from contracts with customers

The group derives revenue from the provision of services at a point in time in the following category of services (revenue streams):

Parent Company		Consolidated			Parent Company		Consolidated	
2019 US $ '000	**2020 US $ '000**	2019 US $ '000	**2020 US $ '000**		**2020 RO'000**	2019 RO'000	**2020 RO'000**	2019 RO'000
118,802	**125,771**	118,802	**125,771**	Stevedoring Revenue (net of rebates)	**48,374**	45,693	**48,374**	45,693
20,900	**20,985**	20,901	**20,985**	Yard Service Revenue	**8,071**	8,039	**8,071**	8,039
16,227	**14,017**	16,227	**14,017**	Marine Services Revenue	**5,391**	6,241	**5,391**	6,241
12,072	**9,690**	12,352	**9,802**	Other Revenue	**3,727**	4,643	**3,770**	4,751
168,001	**170,463**	168,282	**170,575**	**Total Revenue**	**65,563**	64,616	**65,606**	64,724

5.b Assets and liabilities related to contracts with customers

The group has recognised the following liabilities related to contracts with customers:

Parent Company		Consolidated			Parent Company		Consolidated	
2019 US $ '000	**2020 US $ '000**	2019 US $ '000	**2020 US $ '000**		**2020 RO'000**	2019 RO'000	**2020 RO'000**	2019 RO'000
17,677	**17,856**	17,677	**17,856**	Contract liabilities - rebates related party	**6,868**	6,799	**6,868**	6,799
5,265	**1,834**	5,265	**1,834**	Contract liabilities - rebates others	**705**	2,025	**705**	2,025
22,942	**19,690**	22,942	**19,690**	**Total**	**7,573**	8,824	**7,573**	8,824

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Notes to the consolidated and parent financial statements

6 Direct operating costs

Parent Company		Consolidated			Parent Company		Consolidated	
2019 US $ '000	**2020 US $ '000**	2019 US $ '000	**2020 US $ '000**		**2020 RO'000**	2019 RO'000	**2020 RO'000**	2019 RO'000
55,662	**60,137**	55,662	**60,137**	Staff costs (note 11)	**23,130**	21,410	**23,130**	21,410
22,839	**25,231**	22,839	**25,231**	Depreciation (note 13.a)	**9,704**	8,785	**9,704**	8,785
11,178	**11,238**	11,178	**11,238**	Repair and maintenance	**4,322**	4,300	**4,322**	4,300
13,148	**9,528**	13,148	**9,528**	Power and fuel	**3,664**	5,057	**3,664**	5,057
-	**1,381**	-	**1,381**	Covid-19 Cost	**531**	-	**531**	-
1,029	**1,233**	1,029	**1,233**	System and communications	**474**	396	**474**	396
573	**1,185**	573	**1,185**	Marine Services	**456**	220	**456**	220
619	**227**	619	**227**	Equipment Leasing Costs	**87**	238	**87**	238
105,048	**110,160**	105,048	**110,160**	**Total**	**42,368**	40,406	**42,368**	40,406

7 Other operating expenses

Parent Company		Consolidated			Parent Company		Consolidated	
2019 US $ '000	**2020 US $ '000**	2019 US $ '000	**2020 US $ '000**		**2020 RO'000**	2019 RO'000	**2020 RO'00 0**	2019 RO'000
5,405	**6,878**	5,405	**6,878**	Insurance	**2,645**	2,079	**2,645**	2,079
3,198	**5,954**	3,198	**5,954**	Government royalty fee	**2,290**	1,230	**2,290**	1,230
5,861	**5,898**	5,889	**5,906**	Management fees	**2,268**	2,254	**2,272**	2,265
2,012	**1,484**	2,041	**1,512**	Depreciation (note 13.a)	**571**	774	**581**	785
1,546	**1,367**	1,546	**1,367**	Terminal Maintenance	**526**	595	**526**	595
39	**38**	39	**38**	Amortization (note 13.c)	**14**	15	**14**	15
18,061	**21,619**	18,118	**21,655**	**Total**	**8,314**	6,947	**8,328**	6,969

8 Administration and general expenses

Parent Company		Consolidated			Parent Company		Consolidated	
2019 US $ '000	**2020 US $ '000**	2019 US $ '000	**2020 US $ '000**		**2020 RO'000**	2019 RO'000	**2020 RO'000**	2019 RO'000
17,236	**16,450**	17,236	**16,450**	Staff costs (note11)	**6,326**	6,629	**6,326**	6,629
3,932	**3,948**	3,932	**3,970**	Depreciation right of use of assets (note 13.b.i)	**1,519**	1,512	**1,527**	1,512
773	**890**	773	**890**	Systems and communications	**342**	297	**342**	297
257	**512**	257	**512**	Inventory Obsolescence (note 13.e)	**197**	99	**197**	99
463	**493**	463	**493**	Directors remuneration and Sitting Fees	**190**	178	**190**	178
-	**424**	-	**424**	Other Claims	**163**	-	**163**	-
786	**393**	793	**383**	Legal and professional fees	**149**	302	**147**	305
425	**308**	425	**308**	Depreciation (note 13.a)	**119**	163	**119**	163
861	**282**	861	**282**	Travelling Expenses	**109**	331	**109**	331
221	**254**	221	**254**	Corporate social responsibility	**98**	85	**98**	85
333	**194**	333	**194**	Sales and marketing	**75**	128	**75**	128
96	**169**	96	**169**	Postage, printing and stationery	**65**	37	**65**	37
309	**135**	320	**135**	Office rent and maintenance costs	**52**	117	**52**	123
61	**8**	62	**8**	Others	**3**	24	**3**	24
25,753	**24,460**	25,772	**24,472**	**Total**	**9,407**	9,902	**9,413**	9,911

Other claims represent write-back of the provision made in earlier years not required.

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Notes to the consolidated and parent financial statements

9 Other income

Parent Company 2019 US $ '000	Parent Company 2020 US $ '000	Consolidated 2019 US $ '000	Consolidated 2020 US $ '000		Parent Company 2020 RO'000	Parent Company 2019 RO'000	Consolidated 2020 RO'000	Consolidated 2019 RO'000
268	**(649)**	268	**(649)**	(Loss) / gain on sale/scrap of property and equipment	**(250)**	103	**(250)**	103
848	**-**	848	**-**	Impairment of non current asset held for sale	**-**	326	**-**	326
4,262	**845**	4,262	**845**	Writeback of provision made in prior years	**325**	1,639	**325**	1,639
101	**790**	101	**790**	Others	**304**	39	**304**	39
5,479	**986**	5479	**986**	**Total**	**379**	2,107	**379**	2,107

10 Finance income and finance cost

Parent Company 2019 US $ '000	Parent Company 2020 US $ '000	Consolidated 2019 US $ '000	Consolidated 2020 US $ '000		Parent Company 2020 RO'000	Parent Company 2019 RO'000	Consolidated 2020 RO'000	Consolidated 2019 RO'000
2,366	**3,034**	2,366	**3,034**	Interest income on short term deposits	**1,167**	911	**1,167**	911
94	**-**	94	**-**	Other finance Income	**-**	36	**-**	36
2,460	**3,034**	2,460	**3,034**	**Total Finance Income**	**1,167**	947	**1,167**	947
2,163	**2,008**	2,163	**2,014**	Finance cost on lease liabilities	**773**	832	**775**	832
200	**138**	200	**138**	Other finance charges	**53**	77	**53**	77
2,363	**2,146**	2,363	**2,152**	**Total Finance Cost**	**826**	909	**828**	909

11 Staff costs

Parent Company 2019 US $ '000	Parent Company 2020 US $ '000	Consolidated 2019 US $ '000	Consolidated 2020 US $ '000		Parent Company 2020 RO'000	Parent Company 2019 RO'000	Consolidated 2020 RO'000	Consolidated 2019 RO'000
60,015	**63,907**	60,015	**63,907**	Wages and salaries	**24,579**	23,084	**24,579**	23,084
8,031	**7,594**	8,031	**7,594**	Other benefits	**2,921**	3,089	**2,921**	3,089
3,589	**3,699**	3,589	**3,699**	Contributions to defined contribution retirement plan	**1,423**	1,380	**1,423**	1,380
1,263	**1,387**	1,263	**1,387**	Un-funded defined benefit retirement plan	**533**	486	**533**	486
72,898	**76,587**	72,898	**76,587**	**Total**	**29,456**	28,039	**29,456**	28,039

Parent Company 2019 US $ '000	Parent Company 2020 US $ '000	Consolidated 2019 US $ '000	Consolidated 2020 US $ '000		Parent Company 2020 RO'000	Parent Company 2019 RO'000	Consolidated 2020 RO'000	Consolidated 2019 RO'000
55,662	**60,137**	55,662	**60,137**	Direct operating costs (note 6)	**23,130**	21,410	**23,130**	21,410
17,236	**16,450**	17,236	**16,450**	Administration and general expenses (note 8)	**6,326**	6,629	**6,326**	6,629
72,898	**76,587**	72,898	**76,587**	**Total**	**29,456**	28,039	**29,456**	28,039

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Notes to the consolidated and parent financial statements

12 Taxation

The Parent Company and its subsidiary are assessed separately for taxation. The tax rate applicable is 15% (2019: 15%). 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 15% (2019: 15%).

The deferred tax has been computed at the tax rate of 15% (2019: 15%).

The Tax authority has recently completed the tax assessments of the Company for the Tax Years 2014 to 2016. In the completed assessments, the Tax authority had made arbitrary adjustments, thereby, adding 10% of the turnover of the Company as estimated income. As per the assessment orders, an aggregate additional tax liability of RO 826,463 is payable by the Company for the Tax Years 2014 to 2016. The Company is in the process of filing an Objection against the assessment orders issued for these tax years.

The Company believes that all the expenses incurred by it are actual and genuine bona-fide business expense in connection with the principal activity of the Company to earn the taxable income. The Company would thus be able to support its position before the Tax authority. Consequently, no adjustments have been made in the tax provisioning.

We wish to highlight that if the objection for tax years 2014 to 2016 is decided in favour of the Company, there will be a tax refund available to the Company. Since the assessments for tax years 2014 to 2016 would be under dispute (i.e. proposed objection), a tax asset is not created in relation to this potential refund.

Parent Company		Consolidated			Parent Company		Consolidated	
2019 US $ '000	**2020 US $ '000**	2019 US $ '000	**2020 US $ '000**		**2020 RO'000**	2019 RO'000	**2020 RO'000**	2019 RO'000
				Income tax expense				
3,814	**8,614**	3,845	**8,623**	Current tax	**3,313**	1,467	**3,317**	1,479
(1,545)	**(2,177)**	(1,555)	**(2,178)**	Deferred tax	**(837)**	(594)	**(838)**	(598)
2,269	**6,437**	2,290	**6,445**		**2,476**	873	**2,479**	881
				Tax Liability				
3,825	**4,113**	3,825	**4,144**	1 January	**1,582**	1,471	**1,594**	1,471
(4,101)	**(3,824)**	(4,133)	**(3,855)**	Paid during the year	**(1,471)**	(1,577)	**(1,483)**	(1,590)
4,390	**8,615**	4,486	**8,622**	Movement during the year	**3,313**	1,688	**3,316**	1,713
4,114	**8,901**	4,178	**8,911**	At 31 December	**3,424**	1,582	**3,427**	1,594

Deferred tax liability comprises the following temporary differences:

2019 US $ '000	**2020 US $ '000**	2019 US $ '000	**2020 US $ '000**	**Deferred tax liability**	**2020 RO'000**	2019 RO'000	**2020 RO'000**	2019 RO'000
16,310	**14,188**	16,310	**14,178**	1 January	**5,457**	6,273	**5,453**	6,273
(2,122)	**(2,176)**	(2,132)	**(2,176)**	Movement for the year	**(837)**	(816)	**(837)**	(820)
14,188	**12,013**	14,178	**12,002**	At 31 December	**4,620**	5,457	**4,616**	5,453

Deferred tax adjustments relate to the following:

2019 US $ '000	**2020 US $ '000**	2019 US $ '000	**2020 US $ '000**		**2020 RO'000**	2019 RO'000	**2020 RO'000**	2019 RO'000
(15,037)	**(13,182)**	(15,027)	**(13,171)**	Net book value of property and equipment	**(5,070)**	(5,783)	**(5,066)**	(5,780)
849	**1,169**	849	**1,169**	Provisions and losses	**450**	327	**450**	327
(14,188)	**(12,013)**	(14,178)	**(12,002)**		**(4,620)**	(5,457)	**(4,616)**	(5,453)

Reconciliation of income taxes calculated at the applicable tax rate with the income tax expense

Particulars	**RO'000**
Profit (loss) as per financial statements	**17,265**
Income tax as per rates mentioned above	2,589
Non-deductible expenses	16
Prior year current tax	(111)
Prior year deferred tax	(18)
Tax expense (income) for the year	**2,476**

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Notes to the consolidated and parent financial statements

13 Non-financial assets and liabilities

This note provides information about the Company's non-financial assets and liabilities, including:

- specific information about each type of non-financial asset and non-financial liability
  - property and equipment (note 13.a)
  - right of use of assets (note 13.b)
  - intangible assets (note 13.c)
  - investments in subsidiary (note 13.d)
  - inventories (note 13.e)
  - other current assets (note 13.f)
  - Employees' end of service benefits (note 13.g)

13.a Property and equipment

Details of property and equipment are set out on pages 43 till 46. The depreciation charge has been allocated in the Audited consolidated statement of comprehensive income as follows:

Parent Company		Consolidated			Parent Company		Consolidated	
2019 US $ '000	**2020 US $ '000**	2019 US $ '000	**2020 US $ '000**		**2020 RO'000**	2019 RO'000	**2020 RO'000**	2019 RO'000
22,839	**25,231**	22,839	**25,231**	Direct operating costs	**9,704**	8,785	**9,704**	8,785
2,012	**1,484**	2,041	**1,512**	Other operating expenses	**571**	774	**581**	785
425	**308**	425	**308**	Administration expenses	**119**	163	**119**	163
25,276	**27,023**	25,305	**27,051**	**Total**	**10,394**	9,722	**10,404**	9,733

13.b Leases

(i) Right of use of Assets:

Parent Company		Consolidated			Parent Company		Consolidated	
2019 US $ '000	**2020 US $ '000**	2019 US $ '000	**2020 US $ '000**	**Gross lease**	**2020 RO'000**	2019 RO'000	**2020 RO'000**	2019 RO'000
34,918	**34,918**	34,918	**35,028**	Government lease	**13,431**	13,430	**13,472**	13,430
1,523	**1,523**	1,523	**1,523**	Vehicles Lease	**586**	586	**586**	586
225	**225**	225	**225**	Muscat office lease	**86**	86	**86**	86
36,666	**36,666**	36,666	**36,776**		**14,103**	14,102	**14,144**	14,102
				Accumulated depreciation				
3,508	**7,000**	3,508	**7,022**	Depreciation – Government lease	**2,692**	1,349	**2,700**	1,349
349	**730**	349	**730**	Depreciation – Vehicle lease	**281**	134	**281**	134
75	**150**	75	**150**	Deprecation – Muscat office	**58**	29	**58**	29
3,932	**7,880**	3,932	**7,902**		**3,031**	1,512	**3,039**	1,512
32,734	**28,786**	32,734	**28,874**	**Right of use of Assets Net**	**11,072**	12,590	**11,105**	12,590

(ii) Lease Liabilities

Parent Company		Consolidated			Parent Company		Consolidated	
2019 US $ '000	**2020 US $ '000**	2019 US $ '000	**2020 US $ '000**		**2020 RO'000**	2019 RO'000	**2020 RO'000**	2019 RO'000
32,855	**30,630**	32,855	**30,723**	Concession Agreement	**11,781**	12,637	**11,818**	12,637
1,174	**805**	1,174	**805**	Vehicles Lease	**309**	451	**309**	451
168	**79**	168	**79**	Muscat office Lease	**30**	65	**30**	65
34,197	**31,514**	34,197	**31,607**		**12,120**	13,153	**12,157**	13,153
4,716	**4,716**	4,716	**4,716**	Current Portion	**1,814**	1,814	**1,814**	1,814
29,481	**26,798**	29,481	**26,891**	Non-Current Portion	**10,306**	11,339	**10,343**	11,339
34,197	**31,514**	34,197	**31,607**		**12,120**	13,153	**12,157**	13,153

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Notes to the consolidated and parent financial statements

13 Non-financial assets and liabilities (continued)

13.b Leases (continued)

Movement in Right of use of assets

	Parent				Consolidated			
	Government lease	Vehicles Lease	Muscat office Lease	Total	Government lease	Vehicles Lease	Muscat office Lease	Total
	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000
Cost								
1 January 2020	13,430	586	86	14,102	13,430	586	86	14,102
Addition	-	-	-	-	42	-	-	42
31 December 2020	**13,430**	**586**	**86**	**14,102**	**13,472**	**586**	**86**	**14,144**
31 December 2019	13,430	586	86	14,102	13,430	586	86	14,102
Accumulated Depreciation								
1 January 2020	(1,349)	(134)	(29)	(1,512)	(1,349)	(134)	(29)	(1,512)
Depreciation for the year	(1,343)	(147)	(29)	(1,519)	(1,351)	(147)	(29)	(1,527)
31 December 2020	**(2,692)**	**(281)**	**(58)**	**(3,031)**	**(2,700)**	**(281)**	**(58)**	**(3,039)**
Carrying amounts								
31 December 2020	**10,738**	**305**	**28**	**11,071**	**10,772**	**305**	**28**	**11,105**
31 December 2019	12,081	451	58	12,590	12,081	451	58	12,590

	Parent				Consolidated			
	Government lease	Vehicles Lease	Muscat office Lease	Total	Government lease	Vehicles Lease	Muscat office Lease	Total
	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000
Cost								
1 January 2020	34,918	1,523	225	36,666	34,918	1,523	225	36,666
Addition	-	-	-	-	110	-	-	110
31 December 2020	**34,918**	**1,523**	**225**	**36,666**	**35,028**	**1,523**	**225**	**36,776**
31 December 2019	34,918	1,523	225	36,666	34,918	1,523	225	36,666
Accumulated Depreciation								
1 January 2020	(3,508)	(349)	(75)	(3,932)	(3,508)	(349)	(75)	(3,932)
Depreciation for the year	(3,492)	(381)	(75)	(3,948)	(3,514)	(381)	(75)	(3,970)
31 December 2020	**(7,000)**	**(730)**	**(150)**	**(7,880)**	**(7,022)**	**(730)**	**(150)**	**(7,902)**
Carrying amounts								
31 December 2020	27,918	793	75	28,786	28,006	793	75	28,874
31 December 2019	31,410	1,174	150	32,734	31,410	1,174	150	32,734

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Notes to the consolidated and parent financial statements

13 Non-financial assets and liabilities (continued)

13.b Leases (continued)

Movement in Lease liabilities

	Parent				Consolidated			
	Government lease	Vehicles Lease	Muscat office Lease	Total	Government lease	Vehicles Lease	Muscat office Lease	Total
	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000
Cost								
1 January 2020	12,637	451	65	13,153	12,637	451	65	13,153
Add: Addition	-	-	-	-	39	-	-	39
Add: Finance charges	741	28	3	772	743	28	4	775
Less: Lease payments	(1,597)	(170)	(38)	(1,805)	(1,602)	(170)	(38)	(1,810)
31 December 2020	**11,781**	**309**	**30**	**12,120**	**11,817**	**309**	**30**	**12,157**
31 December 2019	12,637	451	65	13,153	12,637	451	65	13,153

	Parent				Consolidated			
	Government lease	Vehicles Lease	Muscat office Lease	Total	Government lease	Vehicles Lease	Muscat office Lease	Total
	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000
Cost								
1 January 2020	32,855	1,174	168	34,197	32,856	1,174	168	34,198
Add: Addition	-	-	-	-	100	-	-	100
Add: Finance charges	1,926	73	11	2,010	1,932	73	11	2,016
Less: Lease payments	(4,151)	(442)	(100)	(4,693)	(4,165)	(442)	(100)	(4,707)
31 December 2020	**30,630**	**805**	**79**	**31,514**	**30,723**	**805**	**79**	**31,607**
31 December 2019	32,855	1,174	168	34,197	32,856	1,174	168	34,198

13.c Intangible assets

Parent Company		Consolidated			Parent Company		Consolidated	
2019 US $ '000	**2020 US $ '000**	2019 US $ '000	**2020 US $ '000**		**2020 RO'000**	2019 RO'000	**2020 RO'000**	2019 RO'000
1,105	**1,105**	1,105	**1,105**	Cost	**425**	425	**425**	425
				Accumulative amortisation				
(736)	**(775)**	(736)	**(775)**	1 January	**(298)**	(283)	**(298)**	(283)
(39)	**(38)**	(39)	**(38)**	Amortisation for the year	**(14)**	(15)	**(14)**	(15)
(775)	**(813)**	(775)	**(813)**	31 December	**(312)**	(298)	**(312)**	(298)
				Net book value				
330	**292**	330	**292**	**31 December**	**113**	127	**113**	127

13.d Investments in subsidiary

Parent Company		Consolidated			Parent Company		Consolidated	
2019 US $ '000	**2020 US $ '000**	2019 US $ '000	**2020 US $ '000**		**2020 RO'000**	2019 RO'000	**2020 RO'000**	2019 RO'000
312	**312**	-	-	Ordinary Shares - Unquoted	**120**	120	-	-
-	**234**	-	-	Shares acquired during the year	**90**	-	-	-
312	**546**	-	-	**Total** **Total**	**210**	120	-	-

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Notes to the consolidated and parent financial statements

13 Non-financial assets and liabilities (continued)

13.e Inventories

Parent Company		Consolidated			Parent Company		Consolidated	
2019 US $ '000	**2020 US $ '000**	2019 US $ '000	**2020 US $ '000**		**2020 RO'000**	2019 RO'000	**2020 RO'000**	2019 RO'000
7,184	**9,693**	7,184	**9,693**	Spares and consumables	**3,728**	2,763	**3,728**	2,763
(2,568)	**(3,080)**	(2,568)	**(3,080)**	Less: Provision for slow moving inventories	**(1,185)**	(988)	**(1,185)**	(988)
4,616	**6,613**	4,616	**6,613**	**Total**	**2,543**	1,775	**2,543**	1,775

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

Parent Company		Consolidated			Parent Company		Consolidated	
2019 US $ '000	**2020 US $ '000**	2019 US $ '000	**2020 US $ '000**		**2020 RO'000**	2019 RO'000	**2020 RO'000**	2019 RO'000
2,311	**2,569**	2,311	**2,569**	1 January	**988**	889	**988**	889
257	**511**	257	**511**	Provided during the year	**197**	99	**197**	99
2,568	**3,080**	2,568	**3,080**	**31 December**	**1,185**	988	**1,185**	988

13.f Other current assets

Parent Company		Consolidated			Parent Company		Consolidated	
2019 US $ '000	**2020 US $ '000**	2019 US $ '000	**2020 US $ '000**		**2020 RO'000**	2019 RO'000	**2020 RO'000**	2019 RO'000
1,698	**1,642**	1,698	**1,642**	Advance to Suppliers	**631**	653	**631**	653
3,026	**3,382**	3,026	**3,382**	Prepaid expenses	**1,300**	1,164	**1,300**	1,164
4,724	**5,024**	4,724	**5,024**	**Total**	**1,931**	1,817	**1,931**	1,817

13.g Employees' end of service benefits

End of service benefits for Omani employees is covered by the Public Authority for Social Insurance (PASI) scheme in accordance with the terms of the Social Securities Law 1991 to which employees and employer contribute monthly on a fixed percentage of basic salaries. The Company's share of contributions to this funded scheme, which is defined as contribution scheme under IAS 19- Employee Benefits, is recognized as an expense in profit and loss.

Non-Omani employees are entitled to leaving indemnities payable under the Oman Labour Law based on the length of service and final salary and other allowances paid. Provision for this un-funded commitment, which represents a defined scheme under IAS 19- Employee Benefits, has been made by calculating a notional liability had all employees left at the reporting date is recognized as an expense in the profit and loss account.

The accruals are disclosed as the end of service benefits under non-current liability. Movements in the liability recognised in the consolidated statement of financial position are as follows:

Parent Company		Consolidated			Parent Company		Consolidated	
2019 US $ '000	**2020 US $ '000**	2019 US $ '000	**2020 US $ '000**		**2020 RO'000**	2019 RO'000	**2020 RO'000**	2019 RO'000
7,884	**8,681**	7,884	**8,681**	1 January	**3,339**	3,033	**3,339**	3,033
1,264	**1,387**	1,264	**1,387**	Accruals during the year	**533**	486	**533**	486
(467)	**(615)**	(467)	**(615)**	End of service benefit paid	**(236)**	(180)	**(236)**	(180)
8,681	**9,453**	8,681	**9,453**	**31 December**	**3,636**	3,339	**3,636**	3,339

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Notes to the consolidated and parent financial statements

14 Financial assets and liabilities

This note provides information about the Group's financial instruments, including:

- an overview of all financial instruments held by the Group
- specific information about each type of financial instrument
- accounting policies
- information about determining the fair value of the instruments, including judgements and estimation uncertainty involved.

The Company holds the following financial instruments:

Parent Company		Consolidated				Parent Company		Consolidated	
2019	**2020**	2019	**2020**			**2020**	2019	**2020**	2019
US $ '000	**US $ '000**	US $ '000	**US $ '000**	**Financial assets**	**Note**	**RO'000**	RO'000	**RO'000**	RO'000
23,553	**13,234**	23,552	**13,234**	Trade receivables	14.a	**5,090**	9,056	**5,090**	9,055
3,676	**2,345**	3,676	**2,345**	Other financial assets at amortised cost	14.b	**902**	1,414	**902**	1,414
52,000	**23,400**	52,000	**23,400**	Short term deposits	14.c	**9,000**	20,000	**9,000**	20,000
11,240	**97,298**	11,240	**97,298**	Cash and cash equivalents	14.d	**37,422**	4,323	**37,422**	4,323
90,469	**136,277**	90,468	**136,277**			**52,414**	34,793	**52,414**	34,792

Parent Company		Consolidated				Parent Company		Consolidated	
2019	**2020**	2019	**2020**			**2020**	2019	**2020**	2019
US $ '000	**US $ '000**	US $ '000	**US $ '000**	**Financial liabilities**	**Note**	**RO'000**	RO'000	**RO'000**	RO'000
34,197	**31,514**	34,197	**31,607**	Lease liabilities	13.b	**12,120**	13,153	**12,157**	13,153
48,751	**45,118**	47,946	**44,301**	Trade and other payables	14.e	**17,354**	18,747	**17,040**	18,455
22,942	**19,690**	22,942	**19,690**	Contract liabilities	5.b	**7,573**	8,824	**7,573**	8,824
105,890	**96,322**	105,085	**95,598**			**37,047**	40,724	**36,770**	40,432

14.a Trade receivables

Parent Company		Consolidated			Parent Company		Consolidated	
2019	**2020**	2019	**2020**		**2020**	2019	**2020**	2019
US $ '000	**US $ '000**	US $ '000	**US $ '000**		**RO'000**	RO'000	**RO'000**	RO'000
12,394	**4,024**	12,394	**4,024**	Receivables from related parties	**1,548**	4,767	**1,548**	4,767
12,301	**10,730**	12,300	**10,730**	Trade receivables	**4,127**	4,729	**4,127**	4,728
(1,142)	**(1,520)**	(1,142)	**(1,520)**	Less: Provision for impairment	**(585)**	(440)	**(585)**	(440)
11,159	**9,210**	11,158	**9,210**	Trade receivables Net of Provision	**3,542**	4,289	**3,542**	4,288
23,553	**13,234**	23,552	**13,234**	Total Trade Receivables	**5,090**	9,056	**5,090**	9,055

Terms and conditions relating to related party receivables are set out in note 19.

(i) Classification as trade receivables

Trade receivables are amounts due from customers for goods sold and services performed in the ordinary course of business. They are generally due for settlement within 90 days and therefore are all classified as current. These receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components when they are recognised fair value.

The Group holds these receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Group's impairment policies and the calculation of the loss allowance are provided in note 22.

(ii) Carrying and fair values of trade receivables

The carrying amounts of the Group's trade receivables are denominated in Rial Omani. Due to the short-term nature of the current receivables, their carrying amount approximate their fair value.

(iii) Impairment and risk exposure

Information about the impairment of trade receivables and Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in note 22.

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Notes to the consolidated and parent financial statements

14 Financial assets and liabilities (continued)

14.b Other financial assets at amortized cost

The Group classifies its financial assets as at amortized cost only if both of the following criteria are met:

- The asset is held within a business model whose objective is to collect the contractual cash flows, and
- The contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial assets at amortized cost include the following:

Parent Company		Consolidated			Parent Company		Consolidated	
2019 US $ '000	**2020 US $ '000**	2019 US $ '000	**2020 US $ '000**		**2020 RO'000**	2019 RO'000	**2020 RO'000**	2019 RO'000
1,412	**1,368**	1,412	**1,368**	Receivables from the Government of Sultanate of Oman	**526**	543	**526**	543
554	**289**	554	**289**	Other receivables	**111**	212	**111**	212
1,154	**150**	1,154	**150**	Accrued Bank interest income	**58**	444	**58**	444
556	**538**	556	**538**	Due from Employees	**207**	215	**207**	215
3,676	**2,345**	3,676	**2,345**	**Total**	**902**	1,414	**902**	1,414

(i) Classification

These amounts generally arise from transactions outside the usual operating activities of the Group. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained.

(ii) Carrying and fair values of other financial assets at amortized cost

The carrying amounts of the Group's other financial assets at amortized cost are denominated in Rial Omani. Due to the short-term nature of the current receivables, their carrying amount approximates to their fair value

(iii) Impairment and risk exposure

Information about the impairment of other financial assets at amortized cost and Group's exposure to foreign currency risk, and interest rate risk and credit risk can be found in note 4 (p).

14.c Short term deposits

Parent Company		Consolidated			Parent Company		Consolidated	
2019 US $ '000	**2020 US $ '000**	2019 US $ '000	**2020 US $ '000**		**2020 RO'000**	2019 RO'000	**2020 RO'000**	2019 RO'000
52,000	**23,400**	52,000	**23,400**	Short term deposits	**9,000**	20,000	**9,000**	20,000

At 31 December 2020, call deposits and term deposits are placed in US$ and RO with local commercial banks in Oman. Call deposits carry effective annual interest rates ranging from 1.000% to 3.750% (December 2019: 1.00% to 3.429%) on US$ and RO deposits and term deposits carry an effective annual interest rate of 4.000% on RO deposits (December 2019: 4.489%).

14.d Cash and cash equivalents

Parent Company		Consolidated			Parent Company		Consolidated	
2019 US $ '000	**2020 US $ '000**	2019 US $ '000	**2020 US $ '000**		**2020 RO'000**	2019 RO'000	**2020 RO'000**	2019 RO'000
1,518	**53,105**	1,518	**53,105**	Cash and bank balances	**20,425**	584	**20,425**	584
9,722	**44,662**	9,722	**44,662**	Call deposit accounts	**17,178**	3,739	**17,178**	3,739
11,240	**97,767**	11,240	**97,767**		**37,603**	4,323	**37,603**	4,323
-	**(469)**	-	**(469)**	Less: Allowance for impairment loss	**(181)**	-	**(181)**	-
11,240	**97,298**	11,240	**97,298**	**Total**	**37,422**	4,323	**37,422**	4,323

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Notes to the consolidated and parent financial statements

14 Financial assets and liabilities (continued)

14.e Trade and other payables

Parent Company		Consolidated			Parent Company		Consolidated	
2019 US $ '000	**2020 US $ '000**	2019 US $ '000	**2020 US $ '000**		**2020 RO'000**	2019 RO'000	**2020 RO'000**	2019 RO'000
8,694	**5,060**	7,890	**5,060**	Trade payables	**1,946**	3,344	**1,946**	3,036
1,027	**880**	1,027	**880**	Amounts due to Government of Sultanate of Oman	**338**	395	**338**	395
6,076	**2,649**	6,104	**1,844**	Amounts due to related parties (note 19)	**1,018**	2,337	**710**	2,348
32,954	**36,529**	32,925	**36,517**	Accrued expenses and other liabilities	**14,052**	12,671	**14,046**	12,676
48,751	**45,118**	47,946	**44,301**	**Total**	**17,354**	18,747	**17,040**	18,455

15 Equity

(a) Share capital

	2020 RO'000	2019 RO'000		**2020 RO'000**	2019 RO'000
No. of Shares Authorised (in 000's)	**200,000**	200,000	No. of Shares Issued and fully paid (in 000's)	**179,837**	179,837
Authorised Share Capital @ RO 0.100 per Share	**20,000**	20,000	Issued and Fully Paid Share Capital @ RO 0.100 per Share	**17,984**	17,984

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 a 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:

	2020 No. of shares	**%**	2019 No. of shares	%
APM Terminal B.V.	**54,180,000**	**30**	54,180,000	30
Oman Global Logistics Group (SAOC)	**36,120,000**	**20**	36,120,000	20
HSBC A/C HSBC BK PLC A/C IB	**25,778,730**	**14**	25,778,730	14

(c) Legal reserve

The Commercial Companies Law of 2019 of the Sultanate of Oman, requires that 10% of a Company's 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 has been achieved; therefore 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" (POSDC) to pursue the property-related opportunities with a share capital of RO 150,000. Commercial operations of POSDC commenced in 2008. However, during Oct-2020 the Company has purchased the 20% shareholding of Mubadrah (Non-controlling interest) and has become 100% Holding company in "Port of Salalah Development Company LLC".

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Notes to the consolidated and parent financial statements

16 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 is as follows:

Parent Company		Consolidated			Parent Company		Consolidated	
2019 US $ '000	**2020 US $ '000**	2019 US $ '000	**2020 US $ '000**	**Earnings per share**	**2020 RO'000**	2019 RO'000	**2020 RO'000**	2019 RO'000
14,572	**38,450**	14,756	**38,500**	Net profit for the year	**14,789**	5,604	**14,807**	5,673
179,837	**179,837**	179,837	**179,837**	Weighted average number of shares outstanding at the end of the period ('000)	**179,837**	179,837	**179,837**	179,837
0.08	**0.21**	0.08	**0.21**	Basic earnings per share	**0.08**	0.03	**0.08**	0.03

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.

17 Dividends

The Board of Directors has proposed a cash dividend of RO 0.025 (2019: RO 0.020) [US$ 0.065 (2019: US$ 0.052)] per share totalling to amount of approximately RO 4.496 million (2019: RO 3.597 million) [US$ 11,690 million (2019: US$ 9.352 million)] for the year ended 31 December 2020, which is subject to approval by the shareholders at the forthcoming Annual General Meeting. Withholding tax will be deducted and paid on the payment of the dividends to non-resident shareholders.

Shareholders approved cash dividend of RO 0.020 (US$ 0.052) per share for 2019 totalling to RO 3.597 million (US$ 9.352 million) approving the board's proposal of RO 0.020 (US$ 0.052) amounting to RO 3,597 (US$ 9.352 million) in the Company's annual general meeting held in March 2020.

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 2020, total amount of unclaimed dividend amounted to RO 49,896.110. Any outstanding unpaid dividend more than six months has been transferred to the Investors' Trust Fund during October 2019.

18 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 period by the number of ordinary shares outstanding at 31 December as follows:

Parent Company		Consolidated			Parent Company		Consolidated	
2019	**2020**	2019	**2020**		**2020**	2019	**2020**	2019
US $ '000	**US $ '000**	US $ '000	**US $ '000**		**RO'000**	RO'000	**RO'000**	RO'000
159,610	**188,706**	160,144	**189,220**	Net assets	**72,579**	61,387	**72,776**	61,593
179,837	**179,837**	179,837	**179,837**	Weighted average number of shares outstanding at the end of the year ('000)	**179,837**	179,837	**179,837**	179,837
0.89	**1.05**	0.89	**1.05**	Net assets per share	**0.40**	0.34	**0.40**	0.34

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19 Related party transactions

The Company has entered into transactions with entities over which certain Directors and / or shareholders and companies over which they are able to exert 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:

	2020			2019		
	Purchases	**Sales**	**Others**	**Purchases**	**Sales**	**Others**
	RO '000	**RO '000**	**RO '000**	RO '000	RO '000	RO '000
Associated companies	**180**	**35,221**	**2,843**	136	33,766	3,792
	US$ '000	**US$ '000**	**US$ '000**	US$ '000	US$ '000	US$ '000
Associated companies	**469**	**91,576**	**7,391**	354	87,791	9,858

Compensation of key management personnel:

The key management personnel compensation and director's remuneration for the year comprise:

Parent Company		Consolidated			Parent Company		Consolidated	
2019	**2020**	2019	**2020**		**2020**	2019	**2020**	2019
US $ '000	**US $ '000**	US $ '000	**US $ '000**		**RO'000**	RO'000	**RO'000**	RO'000
1,342	**1,420**	1,342	**1,420**	Short term benefits	**546**	516	**546**	516
60	**73**	60	**73**	End of service benefits	**28**	23	**28**	23
390	**423**	390	**423**	Remuneration of directors	**163**	150	**163**	150
72	**70**	72	**70**	Sitting fees of directors	**27**	28	**27**	28
1,864	**1,986**	1,864	**1,986**	**Total**	**764**	717	**764**	717

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

	2020		2019	
	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	**1,548**	**710**	4,767	2,348
	US $ '000	**US $ '000**	US $ '000	US $ '000
Associated companies	**4,024**	**1,845**	12,394	6,104

Amounts due from and due to the related parties are disclosed in notes 14.a and 22, respectively. Amount due to related parties represents the amount payable towards management fees.

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.

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Notes to the consolidated and parent financial statements

20 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 including the conversion of a berth to come under Container Terminal Concession Agreement for which in principle approval was received, and awaiting endorsement from a government authority to complete documentation. 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 and the management believes that no significant adjustment on the basis of royalty fees calculation will be warranted.

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

	Container Terminal		General Cargo Terminal		Total	
	2020 RO'000	2019 RO'000	**2020 RO'000**	2019 RO'000	**2020 RO'000**	2019 RO'000
Revenue	**48,975**	46,825	**16,631**	17,899	**65,606**	64,724
Depreciation and amortisation	**(9,021)**	(9,901)	**(1,398)**	(1,359)	**(10,419)**	(11,260)
Net Profit	**10,198**	1,140	**4,591**	4,533	**14,789**	5,673
Operating Assets	**82,438**	76,053	**38,787**	35,768	**121,225**	111,821
Operating Liabilities	**82,438**	76,053	**38,787**	35,768	**121,225**	111,821
Other disclosures						
Capital Expenditure	**3,476**	4,184	**145**	2,493	**3,621**	6,677

	Container Terminal		General CargoTerminal		Total	
	2020 US$'000	2019 US$'000	**2020 US$'000**	2019 US$'000	**2020 US$'000**	2019 US$'000
Revenue	**127,336**	121,745	**43,240**	46,537	**170,576**	168,282
Depreciation and amortisation	**(23,456)**	(25,743)	**(3,635)**	(3,533)	**(27,091)**	(29,276)
Net Profit	**26,515**	2,966	**11,936**	11,786	**38,450**	14,752
Operating Assets	**214,339**	197,739	**100,847**	92,996	**315,186**	290,735
Operating Liabilities	**214,339**	197,739	**100,847**	92,996	**315,186**	290,735
Other disclosures						
Capital Expenditure	**9,038**	10,878	**378**	6,481	**9,416**	17,359

During the year, the Company has allocated common marine and IT assets used for Container terminal and General cargo terminal segment as per the policy approved by the Board of Directors.

Inter-segment revenue is eliminated on consolidation. Capital expenditure consists of additions of property and equipment. A geographical analysis of revenue by the location of the customer is set out below:

Parent Company		Consolidated			Parent Company		Consolidated	
2019 US $ '000	**2020 US $ '000**	2019 US $ '000	**2020 US $ '000**		**2020 RO'000**	2019 RO'000	**2020 RO'000**	2019 RO'000
62,575	**58,822**	62,856	**58,934**	Oman	**22,625**	24,068	**22,668**	24,176
102,682	**109,678**	102,682	**109,678**	Europe	**42,184**	39,493	**42,184**	39,493
2,015	**1,221**	2,015	**1,221**	Other Asia	**469**	775	**469**	775
729	**742**	729	**742**	Africa	**285**	280	**285**	280
168,001	**170,463**	168,282	**170,575**	**Total**	**65,563**	64,616	**65,606**	64,724

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21 Commitments and contingencies

21.a Capital expenditure commitments

Parent Company		Consolidated			Parent Company		Consolidated	
2019	**2020**	2019	**2020**		**2020**	2019	**2020**	2019
US $ '000	**US $ '000**	US $ '000	**US $ '000**		**RO'000**	RO'000	**RO'000**	RO'000
8,499	**26,453**	8,499	**26,453**	Capital expenditure commitments	**10,174**	3,269	**10,174**	3,269

21.b Cyclone Mekunu

Due to damage caused by the Cyclone Mekunu to the breakwater structure which requires repair works, the Company and the Ministry of Transport and Communication (MoTC) had initial discussions following the cyclone to hire a consultant to design and estimate the costs of the repair works. At that MoTC insisted that they would appoint a consultant themselves. MoTC agreed with the insurers that such consultant would be appointed following a tender process. MoTC proceeded with the tender and a winning bidder was identified, but the project is yet to be awarded given the government's current financial constraints. In a letter to the Company of 27 December 2020 MoTC have informed the Company that it should engage the consultant as the Company will gain the most benefit from the appointment. the Company is in the preparation of drafting a suitable response to MoTC letter.

Customer claims filed against below stated Lines, pending before various courts globally, due to cargo damages caused by Cyclone Mekunu, are directly handled by the Lines viz., Maersk and MSC on the grounds that the 2018 Cyclone Mekunu was an act of Force Majeure. A letter declaring Cyclone Mekunu as an Act of Force Majeure issued by the MOTC has been provided to support their stand. It is expected that there could be a counter claim from these shipping Lines back to the Company towards commercial settlements, if any arrived with their customers

21.c Claims

Various claims against the Company have been made by suppliers and customers which the Company does not acknowledge as liabilities based on agreed contractual terms. The total value of such claims against the company not acknowledged as liabilities by the Company. The Company's Management strongly feels that these claims lack locus standi and based on available documents and processes, the Company has strong grounds to succeed in all these claim matters. Further the outcome of these claims shall not have any material impact on the Company's income or financial position.

(i) Three separate cases filed by the legal heirs of the deceased who died due to their fatal injuries following a crane rope tripping tragedy in the General Cargo Terminal area of the Port in 2020. In each these 3 cases, the Salalah primary court had rejected their claims against the Company, while passing order against the crane equipment insurer to pay RO 15,000 towards "Blood Money" to each of the deceased families. Vision Insurance which is the insurer of crane equipment had preferred appeal before the Court of Appeal Salalah.

(ii) The missing fishing boat case filed by Hussein Ba Omar against the Company claiming a sum of RO 145,000 has been rejected by the Court of Appeal, Salalah. In an Appeal filed before the Supreme Court of Oman, the Court remanded the appeal to Court of Appeal Salalah to conduct re-trial of the said appeal. During the re-appeal, the Court of Appeal decided that there is no merit in the claim made against the Company.

(iii) 27 cases filed by the Company employees against the Company and National General Insurance with regard to their claim pertaining to disability claims have been rejected by the Primary Court Salalah. 21 employees have filed for appeal before Court of Appeal Salalah. There is no statement or material evidence against the Company in these cases.

(iv) In an Arbitration proceedings initiated by Maersk for extension of time under their Terminal Services Agreement, Maersk served notice to the Company during 2020 in which it was alleged that damage to approximately 14,182 containers were allegedly damaged as a result of Cyclone Mekunu in May 2018. the Company had replied that Maersk is time barred from claiming any indemnity and that preconditions to initiate an arbitration proceeding by Maersk has not been met with. Till date no response received from Maersk.

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21 Commitments and contingencies (continued)

(v) As per the latest notification received from the Company lawyers these cargo claims are valued at USD 2.89 million pending before various courts globally.

21.d State Audit

State Audit Institution has issued a final report on 2nd November 2020, mainly pertaining to areas relating to container terminal. The company has responded on 26th January 2021 and the company will initiate appropriate actions where considered necessary.

22 Financial risk management

The Company's activities expose it to variety of risks from its use of financial instruments:
- credit risk
- liquidity risk
- market risk
- currency 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 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.

Exposure to credit risk for trade receivables including related parties and receivables from government at the end of the reporting date by geographic region:

Parent Company		Consolidated			Parent Company		Consolidated	
2019 US $ '000	**2020 US $ '000**	2019 US $ '000	**2020 US $ '000**		**2020 RO'000**	2019 RO'000	**2020 RO'000**	2019 RO'000
11,513	**10,536**	11,513	**10,536**	Oman	**4,052**	4,428	**4,052**	4,428
14,480	**5,549**	14,480	**5,549**	Europe	**2,134**	5,567	**2,134**	5,567
113	**36**	113	**36**	Other and Asia	**14**	43	**14**	43
26,106	**16,121**	26,106	**16,121**	**Total**	**6,200**	10,038	**6,200**	10,038

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Notes to the consolidated and parent financial statements

22 Financial risk management (continued)

Exposure to credit risk for trade receivables including related parties and receivables from government at the end of reporting date by the type of customer:

Parent Company		Consolidated			Parent Company		Consolidated	
2019 US $ '000	**2020 US $ '000**	2019 US $ '000	**2020 US $ '000**		**2020 RO'000**	2019 RO'000	**2020 RO'000**	2019 RO'000
14,511	**5,386**	14,511	**5,386**	Shipping Lines	**2,071**	5,581	**2,071**	5,581
11,595	**10,735**	11,595	**10,735**	Others	**4,129**	4,457	**4,129**	4,457
26,106	**16,121**	26,106	**16,121**	**Total**	**6,200**	10,038	**6,200**	10,038

The ageing of the trade and related parties receivables and receivables from government at the reporting date was:

Parent Company		Consolidated			Parent Company		Consolidated	
2019 US $ '000	**2020 US $ '000**	2019 US $ '000	**2020 US $ '000**		**2020 RO'000**	2019 RO'000	**2020 RO'000**	2019 RO'000
19,342	**11,238**	19,342	**11,238**	Within credit period	**4,322**	7,439	**4,322**	7,439
4,780	**2,860**	4,780	**2,860**	Past due 90-180 days	**1,100**	1,836	**1,100**	1,836
1,984	**2,023**	1,984	**2,020**	More than 180 Days	**778**	763	**778**	763
26,106	**16,121**	26,106	**16,121**	**Total**	**6,200**	10,038	**6,200**	10,038

With respect to exposures with banks, management considers the credit risk exposure to be minimal as the Group deals with reputed banks. Management does not expect any losses from non-performance by these counterparties.

Impairment of financial assets

The Group has trade receivables and cash and cash equivalents as financial assets that are subject to IFRS 9's expected credit loss model. While other financial assets at amortized cost are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been Grouped based on shared credit risk characteristic and the days past due.

The expected loss rates are based on payment profiles of the trade receivables over a period of 36 months before 1 January 2020 and corresponding historical credit loss experience which are adjusted to reflect current and forward-looking information based on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified Gross Domestic Product of Oman to be the most relevant factors and accordingly, adjust the historical loss rates based on expected changes in the factor.

Movement of ECL during the year :

(i) Trade receivables:

Parent Company		Consolidated			Parent Company		Consolidated	
2019 US $ '000	**2020 US $ '000**	2019 US $ '000	**2020 US $ '000**		**2020 RO'000**	2019 RO'000	**2020 RO'000**	2019 RO'000
619	**1,144**	619	**1,144**	1 January	**440**	238	**440**	238
525	**376**	525	**376**	Provided during the year	**145**	202	**145**	202
1,144	**1,520**	1,144	**1,520**	31 December	**585**	440	**585**	440

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Notes to the consolidated and parent financial statements

22 Financial risk management (continued)

(ii) Cash and cash equivalent:

Parent Company 2019 US $ '000	Parent Company 2020 US $ '000	Consolidated 2019 US $ '000	Consolidated 2020 US $ '000		Parent Company 2020 RO'000	Parent Company 2019 RO'000	Consolidated 2020 RO'000	Consolidated 2019 RO'000
-	-	-	-	1 January	-	-	-	-
-	468	-	468	Provided during the year	181	-	181	-
-	468	-	468	31 December	181	-	181	-

Impairment losses on financial assets

Parent Company 2019 US $ '000	Parent Company 2020 US $ '000	Consolidated 2019 US $ '000	Consolidated 2020 US $ '000		Parent Company 2020 RO'000	Parent Company 2019 RO'000	Consolidated 2020 RO'000	Consolidated 2019 RO'000
525	377	525	377	Trade receivables	145	202	145	202
-	469	-	469	Cash & cash equivalent	181	-	181	-
525	846	525	846		326	202	326	202

On that basis, the loss allowance as at 31 December 2020 was determined as follows for both trade receivables (refer note 14 (a)).

	Not due	0 - 30 days	31 - 60 days	61 - 90 days	Above 90 days
31 December 2020					
Trade receivables	**3.57%**	**23.11%**	**60.67%**	**100%**	**100%**
31 December 2019					
Trade receivables	2.03%	9.69%	20.86%	47.28%	100%

Financial assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

Impairment losses on financial assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Other financial assets at amortised cost

Other financial assets at amortised cost include other receivables. Other financial assets at amortised cost are considered to have low credit risk, and the loss allowance considered during the year was therefore limited to 12 months expected losses. Management believes that the expected credit loss on the above category of financial assets is not material and hence no loss allowance was made for such financial assets at 1 January 2019 and at 31 December 2020.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due which 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.

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22 Financial risk management (continued)

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

	2020				2019			
	Less than 3 months	**3 to 6 months**	**6 to 12 months**	**Total**	Less than 3 months	3 to 6 months	6 to 12 months	Total
	RO'000	**RO'000**	**RO'000**	**RO'000**	RO'000	RO'000	RO'000	RO'000
Trade and Other Payables	**11,963**	**574**	**3,793**	**16,330**	12,147	1,815	2,144	16,106
Amount due to related Parties	**710**	**-**	**-**	**710**	2,348	-	-	2,348
	12,673	**574**	**3,793**	**17,040**	14,495	1,815	2,144	18,454
	US $'000	**US $'000**	**US $'000**	**US $'000**	US $'000	US $'000	US $'000	US $'000
Trade and Other Payables	**31,106**	**1,491**	**9,860**	**42,457**	31,549	4,718	5,575	41,842
Amount due to related Parties	**1,844**	**-**	**-**	**1,844**	6,104	-	-	6,104
	32,950	**1,491**	**9,860**	**44,301**	37,653	4,718	5,575	47,946

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group'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 Group's income is generally based in US dollars to which the local currency Omani Rial, is pegged. Therefore, the effect on the 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, such as entering into forward exchange contracts.

Investments: The Company generally does not invest in stock markets. The Company has no investments as of reporting date.

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 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 the Commercial Companies Law of 2019 of the Sultanate of Oman.

Impact of COVID-19: The macro economic impact of the COVID-19 pandemic is uncertain, and continues to evolve, with potential disruption to financial markets including to currencies, interest rates, borrowing costs and the availability of debt financing. In addition, global stress in the markets brought on by the COVID-19 crisis is being felt globally through lack of liquidity in foreign funding markets. In this environment, the Company has already taken measures to manage its liquidity carefully until the crisis is over. The Company's management has been closely monitoring the cash flows and forecasts on a timely manner to maintain a reasonably healthy balance sheet during this time and beyond. As at the date of signature of these financial statements, management notes that the Company has sufficient liquidity to meet its obligations as they become due and that there are no doubts surrounding the Company's ability to continue as a going concern for the foreseeable future. Further, the Company would be supported by its shareholders if required in order to ensure sufficient liquidity and ability to continue as a going concern.

Management has assessed that the COVID-19 outbreak will not have a material adverse impact on the future results of the Company and accordingly no impairment indicators on the Company's non-financial assets exist as at 31 December 2020.

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Notes to the consolidated and parent financial statements

23 Fair values of the financial instruments (continued)

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:

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

During the year ended 31 December 2020, there were no transfers between Level 1 and Level 2 fair value measurements.

24 Critical account estimate

Useful lives of property and equipment

The Group's management determines the estimated useful lives of its property 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.

Allowance for slow moving or obsolete 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 December 2020, gross inventories were approximately RO 3.72 million (US$ 9.69 million) [December 2019 – RO 2.76 million (US$ 7.18 million)] and provisions for old and obsolete inventories was RO 1.18 million (US$ 3.08 million) [December 2019– RO 0.99 million (US$ 2.57 million)]. Any difference between the amounts actually realised in future years and the amounts expected will be recognised in the statement of comprehensive ıe.

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24 Critical account estimate (continued)

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.

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Impairment of non-financial assets

The Group reviews its non-financial assets at each reporting date to determine whether there is any indication of impairment. In case of the presence of impairment indicators, the assets' recoverable amounts are estimated based on higher of their value-in-use and fair value less costs of disposal.

In assessing whether there is any indication that an asset might be impaired, management considers the external and internal sources of information as prescribed by IAS 36 which include (but not limited to) observable indicators that the asset's value has declined significantly during the period, significant adverse changes have occurred in the Group's technological, market, economic or legal environment, increase in interest rates, carrying values of assets exceeding the market capitalization, physical damage or asset obsolescence, internal plans that may result in the asset becoming idle or affecting asset's optimum utilization due to plans to reconstruct or discontinue operations, observable deterioration in the asset's performance and internal forecasts of future net cash flows shows significant decrease from the previous forecasts. Management has assessed each of the above impairment indicators having also considered the impact of COVID-19.

25 Insurance compensation

The Group has reached an agreement on February 12, 2020 with the insurance parties regarding the damages of the 2018 Cyclone Mekunu. A settlement of RO 26.06 million (USD 67.75 million) for property damages, increased cost of working and business interruption has been agreed. RO 14.81 million (USD 38.50 million) of the total settlement amount of RO 26.06 million (USD 67.75 million) has been recognized already as income in 2018. The balance amount of RO 11.25 million (USD 29.25 million) was recognized as income in Q1-2020, while the funds fully received in Q2-2020. In addition to the above, the group received an insurance settlement amount of RO 147K from Local insurance company in Aug-2020, towards damage to minor assets covered under a Property all risk (PAR) policy. Hence the total insurance settlement receipt for 2020 is RO 11.397 Million.

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Notes to the consolidated and parent financial statements

Note 13.a Property and equipment *for the year ended 31 December 2020* *(continued)*

Cost	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 US$ '000	Furniture, fixtures and equipment US$ '000	Capital work in progress US$ '000	Total US$ '000
1 January 2020	**21,298**	**189,340**	**99,520**	**29,835**	**7,931**	**54,293**	**779**	**10,278**	**13,012**	**1,506**	**427,792**
Transfers	**29**	**-**	**-**	**503**	**1,386**	**-**	**-**	**129**	**183**	**(2,230)**	**-**
Additions for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**6,947**	**6,947**
Disposal	**-**	**(181)**	**(902)**	**(9,481)**	**(594)**	**(9,687)**	**(239)**	**(224)**	**(485)**	**-**	**(21,793)**
31 December 2020	**21,327**	**189,159**	**98,618**	**20,857**	**8,723**	**44,606**	**540**	**10,183**	**12,710**	**6,223**	**412,946**
1 January 2020	**(16,461)**	**(108,993)**	**(73,520)**	**(13,584)**	**(5,793)**	**(31,075)**	**(507)**	**(9,108)**	**(10,081)**	**-**	**(269,122)**
Depreciation for the year *	**(954)**	**(11,885)**	**(5,890)**	**(2,127)**	**(676)**	**(4,235)**	**(234)**	**(744)**	**(307)**	**-**	**(27,052)**
Disposal	**-**	**172**	**879**	**9,360**	**393**	**9,688**	**239**	**183**	**424**	**-**	**21,338**
31 December 2020	**(17,415)**	**(120,706)**	**(78,531)**	**(6,351)**	**(6,076)**	**(25,622)**	**(502)**	**(9,669)**	**(9,964)**	**-**	**(274,836)**
Net book value											
31 December 2020	**3,912**	**68,453**	**20,087**	**14,506**	**2,647**	**18,984**	**38**	**514**	**2,746**	**6,223**	**138,110**
31 December 2019	4,837	80,347	26,000	16,251	2,138	23,218	272	1,170	2,931	1,506	158,670

* Due to economical viability the Board agreed to change the estimated useful life of the Quay Gantry Cranes ("Cranes") 2, 3, 4 and 5. The change in estimate resulted in fully depreciating these Cranes in the current year. Therefore, the depreciation expense includes an amount of additional depreciation of RO 1.2 million (US$ 2.6million) which is equivalent to the remaining residual net book value.

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Notes to the consolidated and parent financial statements

Note 13.a Property and equipment *for the year ended 31 December 2019*

	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 RO '000	Furniture, fixtures and equipment RO '000	Capital work in progress RO '000	Total RO '000
Cost											
1 January 2019	7,630	68,593	38,277	6,151	2,778	21,534	220	3,701	4,412	6,459	159,755
Transfers	561	4,282	-	5,675	612	374	80	252	720	(12,556)	-
Additions for the year	-	-	-	-	-	-	-	-	-	6,676	6,676
Disposal / Derecognition	-	(52)	-	(351)	(340)	(681)	-	-	(127)	-	(1,550)
Asset held for Sale	-	-	-	-	-	(346)	-	-	-	-	(346)
31 December 2019	8,191	72,823	38,277	11,475	3,050	20,882	300	3,953	5,005	580	164,535
Accumulated depreciation											
1 January 2019	(5,888)	(38,895)	(25,463)	(4,967)	(2,325)	(10,708)	(158)	(3,161)	(3,625)	-	(95,190)
Depreciation for the year	(443)	(3,047)	(2,814)	(609)	(243)	(1,819)	(37)	(342)	(379)	-	(9,733)
Disposal / Derecognition	-	22	-	351	340	575	-	-	127		1,415
31 December 2019	(6,331)	(41,920)	(28,277)	(5,225)	(2,228)	(11,952)	(195)	(3,503)	(3,877)	-	(103,508)
Net book value											
31 December 2019	1,860	30,903	10,000	6,250	822	8,930	105	450	1,128	580	61,027
31 December 2018	1,742	29,698	12,814	1,184	453	10,826	62	540	787	6,459	64,565

Note: *Asset Held for Sale - Tug Raysut OMR 346k

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SALALAH PORT SERVICES COMPANY SAOG

Notes to the consolidated and parent financial statements

Note 13.a Property and equipment *for the year ended 31 December 2019* *(continued)*

	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 US $ '000	Furniture, fixtures and equipment US $ '000	Capital work in progress US $ '000	Total US $ '000
Cost											
1 January 2019	19,838	178,342	99,520	15,993	7,223	55,988	572	9,623	11,471	16,787	415,363
Transfers	1,460	11,134	-	14,755	1,592	972	207	655	1,870	(32,647)	-
Additions / Recognition	-	-	-	-	-	-	-	-	-	(17,358)	17,358
Disposal / Derecognition	-	(136)	-	(913)	(884)	(1,767)	-	-	(329)	-	(4,029)
Asset held for Sale	-	-	-	-	-	(900)	-	-	-	-	(900)
31 December 2019	21,298	189,340	99,520	29,835	7,931	54,293	779	10,278	13,012	1,506	427,792
Accumulated depreciation											
1 January 2019	(15,309)	(101,127)	(66,204)	(12,914)	(6,045)	(27,841)	(411)	(8,219)	(9,425)	-	(247,495)
Depreciation for the year	(1,152)	(7,922)	(7,316)	(1,583)	(632)	(4,729)	(96)	(889)	(985)	-	(25,304)
Disposal	-	56	-	913	884	1,495	-	-	329	-	3,677
31 December 2019	(16,461)	(108,993)	(73,520)	(13,584)	(5,793)	(31,075)	(507)	(9,108)	(10,081)	-	(269,122)
Net book value											
31 December 2019	4,837	80,347	26,000	16,251	2,138	23,218	272	1,170	2,931	1,506	158,670
31 December 2018	4,531	77,212	33,322	3,077	1,177	28,156	164	1,397	2,049	16,793	167,878

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