His Majesty Sultan Qaboos Bin Said

Key Performance Indicators

	2007	2008	2009	2010	2011	2012
Key Operational Data						
Crane Capacity in TEUs ('000s)	3,485	3,600	4,800	5,000	5,000	5,000
TEUs ('000s)	2,639	3,068	3,493	3,484	3,201	3,634
Tons ('000s)	2,783	3,469	3,722	6,280	6,519	7,251
Container Terminal Vessel calls	1,537	1,607	1,773	1,791	1,725	1,735
General Cargo Terminal Vessel calls	972	1,159	1,946	2,079	1,555	1,401
Headcount	1,723	2,336	2,320	2,194	2,109	2,216
Operational Ratio Analysis						
Net Crane Productivity	30.50	24.30	30.20	32.10	31.78	31.80
Gross Crane Productivity	27.90	21.70	26.60	29.70	29.38	30.20
TEUs handled per employees	1,532	1,313	1,506	1,588	1,518	1,640
TEUs/meter of quay p.a.	1,715	1,432	1,354	1,351	1,241	1,409
Cranes in operation	17	17	25	25	25	25
TEUs/quay crane p.a.	170,249	180,489	145,561	139,376	128,036	145,360
Capacity Utilization	76%	85%	73%	70%	64%	73%
Key Financial Data						**Figures in RO ' 000**
Revenue	32,388	41,446	47,680	52,678	49,822	57,540
Gross profit	14,441	16,815	19,108	21,161	22,486	30,337
Cash profit	9,544	10,819	13,932	15,910	12,360	16,776
Net profit / (loss)	4,555	4,528	4,535	5,760	2,361	7,083
Equity capital	17,984	17,984	17,984	17,984	17,984	17,984
Net worth before minority interest	34,508	33,946	39,711	38,510	39,684	44,318
Term debt obligations	23,339	64,275	74,729	67,215	59,438	52,617
Financial Ratio Analysis						
Operating Profit Ratio	45%	41%	40%	40%	45%	53%
Net profit margin	14.1%	10.9%	9.5%	10.9%	4.7%	12.3%
Cash Earnings per share (RO)	0.053	0.060	0.078	0.089	0.069	0.093
Earnings per share (RO)	0.025	0.025	0.025	0.032	0.013	0.039
Book value per share(RO)	0.192	0.189	0.221	0.214	0.221	0.246

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Directors' Report

Abdul Aziz Bin Ali Shanfari
Chairman of Board of Directors

"The improvement in profitability is a reflection of our strategy, which sees us focus on both local and global customers depending on us to connect their international trade."

The consolidated revenues were recorded at RO 57.5 million - a growth of 15% over the previous year.

Directors' Report

Dear Shareholders,

On behalf of the Board of Directors, I have the pleasure in presenting to you the annual report of Salalah Port Services SAOG (also Port of Salalah) along with the audited accounts for the year ended 31 December 2012.

Despite uncertain global economic circumstances, Salalah Port Services recorded historical new highs in volumes, both in Container Terminal (CT) as well as General Cargo terminal (GCT), as well as net profits in 2012.

What makes us even more proud is that these achievements come at the same time Port of Salalah has been focusing on improving its role in corporate responsibility and sound governance.

Corporate Social Responsibility (CSR)

This year the company has made donations to community-driven projects of all types including, government, non-government, non-profit organizations and small businesses, as part of our commitment to improving people's lives in the area we do business in. The company has also begun measuring its contribution passed on through community volunteerism, preference in procurement from local suppliers, measuring environmental impact, and offering training and development beyond the boundaries of its employees. We strongly believe in a CSR program that is aligned with the pillars of sustainability and volunteerism.

Port of Salalah has made significant strides to improve the delivery and measure the impact of these pillars of CSR activity, and our improvement efforts have been recognized in 2012 both locally and internationally. This year we are proud to have won both the prestigious Containerization International Corporate Social Responsibility Award and Green Champion by Oman Green Awards. Going forward in 2013, we will publish a comprehensive sustainability report that highlights the value we deliver to the country and community through the company's CSR strategy.

Employee Development

Our people make this company successful and as a company we continue to ensure their development and their well being.

The safety of our employees, contractors, and others working at the port has remained a high importance for the company during 2012. Many improvements to the terminal's safety plan implemented in 2011 were further built on in 2012. Investments in new safety equipment, revised infrastructure, and technology implementation were driven in 2012 and will continue to be the plan of action in 2013. As a result of continued safety efforts, the number of injuries has reduced by over 50%.

Investments in new safety equipment, revised infrastructure, and technology implementation were driven in 2012 and will continue to be the plan of action in 2013.

In particular, we see the investment in the training and development of our local staff is paying dividends. In 2012 for the first time in company history, we invested in a locally-focused Talent Development Program. This program ran over the course of five months and included expert lecturers from around the world. Further, we engaged hundreds of our staff members in developing tools in LEAN Six-Sigma to help them find and execute improvements in their daily work.

Among the various trainings delivered this year, focus has been centered on Communication and Customer Service. These courses had over 300 attendees

that participated in a tailored curriculum that has supported better service to internal and external customers, helping employees work better together, thus improving our results, and improving our ability to relate to our customers, ensuring that our focus is first and foremost on delivering value.

Company Performance

The company's strategy to support the growth of our local customers by connecting to global trade has been delivering value to many local businesses, which can be seen in the growth in size and profits by our major local customers.

That we have been able to do this while improving the company's profitability is a reflection of an internal culture shift toward Process Excellence (PEX) using the LEAN/Six-Sigma tools learned during development.

The GCT has handled 7.2 million tons during 2012 – a growth in excess of 11% over 2011. The general cargo business has been growing rapidly and the main factors driving the growth are commodities such as limestone, methanol and cement exported from Oman. During the year, the Ministry of Transport and Communication has awarded the tender for the expansion of the general cargo berths and the liquid jetty. The project work is progressing well.

This year the CT has handled 3.6 million TEUs – a growth of 14% over 2011. Through improved service levels, we have retained all our major customers in 2012, while a major customer's share of business increased by 39% compared to 2011. New customers are increasingly finding value in Port of Salalah, which we are building our strategy upon for the company's growth in 2013.

Financial Overview

The consolidated revenues were recorded at RO 57.5 million – a growth of 15% over the previous year. The consolidated net profit was recorded at RO 7.08 million – a growth of 200% compared to 2011. The company will continue its efforts in taking costs out and driving performance which enables sustained efficiencies across the board.

During 2012, Port of Salalah has distributed 15% annual dividend pertaining to year 2011. This year, The Board of Directors is pleased to recommend the distribution of dividends of 25% on the paid-up equity share capital of the company. This works out to 25 baizas per share resulting in a total cash disbursal of RO 4,495,000.

Future Outlook

The outlook for the company is positive. The management is pursuing strategic initiatives in creating a “Salalah Hub” that will balance commercial risk and reward, as well as improve the opportunities for local employment, through greater success in the Salalah Free Zone. We are competing in a global economy, however, and we remain cautious about increasing costs in the country compared to other regional players. We are addressing part of these concerns by the shift towards culture and upgraded personal performance evaluation processes.

Continued success in the Port and Free Zone will have the best chance for lasting impact on sustainable job creation and improved disposable income for local staff.

Further into the future, the Government of Oman has announced the inclusion of the Port of Salalah in the first phase of the design of Oman’s portion of the strategic GCC Railway Network. Once this is complete, Oman and the Port of Salalah will become an even greater economic presence in the region. The Port of Salalah is grateful for its government partnership and efforts toward improving our competitiveness and efficiency.

Table 1 – Dividend history for the last 5 years

	2007	2008	2009	2010	2011
Dividend %	12%	Nil	10%	25%	15%
Cash outlay (RO ‘000)	2,158	Nil	1,798	4,495	2,697

Conclusion

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

On behalf of the company I also thank our customers, investors, and visionary members of the government ministries we work together with daily.

Lastly, but certainly not least, I place on record our appreciation for the contributions made by our employees at all levels in playing the massive role in achieving the level of performance in 2012.

The company’s consistent growth is only possible by their hard work, solidarity, cooperation and support.

On behalf of the Board of Directors,

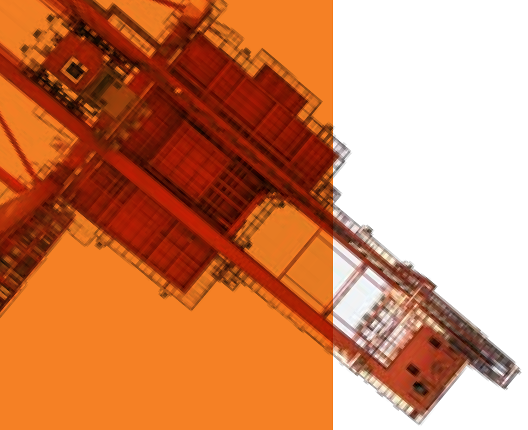
Abdul Aziz Bin Ali Shanfari
Chairman of Board of Directors,
Salalah Port Services Co. SAOG
February 11, 2013

Management Discussion & Analysis Report

Peter Ford
Chief Executive Officer

The continuing efforts in making the Port of Salalah a safer place to work for our employees, contractors and stakeholders, have resulted in substantial reduction in work related injuries and related time lost. The LTI (lost time injury) frequency for 2012 was recorded at 0.61 (versus 1.26 in 2011) and is the lowest since the inception of the company. This places the Port of Salalah in an industry leadership position in safety.

Our total contribution of over USD 70 million annually in cash contributions to the Omani economy is supported by our successful implementation of a plan to have over 80% of our procurement from local sources.



Management Discussion & Analysis Report

The port would continue to extend and explore joint opportunities with the Salalah Free Zone and play a significant role in development of the Dhofar region.

Business Of The Company

Port of Salalah is the second largest transshipment hub in the West Central Asia region engaged in leasing, equipping, operating and managing a world-class Container Terminal (CT) and General Cargo Terminal (GCT) under a thirty-year concession agreement with the Government of Oman. The company is managed by APM Terminals, a global terminal operator with interests in more than 63 port facilities spanning 40 countries, and over 160 Inland Services locations in 47 countries. APM Terminals is one of the world's leading port and terminal operators serving over 60 shipping lines with throughput of over 33.5 million TEUs in 2011.

During 2012, Port of Salalah has handled more than 3.6 million TEUs at CT and 7.2 million tons at GCT. The company focused on developing the skills and qualifications of our staff and, while the work is not completed, is proud that over 70% of all skilled roles are filled by local staff members. Our total contribution of over USD 70 million annually in cash contributions to the Omani economy is supported by our successful implementation of a plan to have over 80% of our procurement from local sources.

Container Industry Structure and Developments

The container shipping market continues to pass through a period of great uncertainty. With the economic scenario in the United States and the Euro Zone showing signs of stabilizing, hopes of the shipping industry stabilizing are brightening. Fuel prices have also

been stable. However, there are yet no significant indications of a market growth phase.

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

CT continues to review its position in the competitive market and gear up to keep up the growth momentum achieved thus far. We have demonstrated to both existing and potential customers what strengths the terminal and the value that the port delivers to them. At the same time we are actively attracting more volumes to shift to Salalah due to the location advantages, competitive service levels, and awareness with importers and exporters in the local market, among others. The port has been working alongside the Salalah Hub partners, and closely with the Salalah Free Zone Authority and the companies in the area, in order to sustainably grow the share of local businesses.

The large amount of government-driven port development in the region, rather than market-driven, causes some concern. However, so long as governments do not subsidize these ports, we believe our value proposition of strategic location and our service levels will remain the driving force in customer choice. Further cause for concern is our long-term cost competitiveness with major labour law changes in 2011/2012 that have added additional payroll obligations in a global economy with little forgiveness for inefficiency.

Operations Review

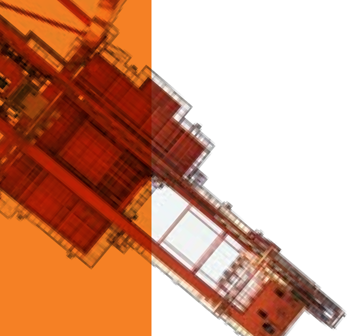
General Cargo Terminal (GCT)

GCT has registered a record throughput of 7.25 million tons, a growth of 11% over 2011. During 2012, the government awarded the contract for the much needed expansion, and construction of the infrastructure is underway in full swing.

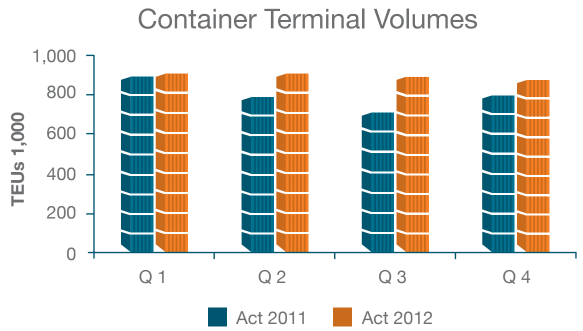
GCT has during the year handled more than its designed capacity through innovative actions, despite the delay in refurbishment of the area, and an expansion that will not be delivered until 2014.

Exports in the limestone business has remained the largest commodity for the terminal, followed by bagged commodities (mainly cement), and liquids cargo (mainly fuel and methanol). The outlook for GCT is positive, with our local customers indicating an increase in their throughput in 2013 and beyond. GCT is actively pursuing contracts with new customers and has signed new agreements during 2012.

Development of Salalah Free Zone has gained further momentum during the year. Several investors visited the port and free zone expressing interest in setting up industries. The port would continue to extend and explore joint opportunities with the Salalah Free Zone and play a significant role in development of the Dhofar region.



The ongoing expansion in GCT is progressing well and is expected to be completed by the end of 2013. Upon completion of the expansion the capacity of GCT is expected to grow to 20 million tons.



Container Terminal (CT)

CT has handled 3.63 million TEUs representing a growth of 14% over the previous year. This growth has been possible through an increase in support from our current customer base and some new customers testing the value tha Port of Salalah has to offer. The annual volumes handled at CT in 2012 have been the highest in the history of the port. With major shipping lines opting for mega-size vessels, the importance of transshipment ports cannot be underestimated - especially in the current economic scenario where economies of scale deliver efficiencies and savings in significance.

Operations at CT have recorded a slight increase in crane productivity to an average GMPH (gantry moves per hour) of 29.32 in 2012 (versus 28.51 in 2011). During the year 11 RTGs (Rubber Tyre Gantry Crane) have been sold (including 10 of them identified for sale in 2011) in line with the management's philosophy to keep costs low and optimize assets to their maximum, earning a reasonable return on invested capital for the company's shareholders.

Safety

The continuing efforts in making the Port of Salalah a safer place to work for our employees, contractors and stakeholders, have resulted in substantial reduction in work related injury and related time lost. The LTI (lost time injury) frequency for 2012 was recorded at 0.61 (versus 1.26 in 2011) and is the lowest since the inception of the company. This places the Port of Salalah in an industry leadership position in safety. However, we are not yet satisfied. We continue this year to invest in technology and infrastructure to remove further risks from our environment that ensure our staff returns home safely every night.

Human Resources, Welfare and Training

The total headcount of the company at the end of 2012 was 2,216 with almost 70% of all skilled roles filled by local staff.

Continuous training of staff plays an important role in creating a safe work culture. Several training sessions were held in-house by experts in various areas in communication, customer service, LEAN/Six Sigma, operations, maintenance, leadership skills and others, during the year. We continue to be a better organization that is ready for the challenges ahead.

Currency revaluation

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

Financial Review

Consolidated net profit for 2012 was recorded at RO 7.08 million.

Consolidated EBITDA was recorded at RO 18.98 million resulting in margins of 33%, an increase from 32% in 2011. The increase was mainly due to greater efficiency at higher volumes, improved revenue per unit, and continued cost savings.

Consolidated revenues year to date were RO 57.54 million as against 2011 revenues of RO 49.82 million. Volumes recorded at CT and GCT registered a growth of 14% and 11% respectively against 2011.

At CT, stevedoring revenue yield per move at RO 18.8 (USD 48.93) was higher due to the better volume mix, along with general tariff revision and transshipment rate changes during 2012.

Direct operating costs (comprising of manpower costs, repairs and maintenance costs, energy costs and marine costs) have remained at par with 2011 level. Manpower costs have increased by 12% as compared to 2011 due to fixed salary related inflation, merit increases, and increase in headcount required to handle the higher volumes.

Operating depreciation in 2012 was lower than 2011 on account of sale of surplus equipments.

Repair and maintenance costs were higher than 2011 by 4.5% due to write-off of obsolete inventory and higher preventive maintenance costs.

Power and fuel have increased by 10% over 2011 due to the higher volumes handled. Against an increase of 14% volumes, this represents an improved efficiency and improvements in our operation, which we expect to continue into 2013.

Concession costs (consisting of costs on account of ground rent, and fixed and variable royalty) have increased by 42% due mainly to increased franchise fees in CT and GCT, which witnessed higher profit. We are pleased to be able to be successful enough to generate significant returns to the Government of Oman and look forward to continued success.

Management fee increase has been in line with the increased revenues and volumes. General and administration costs were higher by 22% as compared to 2011 due to higher staff costs, marketing costs, professional expenses and provision for doubtful debts.

Other income includes gain/loss on sale of assets and interest income.

Financing costs have decreased by 32% over 2011 on account of lower outstanding loan balances, due to pre-payment and unwind of ineffective portion of the Tranche 2 hedge.

Outlook

Salalah with its location advantage is a preferred destination for distributing cargo between the East-West and North-South trade routes. Outlook is positive as we embark upon strategic initiatives to balance commercial risk and reward, reviewing processes and improving efficiencies by creating a Process Excellence culture within the organization, and by exploring new markets and products. Port of Salalah has excellent opportunities for both its CT and GCT assets.

The management is gearing up its marketing efforts to maintain a high capacity utilization of the expanded GCT. The business plan of the company includes marketing the Salalah Hub with the rapid development happening at the Free Zone, airport and airline carriers as well. At CT, efforts are continuing to project value propositions to potential customers. Overall these should place Salalah on the continued growth path for the future.

I take this opportunity to express our sincere thanks to the employees of the company, the customers, suppliers, and the Government of Oman for their unstinted support during 2012, and look forward to their continuance.

Peter Ford
Chief Executive Officer
February 11, 2013

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

Tel 968 24709181
Fax 968 24700839

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

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

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

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

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

This report is solely for the purpose set forth in the second paragraph above, and for inclusion, with the Report, in the Company's annual report, and is not to be used for any other purpose. This report relates only to the Report included in the Company's annual report for the year ended 31 December 2012 and does not extend to the financial statements or any other reports of the Company, taken as a whole.

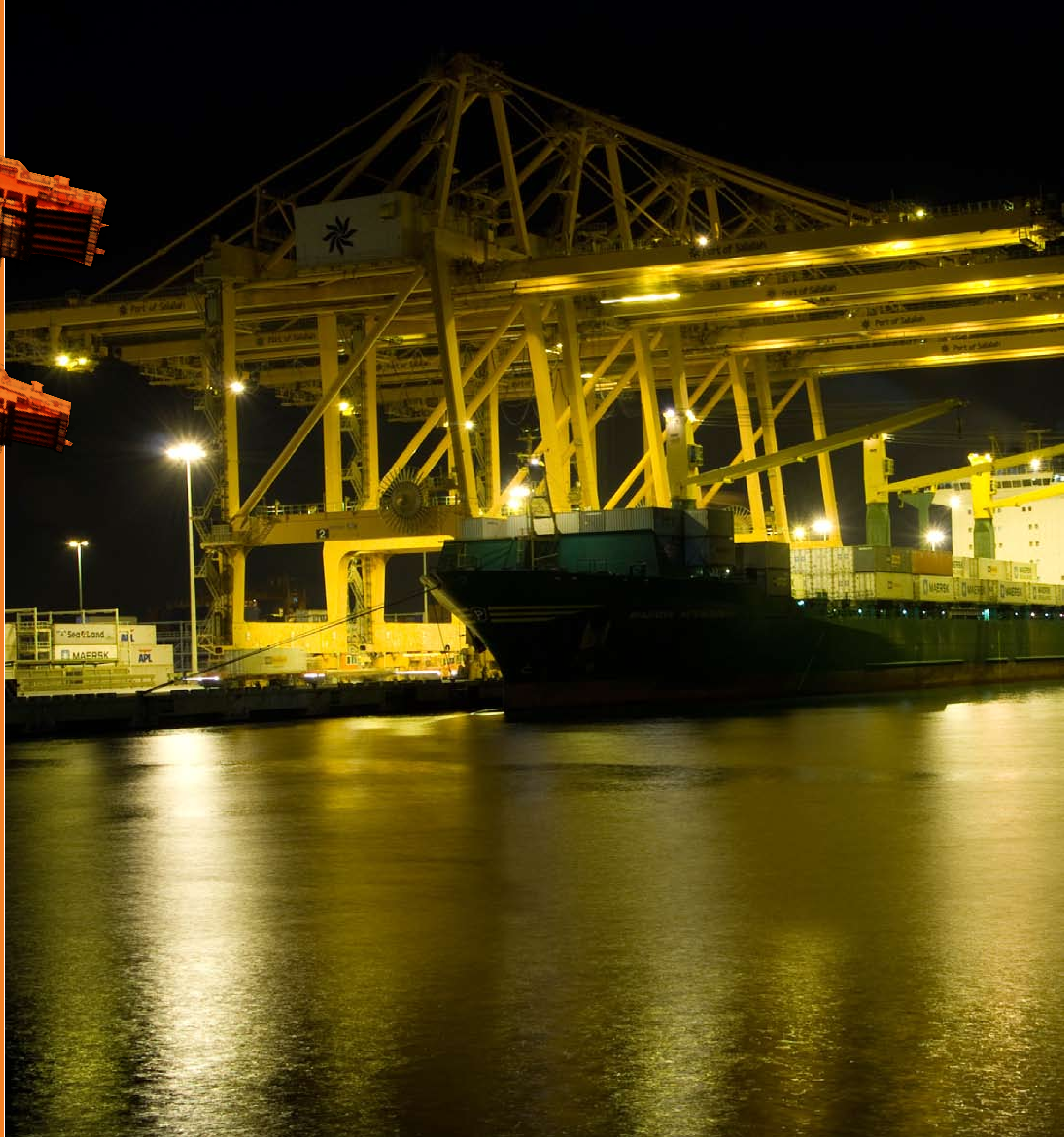
11 February 2013

Khalid Masud Ansari

Corporate Governance Report

The incentive for companies, and those who own and manage them, to adopt global governance standards, is that these standards will help them to achieve a long-term partnership with its stakeholders and achieve their corporate objectives efficiently. The principal characteristics of corporate governance are:

- Transparency
- Independence
- Accountability
- Responsibility
- Fairness
- Social Responsibility



Corporate Governance Report

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

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

Board of Directors

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

- Approving corporate vision, mission and objectives.
- Establishing and approving the formulation of strategic business plans
- Reviewing and approving financial plans and budgets
- Monitoring corporate performance
- Compliance of laws and regulations
- Appointment of Chief Executive Officer

Table 2 – Composition of the Board of Directors as on December 31, 2012 is as follows:

Name	Category
Mr. Abdul Aziz Ali Al-Shanfari	Non-executive, Independent & Elected
Eng. Abu Baker Salim Alawi Al Dheeb	Non-executive, Independent & Nominated
Mr. Ali Mohammed Redha	Non-executive, Independent & Nominated
Mr. Tiemen Meester	Non-executive, Independent & Elected
Mr. Peder Sondergaard	Non-executive, Independent & Nominated
Mr. Hamad Suleman Rashid Al Shereiqi	Non-executive, Independent & Elected

New independent directorship rules issued by CMA on 24 October 2012 will be applicable to new/reappointment of directors.

Board of Directors profile

Mr. Abdul Aziz Ali Said Al Shanfari is the Chairman of the Board of Directors of Salalah Port Services. He began his career in business in 1973, starting his own, in 1975. His businesses have grown by leaps and bounds. Today, after 35 years, his two companies, Al Mutahidha and Ofsat, together boast an annual turnover of over $40 million, and 800 employees. He has been serving as a Director on the Board of many Omani Companies. He was a member in the Commercial Court. During the past decade, he has contributed a lot towards the development and improvement of the Port of Salalah. He is a Honorary Consul of the Mozambique Embassy in Oman.

Eng. Abu Baker Bin Salem Bin Alawi Al Dheeb is the Deputy Chairman, BOD. He has been a Director of the Company for nine years. He is a Civil Engineer who assumed the position of Director General of Roads and Land Transport – MOTC Salalah for 18 years. He was the Chairman of BOD – Port Services Corporation (Sultan Qaboos Port) for 4 years, and now he is the Advisor for the Minister of Transport and Communications for Road Affairs in Dhofar.

Mr. Hamad Sulaiman Al Shireqi holds a Degree in Military Sciences, an EMBA, an ACPA and in addition Diploma in Finance and Cost Accounting. He is presently the MOD Director General Finance and Accounts, Undersecretary Office, Sultanate of Oman.

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

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

Mr. Ali Mohammed Redha joined the Board of the Company during 2010. Presently he is an advisor for the Government Investments in the Under Secretary's Office - Ministry of Finance. He has done Masters in Accounting and Development Finance from the University of Birmingham and has more than twenty years of experience. He has held many senior positions in the government. He have represented the government in many companies including public joint stock companies and closed stock companies since 1997 until now.

Management Profile

Mr. Peter Ford is the Chief Executive Officer of Port of Salalah. Port of Salalah is managed by APM Terminals where Mr. Ford has worked in various responsibilities for the past 17 years. A graduate of the US Merchant Marine Academy, Peter holds a Bsc in Marine Transport & Business, a diploma in Port management from Lloyd's Maritime Academy, and an MBA in Global Management. During his tenure with APM Terminals, Mr. Ford has held executive positions in the US, Caribbean and Europe before moving to Oman. His previous port leadership positions included Managing Director of Oakland, California and Kingston, Jamaica. Most recently Peter has been COO for the APM Terminals European region, where he represented APMT on 7 different Boards before working in APM Terminals Headquarters leading global projects in acquisitions and strategy.

Mr. Ahmed Ali Akaak is the Deputy Chief Executive Officer at the Port of Salalah. Mr. Akaak has been with the port since January 2000 where he has worked in several key positions including Chief Corporate Officer and General Manager for Human Resources. Ahmed brings to the position broad industry knowledge and executive experience in all aspects of management, including strategic planning and organizational development both locally and nationally.

Mr. Akaak's background includes a bachelor degree in Economics from the US and Master Degree in Human Resources management.

Mr. Bobby Varghese was appointed the Chief Financial Officer of the company on September 1, 2011. He is a qualified Chartered Accountant from the Institute of Chartered Accountants, India and also holds a Certified Public Accountant (CPA) from the American Institute of Certified Public Accountants, USA. He has also completed a Diploma in Terminal Management from the Lloyd's Maritime Institute of Shipping, UK. He has been with the AP Moller Maersk A/S group since August 2003 having worked with Maersk Line, Damco and APM Terminals divisions of the company. More recently, he was the CFO at APM Terminals in Mumbai, the

largest container terminal in India since April 1, 2007. Prior to joining the AP Moller Maersk A/S group, he worked for several years with the DHL group based in Mumbai, India.

Mr. Johan Kriel is the Chief Supply Chain Commercial of the Company. He has more than 25 year experience in Supply Chain Management. He has worked in Africa, Australasia and the Middle East across a variety of positions that exposed him to Warehousing, Trucking, Property Management, Value Added Services, Bonded Zones, Customs Regulations as well as the implementation of state of the art IT supply chain execution solutions. Johan holds BA, BA Hons and MBA (Marketing) degrees from the University of Pretoria in South Africa.

Mr. Iain Rawlinson is the Chief Liner Commercial Manager. He was called to the Bar of England and Wales in 1994. He has worked in the Middle East, in Bahrain and Saudi Arabia since 1994, working for LEP International, Sea-Land Service, Maersk Line and Maersk Logistics in a number of management and leadership roles up until 2006, when he joined APM Terminals as Chief Commercial Officer in Bahrain, responsible for sales, marketing and commercial strategy for the newly-formed company, which took over management and operation of Bahrain Port at the end of 2006. Iain has held his role at the Port of Salalah since July 2011, and is responsible for maintaining and improving customer relationships with the Liner Shipping industry, and developing new commercial opportunities, and securing new Liner business for the port.

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

Mr. Erik Sass is the General Manager – Container Terminal. He worked as General Manager of Operations at Gateway Terminals India. He has working experience of 22 years in APM Terminals at numerous terminals, Europe, The Middle East and Asia.

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

Mr. Hazaa Juma is the General Manager of Human Resources at the Port of Salalah. He has recently joined the port in 2012. He has brought with him a wealth of extensive management experience and knowledge in the field of Human Resources, both locally and globally. His background includes a bachelor degree in Psychology and Sociology.

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 Labour Law.

During the financial year 2012 six Board meetings were held on the following dates:

- February 25, 2012
- March 28, 2012
- May 9, 2012
- August 8, 2012
- November 7, 2012
- December 9, 2012

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

Market Authority and include overseeing of financial reporting process, reviewing with the management the financial statement and adequacy of internal control system, reviewing the adequacy of internal audit function and discussion with Internal Auditor on significant findings.

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

Table 3 – 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)	# of Directorship in other entities
	Board meeting	Last AGM		
Mr. Abdul Aziz Ali Shanfari*	5	Yes	4,000	0
Mr. Tiemen Meester	3	No	2,400	0
Mr. Ali Mohammed Redha	6	Yes	4,800	1
Mr. Peder Sondergaard	3	No	2,400	0
Eng. Abu Baker Salim Alawi Al Dheeb	6	Yes	4,800	0
Mr. Hamad Suleman Rashid Al Shereiqi	5	Yes	4,000	0

Note:
Mr. Abdul Aziz Ali Shanfari is the Chairman of the Board of Directors of the Company. None of the Directors hold the position of Chairman in any other Omani public joint stock company.

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

Audit and other Committees

a) Audit Committee terms of reference:

Terms of reference of the Audit Committee are as per the guidelines set out by Capital

Following directors are the members of the Audit Committee:

- Mr. Ali Mohammed Redha – Chairman
- Mr. Hamed Suleman Rashid Al Shereiqi
- Mr. Peder Sondergaard

The members of the Audit Committee are independent and have knowledge of finance, accounts, company law and the shipping industry. The quorum for the audit committee is a minimum of two members to be present.

The Internal Auditor acts as the Secretary to the Audit Committee.

Table 4 – During the year 2012, four Audit Committee meetings were held following was the number of meetings attended by each member:

Member	No of meetings	Sitting fees (in RO)
Mr. Ali Mohammed Redha	4	2,000
Mr Hamed Suleman Rashid Al Shereiqi	3	1,500
Mr. Peder Sondergaard	2	1,000

The Audit Committee approves the quarterly un-audited and annual audited financial statements. The Audit Committee, on behalf of the Board has regularly reviewed the internal control environment of the Company. They meet the internal auditor on a regular basis to review the internal audit reports, recommendations and management comments thereupon. Mr. Ashwani Jhamb has been working as General Manager, Audit and Assurances for the company. Audit Committee members have also met the external auditors to review audit findings and management letter. The Audit Committee has met the internal and 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.

a) Tariff Committee terms of reference:

Tariff Committee has been established as a permanent sub-committee of the board. This requirement is consistent with the company's obligations under the Container Terminal and General Cargo Terminal concession agreements.

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

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

- The Tariff Committee is responsible for setting minimum levels of all charges, fees and levies to be paid by users of the port facility (excluding the facility) ("port charges").

Following Directors are the members of the Tariff Committee:

- Mr. Tiemen Meester – Chairman
- Eng. Abu Baker Salim Alawi Al Dheeb
- Mr. Ali Mohammed Redha

Table 5 – During the year 2012, two tariff committee meeting were held following was the number of meetings attended by each member.

Member	# of meetings	Sitting fees (in RO)
Mr. Tiemen Meester	1	500
Eng. Abu Baker Salim Alawi Al Dheeb	2	1,000
Mr. Ali Mohammed Redha	2	1,000

Process for nomination of directors

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

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

Table 6 – General Shareholders information

AGM: Date Time Venue	**March 27, 2013** 3:00 PM Salalah Hilton, Salalah
Financial Year	2012
Date of Book Closure	**March 27, 2013**
Dividend payment date	The dividend, if approved by the shareholders, will be paid within the statutory time limit.
Listing on Stock Exchange	Muscat Securities Market
Registrar and share transfer agents	Muscat Depository & Securities Registration Company
Market Price data	See Table 7 below
Distribution of shareholders	See Table 8 below
Ten major shareholders	See Table 9 below
Port Location	Port Salalah, about 20 km west of Salalah, Dhofar, Sultanate of Oman.
Address of correspondence	Salalah Port Services Co SAOG Al Jawhara Building, Shatti Al Qurum, P.O. Box. 105, Muscat, P.C. 118, Sultanate of Oman

General Shareholders' information

Table 7 – Market price data

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Year 2012
Share price (RO)													
High	0.479	0.479	0.478	0.450	0.470	0.470	0.469	0.470	0.470	0.460	0.470	0.500	0.479
Low	0.470	0.479	0.470	0.450	0.423	0.459	0.460	0.470	0.470	0.450	0.430	0.470	0.470
Opening	0.479	0.479	0.470	0.450	0.470	0.459	0.460	0.470	0.460	0.460	0.470	0.495	0.479
Closing	0.479	0.479	0.470	0.470	0.470	0.470	0.470	0.460	0.470	0.470	0.470	0.500	0.500
Volume	117	59	11,430	230	618	570	578	100	1,140	1,335	2,880	23,890	42,947
Trade Value (RO)	56	28	5,376	104	272	266	269	47	536	601	1,294	11,776	20,623
Service Sector Index													
Opening	2,567	2,496	2,714	2,640	2,674	2,620	2,642	2,580	2,621	2,724	2,816	2,794	2,567
Closing	2,496	2,714	2,640	2,674	2,620	2,642	2,580	2,621	2,724	2,816	2,794	7,413	7,413

Table 8 – Distribution of shareholding as on December 31, 2012

Number of Equity Shares held	No. of shares held	% of total shares	No. of Shareholders	% of total shareholders
1 to 100	32,429	0.02%	677	51.06%
101 to 500	98,268	0.05%	416	31.37%
501 to 1,000	45,068	0.03%	56	4.22%
1,001 to 10,000	394,781	0.22%	120	9.05%
10,001 to 100,000	1,379,040	0.77%	37	2.79%
100,001 and above	177,887,814	98.92%	20	1.51%
Total	**179,837,400**	**100.00%**	**1,326**	**100.00%**

Table 9 - Top 10 Shareholders as on December 31, 2012

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

Table 10 – Annual General Meeting/Extraordinary General Meeting

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

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

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

Communication with shareholders and investors

- The company's results have been published in local newspapers both in Arabic and English. These results can be obtained by shareholders either from our website www.portofsalalah.com or from MSM website.
- The company has made no presentations to the institutional investors or to the analysts during the year.
- Management Discussion & Analysis Report forms part of the Annual Report

Remuneration

Details of the remuneration to Directors

The remuneration proposed to pay to the members of the Board sitting fees is RO 15,000 per member totaling to RO 90,000 for the year 2012 (2011-Due to insufficiency of profit, directors were paid remuneration of only RO 33,000).

Details of the remuneration paid to top 5 officers

During the year 2012 gross salary and compensation paid to top 5 executives of the Company including variable components is RO 522,576 (year 2011 – RO 472,315).

Professional profile of statutory auditor

The shareholders of the Company appointed KPMG as the Company's auditors for the year 2012. KPMG is a leading accounting firm in Oman and is a part of KPMG Lower Gulf that was established in 1974. KPMG in Oman employs more than 130 people, amongst whom are 4 Partners, 5 Directors and 20 Managers, including Omani nationals and is a member of the KPMG network of independent firms affiliated with KPMG International Co-operative. KPMG is a global network of independent firms providing Audit, Tax and Advisory services and has more than 152,000 outstanding professionals working together in 156 countries worldwide. KPMG in Oman is accredited by the Capital Market Authority (CMA) to audit joint stock companies (SAOG's).

Audit fees for the year 2012 are as follows:

- Salalah Port Services Company SAOG: RO 12,500
- Port of Salalah Developement Co. LLC.: RO 1,800
- Audit of financial reporting book: RO 2,500

Table 11 – Details of non compliance by the Company, penalties, strictures imposed on the Company by Muscat Securities Market or Capital Market Authority or any statutory authority, on any matter related to Capital Markets, during last four years

Year	Particulars
2008	None
2010	Duration between the material information of 15% interim dividend of the paid-up capital of the company which was recommended by board members at their meeting held on 28th July 2010 and the disclosure on the MSM website exceeded by eight days resulting in the imposition of a fine on the company.
2011	None
2012	None

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 procedure
- There is no material events that affect continuation of the company and its ability to continue its operations during the next financial year.

Abdul Aziz Bin Ali Shanfari
Chairman of Board of Directors
February 11, 2013

Port of Salalah
55
Port of Salalah
ZPMC
50
Port of Salalah
ZPMC
Port of Salalah
40Lt
54
Port of Salalah
40Lt

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

Tel 968 24709181
Fax 968 24700839

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

Report on the financial statements
We have audited the consolidated financial statements of Salalah Port Services Company SAOG ("the Company"), and its subsidiary (together refer as the "Group") set out on pages 34 to74,which comprise the consolidated statement of financial position as at 31 December 2012, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, the disclosure requirements of the Capital Market Authority and the Commercial Companies Law of 1974, as amended, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2012 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other Legal and Regulatory requirements
In our opinion the consolidated financial statements of the Group as at and for the year ended 31 December 2012, in all material respects, comply with:

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

11 February 2013

Khalid Masud Ansari

Consolidated statement of comprehensive income

for the year ended 31 December

2011 US $ '000	2012 US $ '000		Notes	2012 RO'000	2011 RO'000
129,537	**149,604**	Revenue	28	57,540	**49,822**
(71,074)	**(70,728)**	Direct operating costs	5	(27,203)	**(27,336)**
(16,429)	**(20,972)**	Other operating expenses	6	(8,066)	**(6,319)**
(25,355)	**(31,221)**	Administration and general expenses	7	(12,008)	**(9,752)**
159	**603**	Other income	8	232	**61**
16,838	**27,286**	**Profit from operations**		10,495	**6,476**
(9,833)	**(6,648)**	Finance costs	9	(2,557)	**(3,782)**
7,005	**20,638**	**Profit for the year before tax**		7,938	**2,694**
(865)	**(2,223)**	Income tax	25	(855)	**(333)**
6,140	**18,415**	**Profit for the year**		**7,083**	**2,361**
		Other comprehensive income			
(75)	**(36)**	Fair value change of investments	13	(14)	**(29)**
122	**679**	Net movement in cash flow hedges		261	**47**
47	**643**	Other comprehensive income for the year, net of tax		247	**18**
6,187	**19,058**	**Total comprehensive income for the year, net of tax**		7,330	**2,379**
		Profit attributable to:			
6,142	**18,420**	Equity holders of the parent		7,085	**2,362**
(2)	**(5)**	Non-controlling interests		(2)	**(1)**
		Total comprehensive income attributable to:			
6,189	**19,063**	Equity holders of the parent		7,332	**2,380**
(2)	**(5)**	Non-controlling interests		(2)	**(1)**
0.03	**0.10**	**Basic earnings per share (US $ / RO)**	19	0.039	**0.013**

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

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

Report of the Auditors is set forth on page 33.

Consolidated statement of financial position

as at 31 December

2011 US $ '000	2012 US $ '000		Notes	2012 RO'000	2011 RO'000
		ASSETS			
		Non Current Assets			
249,341	**233,591**	Property and equipment	11	89,842	**95,900**
632	**593**	Intangible assets	12	228	**243**
624	**588**	Available-for-sale investments	13	226	**240**
10,400	**10,400**	Term deposits	14	4,000	**4,000**
260,997	**245,172**			94,296	**100,383**
		Current Assets			
6,464	**4,944**	Inventories	15	1,902	**2,486**
27,632	**38,381**	Trade and other receivables	16	14,762	**10,628**
13,280	**31,925**	Cash and cash equivalents	17	12,279	**5,108**
2,493	**-**	Assets Classified as held for sale		-	**959**
49,869	**75,250**			28,943	**19,181**
310,866	**320,422**	**TOTAL ASSETS**		123,239	**119,564**
		EQUITY			
46,758	**46,758**	Share capital	18(a)	17,984	**17,984**
7,666	**7,666**	Share premium	18(b)	2,949	**2,949**
11,377	**13,218**	Legal reserve	18(c)	5,084	**4,376**
(9,990)	**(9,311)**	Hedging deficit	26	(3,581)	**(3,842)**
104	**68**	Fair value reserve		26	**40**
47,260	**56,825**	Retained earnings		21,856	**18,177**
103,175	**115,224**	Equity attributable to equity holders of the parent company		44,318	**39,684**
107	**102**	Non controlling interests	18(d)	39	**41**
103,282	**115,326**	**TOTAL EQUITY**		**44,357**	**39,725**
		LIABILITIES			
		Non Current Liabilities			
141,869	**123,692**	Loans and borrowings	22	47,574	**54,565**
13,294	**15,293**	Deferred tax	25	5,881	**5,113**
3,640	**4,139**	Employees' end of service benefits	23	1,592	**1,400**
7,358	**6,407**	Derivative financial instruments	26	2,464	**2,830**
166,161	**149,531**			57,511	**63,908**
		Current Liabilities			
24,584	**39,549**	Trade and other payables	24	15,211	**9,454**
12,669	**13,112**	Loans and borrowings	22	5,043	**4,873**
4,170	**2,904**	Derivative financial instruments	26	1,117	**1,604**
41,423	**55,565**			21,371	**15,931**
207,584	**205,096**	**TOTAL LIABILITIES**		78,882	**79,839**
310,866	**320,422**	**TOTAL EQUITY AND LIABILITIES**		123,239	**119,564**
0.574	**0.640**	**Net assets per share (US $ / RO)**	21	0.246	**0.221**

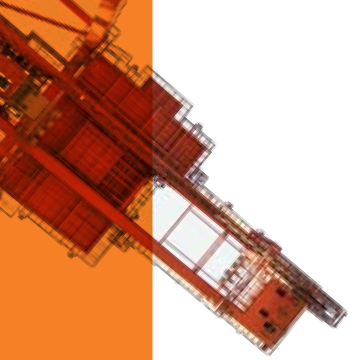
These consolidated financial statements were approved and authorised for issue by the Board of Directors on 11th February 2013 and were signed on its behalf by:

Chairman   Chief Executive Officer   Chief Financial Officer

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

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

Report of the Auditors is set forth on page 33.



Consolidated statement of changes in equity

for the year ended 31 December

	Attributable to equity shareholders of the parent company							
	Share capital	Share premium	Legal reserve	Hedging surplus/ (deficit)	Fair value reserve	Retained earnings	Non - Controlling interests	Total
	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000
1 January 2011	17,984	2,949	4,140	(4,481)	69	17,849	42	38,552
Net profit for the year	-	-	-	-	-	2,362	(1)	2,361
Other comprehensive income	-	-	-	47	(29)	-	-	18
Total comprehensive income	-	-	-	47	(29)	2,362	(1)	2,379
Fair value of ineffective hedge charge to profit or loss	-	-	-	592	-	-	-	592
Dividend paid	-	-	-	-	-	(1,798)	-	(1,798)
Transfer	-	-	236	-	-	(236)	-	-
1 January 2012	17,984	2,949	4,376	(3,842)	40	18,177	41	39,725
Net profit for the year	-	-	-	-	-	7,085	(2)	7,083
Other comprehensive income	-	-	-	261	(14)	-	-	247
Total comprehensive income	-	-	-	261	(14)	7,085	(2)	7,330
Dividend Paid (note20)	-	-	-	-	-	(2,698)	-	(2,698)
Transfer	-	-	708	-	-	(708)	-	-
31 December 2012	**17,984**	**2,949**	**5,084**	**(3,581)**	**26**	**21,856**	**39**	**44,357**

	Attributable to equity shareholders of the parent company							
	US $ '000	US $ '000	US $'000	US $ '000	US $ '000	US $ '000	US $ '000	US $ '000
1 January 2011	46,758	7,666	10,762	(11,653)	179	46,418	109	100,239
Net profit for the year	-	-	-	-	-	6,142	(2)	6,140
Other comprehensive income	-	-	-	122	(75)	-	-	47
Total comprehensive income	-	-	-	122	(75)	6,142	(2)	6,187
Fair value of ineffective hedge charge to profit or loss	-	-	-	1,541	-	-	-	1,541
Divident paid	-	-	-	-	-	(4,685)	-	(4,685)
Transfer	-	-	615	-	-	(615)	-	-
1 January 2012	46,758	7,666	11,377	(9,990)	104	47,260	107	103,282
Net profit for the year	-	-	-	-	-	18,420	(5)	18,415
Other comprehensive income	-	-	-	679	(36)	-	-	643
Total comprehensive income	-	-	-	679	(36)	18,420	(5)	19,058
Dividend paid(Note 20)	-	-	-	-	-	(7,014)	-	(7,014)
Transfer	-	-	1,841	-	-	(1,841)	-	-
31 December 2012	**46,758**	**7,666**	**13,218**	**(9,311)**	**68**	**56,825**	**102**	**115,326**

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

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

Report of the Auditors is set forth on page 33.

Consolidated statement of cash flows

for the year ended 31 December

2011	**2012**		**2012**	2011
US $ '000	**US $ '000**		**RO'000**	RO'000
		Operating activities		
7,005	**20,638**	Profit for the year before tax	**7,938**	2,694
		Adjustments for:		
24,693	**23,919**	Depreciation, derecognition and amortisation	**9,200**	9,497
439	**1,003**	Accrual for employees' end of service benefits	**386**	169
476	**172**	(Gain) loss on sale of equipment	**66**	183
(635)	**(775)**	Interest income	**(298)**	(244)
9,792	**6,588**	Finance cost	**2,534**	3,766
41,770	**51,545**	**Operating profit before working capital changes**	**19,826**	16,065
526	**1,519**	Change in inventories	**584**	203
(5,144)	**(10,749)**	Change in receivables	**(4,134)**	(1,979)
(4,752)	**14,744**	Change in payables	**5,669**	(1,832)
-	**(504)**	Employees' end of service benefits paid	**(194)**	-
32,400	**56,555**	**Net cash from operating activities**	**21,751**	12,457
		Investing activities		
(1,996)	**(8,977)**	Acquisition of property and equipment	**(3,452)**	(767)
10,326	**3,169**	Proceeds from sale of property and equipment	**1,219**	3,972
635	**775**	Interest received	**298**	244
8,965	**(5,033)**	**Net cash used in investing activities**	**(1,935)**	3,449
		Financing activities		
(20,220)	(17,734)	Repayment of loans and borrowings	**(6,821)**	(7,777)
(4,685)	(7,014)	Dividend paid	**(2,698)**	(1,798)
(8,252)	(6,588)	Finance cost	**(2,534)**	(3,174)
-	**(1,541)**	Settlement of Hedge instrument	**(592)**	-
(33,157)	**(32,877)**	**Net cash (used in) from financing activities**	**(12,645)**	(12,749)
8,208	18,645	Net change in cash and cash equivalents	**7,171**	3,157
5,072	**13,280**	**Cash and cash equivalents at 1 January**	**5,108**	1,951
13,280	**31,925**	**Cash and cash equivalents at 31 December (note 17)**	12,279	**5,108**

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

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

Report of the Auditors is set forth on page 33.

notes
(forming part of the financial statements)

1 Legal status and principal activities

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

2 Basis of Preparation

(a) *Statement of compliance*

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

(b) *Basis of measurement and presentation currency*

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

(c) *Use of estimates and judgements*

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years affected. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the consolidated financial statements are described in note 32.

3 Significant agreements

The Company has entered into the following significant agreements:

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

- a fixed royalty fee of USD 255,814 per annum is payable for Berth1-4, increasing at the rate of 3% per annum;
- an additional fixed royalty fee of USD 750,000 per annum is payable for Berth 5 from 2007 onwards and increasing at the rate of 3% per annum; and
- an additional fixed royalty fee of USD 750,000 per annum is payable for Berth 6 from 2008 onwards and increasing at the rate of 3% per annum; and
- a variable royalty fee calculated in accordance with the terms set out in the Container Terminal Facilities Agreement.

3 Significant agreements *(continued)*

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

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

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

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

4 Significant accounting policies

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

(a) *Basis of consolidation*

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

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

All intercompany balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

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

If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interest
- Derecognizes the cumulative translation differences, recorded in equity

4 Significant accounting policies *(continued)*

- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss.

(b) Revenue

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

(c) Interest income

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

(d) Employee benefits

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

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

(e) Foreign currencies

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

(f) Derivative financial instruments and hedging

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

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

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

4 Significant accounting policies *(continued)*

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

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

(g) Intangible asset

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

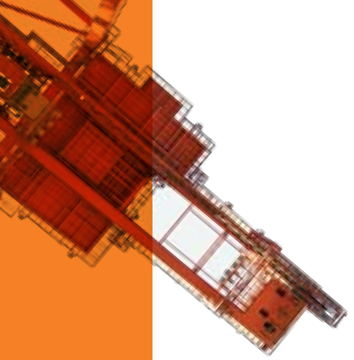
(h) Property and equipment

(i) Recognition and measurement

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

(ii) Capital work-in-progress

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



4 Significant accounting policies *(continued)*

(h) Property and equipment (continued)

(ii) Depreciation

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

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

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

(i) Available for sale investments

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

(j) Receivables

Receivables are stated at their cost less impairment losses.

(k) Inventories

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

4 Significant accounting policies *(continued)*

(l) Cash and cash equivalents

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

(m) Impairment of non-financial assets

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

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

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

(n) Dividends

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

(o) Determination of Directors remuneration

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

(p) Payables and provisions

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

4 Significant accounting policies *(continued)*

(q) Interest bearing borrowings

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

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

(r) Operating lease payments

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

(s) Income tax

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

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

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

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

(t) Earnings per share

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

(u) New Standards and interpretations not effective yet

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

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

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

The standard is effective for annual Years beginning on or after 1 January 2015. Earlier application is permitted. The Group is currently in the process of evaluating the potential effect of this standard.

5 Direct operating costs

2011 US $ '000	**2012 US $ '000**		**2012 RO'000**	2011 RO'000
29,954	**31,794**	Staff costs (note10)	**12,228**	11,521
23,691	**20,064**	Depreciation (note 11)	**7,717**	9,112
9,202	**9,620**	Repair and maintenance	**3,700**	3,539
5,622	**6,219**	Power and fuel	**2,392**	2,162
826	**1,191**	Equipment Leasing Costs	**458**	318
1,046	**959**	Marine Services	**369**	403
733	**881**	System & Communications	**339**	281
71,074	**70,728**		**27,203**	27,336

6 Other operating expenses

2011 US $ '000	**2012 US $ '000**		**2012 RO'000**	2011 RO'000
7,701	**10,912**	Ground rent and royalty	**4,197**	2,962
3,864	**4,537**	Management fees	**1,745**	1,486
848	**2,212**	Depreciation (note 11)	**851**	326
954	**902**	Terminal Maintenance	**347**	367
3,025	**2,370**	Insurance	**911**	1164
37	**39**	Amortization (note 12)	**15**	14
16,429	**20,972**		**8,066**	6,319

7 Administration and general expenses

2011 US $ '000	2012 US $ '000		2012 RO'000	2011 RO'000
20,448	**24,739**	Staff costs (note10)	**9,515**	7,865
120	**530**	Depreciation (note 11)	**204**	46
518	**507**	Sales and marketing	**195**	199
185	**151**	Corporate Social Responsibility	**58**	71
965	**900**	Systems and communications	**346**	371
876	**679**	Legal and professional fees	**261**	337
580	**1,334**	Travelling Expenses	**513**	223
159	**73**	Postage, Printing & Stationery	**28**	61
793	**946**	Office Rent & Maintenance Costs	**364**	305
140	**33**	General Admin. Expenses	**13**	54
158	**310**	Directors Remuneration & Sitting Fees	**119**	61
221	**(250)**	Inventory Obsolescence (write back) /provided (note 15)	**(96)**	85
-	**962**	Provision for impairment of receivables (note 16)	**370**	-
192	**307**	Other Claims	**118**	74
25,355	**31,221**		**12,008**	9,752

8 Other income

2011 US $ '000	2012 US $ '000		2012 RO'000	2011 RO'000
(476)	**(172)**	Gain/(Loss) on sale property and equipment	**(66)**	(183)
635	**775**	Interest income	**298**	244
159	**603**		**232**	61

9 Finance costs

2011 US $ '000	2012 US $ '000		2012 RO'000	2011 RO'000
8,251	**6,588**	Term loan interest	**2,534**	3,174
1,541	**-**	Fair value of ineffective hedge charges to profit and loss	**-**	592
41	**60**	Other finance charges	**23**	16
9,833	**6,648**	Total finance cost	**2,557**	3,782

10 Staff costs

2011 US $ '000	2012 US $ '000		2012 RO'000	2011 RO'000
40,803	**43,982**	Wages and salaries	**16,916**	15,693
7,344	**9,293**	Other benefits	**3,574**	2,826
439	**1,003**	un-funded defined benefit retirement plan	**386**	169
1,816	**2,255**	Contributions to defined contribution retirement plan	**867**	698
50,402	**56,533**		**21,743**	19,386

11 Property and equipment

Details of property and equipment are set out in pages 69 and 70.
Buildings are situated on land leased up to the year 2028, from the Ministry of Transport and Communications. Annual lease rental for 2012 is RO 1.43 million (2011: RO 1.38 million) and increases based on contractual terms agreed with the Government.

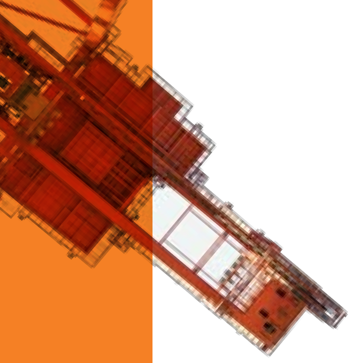
The depreciation charge has been allocated in the statement of comprehensive income as follows:

2011 US $ '000	2012 US $ '000		2012 RO'000	2011 RO'000
23,691	**20,064**	Direct operating costs	**7,717**	9,112
848	**2,212**	Other operating expenses	**851**	326
120	**530**	Administration expenses	**204**	46
24,659	**22,806**		**8,772**	9,484

In the extraordinary general meeting of the Company's shareholders held on 3 November 2010, the shareholders approved to sale of a maximum of 22 Rubber Tire Gantry cranes (RTG's) from a group of 35 old and new RTG's in order to reduce maintenance operating costs, reduce inventory levels and improve asset utilization. During the year 2011, 12 RTGs were sold.

As at 31 December 2011, Company has specifically identified those RTGs which may be sold. Accordingly, 10 of the RTGs have been reclassified as assets held for sale. The Company has carried out an assessment on the carrying value of property and equipment as at 31 December 2011 and has not identified any impairment concerns.

During the year 2012, remaining 10 RTGs were sold.



12 Intangible assets (Refer: note 4.g)

2011 US $ '000	2012 US $ '000		2012 RO'000	2011 RO'000
1,105	**1,105**	1 January 2012	**425**	425
		Cumulative amortisation		
(436)	**(473)**	1 January 2012	**(182)**	(168)
(37)	**(39)**	Additions	**(15)**	(14)
(473)	**(512)**	31 Decedmber 2012	**(197)**	(182)
		Carrying amount		
669	**632**	1 January 2012	**243**	257
(37)	**(39)**	Amortisation	**(15)**	(14)
632	**593**	31 Decedmber 2012	**228**	243

13 Available for sale investments

2011 US $ '000	2012 US $ '000		2012 RO'000	2011 RO'000
624	**588**	Ordinary Shares - Quoted	**226**	240

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

Movement in cumulative changes in fair values arising from available for sale investments are as follows:

2011 US $ '000	2012 US $ '000		2012 RO'000	2011 RO'000
(75)	**(36)**	Net movement on unrealised loss/gain	**(14)**	(29)

14 Term Deposits

2011 US $ '000	2012 US $ '000		2012 RO'000	2011 RO'000
10,400	**10,400**	Bank Deposits	**4,000**	4,000
10,400	**10,400**		**4,000**	4,000

At 31 December 2012, the fixed deposit is in RO placed with a commercial bank in Oman and carries effective annual interest rates of 5.50% till December 2014 (2011: 5.5% per annum).

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

14 Term Deposits *(continued)*

Thus, at 31 December 2012, the fixed deposit constitutes DSRA of RO 3.01 million (US$ 7.86 million) [2011 – RO 3.02 million (US$ 7.90 million)] and the balance of RO 0.99 million (US$ 2.54 million) [2011 – RO 0.98 million (US$ 2.50 million)] is available for free use by the Company.

15 Inventories

2011 US $ '000	2012 US $ '000		2012 RO'000	2011 RO'000
8,510	**6,741**	Spares and consumables	**2,593**	3,273
(2,046)	**(1,797)**	Less: Provision for slow moving inventories	**(691)**	(787)
6,464	**4,944**		**1,902**	2,486

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

2011 US $ '000	2012 US $ '000		2012 RO'000	2011 RO'000
1,825	**2,046**	1 January	**787**	702
221	**733**	Provided during the year	**282**	85
-	**(983)**	Reversal during the year	**(378)**	-
2,046	**1,796**	31 December	**691**	787

16 Trade and other receivables

2011 US $ '000	2012 US $ '000		2012 RO'000	2011 RO'000
7,844	**5,356**	Receivables from related parties	**2,060**	3,017
14,582	**27,613**	Trade receivables	**10,620**	5,608
-	**(962)**	Less : Provision for impairment	**(370)**	-
14,582	**26,651**		**10,250**	5,608
1,840	**1,860**	Receivables from the Government of Sultanate of Oman	**716**	708
894	**1,667**	Advance to Suppliers	**641**	344
598	**406**	Prepaid expenses	**156**	230
1,874	**2,441**	Other receivables	**939**	721
27,632	**38,381**		**14,762**	10,628

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

16 Trade and other receivables *(continued)*

Trade receivables are non-interest bearing and are generally on 30-60 day terms.

Movement for provision for impairment of trade receivables:

2011 US $ '000	2012 US $ '000		2012 RO'000	2011 RO'000
88	-	1 January	-	33
(88)	962	Provided during the year	370	(33)
-	962	31 December	370	-

17 Cash and cash equivalents

2011 US $ '000	2012 US $ '000		2012 RO'000	2011 RO'000
4,430	15,506	Cash and bank balances	5,964	1,704
8,850	16,419	Call deposit accounts	6,315	3,404
13,280	31,925		12,279	5,108

At 31 December 2012, call deposits are placed in USD and RO currency with local commercial banks in Oman and carries effective annual interest rates ranging between 1.3% to 4%.

18 Equity

(a) Share capital

	Authorized		Issued and fully paid	
	2012	2011	2012	2011
Shares of RO 0.100 each (RO '000)	200,000	200,000	179,837	179,837
Shares of RO 0.100 each (US$ '000)	520,000	520,000	467,576	467,576

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

(b) Share premium

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

notes
(forming part of the financial statements)

18 Equity *(continued)*

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

	2012		2011	
	No. of shares	%	No. of shares	%
A.P. Terminals BV	54,180,000	30	54,180,000	30
Government of the Sultanate of Oman (Represented by Ministry of Finance)	36,120,000	20	36,120,000	20
HSBC BK PLC a/c IB Account	25,778,730	14	25,781,671	14
HSBC A/C Ministry of Defense – Pension Fund	17,983,740	10	17,983,740	10

(c) Legal reserve

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

(d) Non controlling interest

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

19 Earnings per share

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

2011	2012		2012	2011
6,142	18,420	Net profit for the year (US $ '000 / RO '000)	7,085	2,362
179,837	179,837	Weighted average number of ordinary shares outstanding during the Quarter ('000)	179,837	179,837
0.03	0.10	Basic earnings per share (US $ / RO)	0.039	0.013

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

20 Dividends

During the year, dividend of RO 0.015 (US $ 0.039) per share totalling to amount of approximately RO 2.7 million (US $ 7.01 million) relating to 2011 were declared and paid.

The Board of Directors has proposed a cash dividend of RO 0.025 (US $ 0.065) per share totalling to amount of approximately RO 4.5 million (US $ 11.7 million) for the year ended 31 December 2012 (2011: 15%) which is subject to the approval of the shareholders at the Annual General Meeting to be held in March 2013.

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. The unpaid dividend in the amount of RO 16,788 (2011: RO 13,908) outstanding for more than six months has been transferred to the Investors' Trust Fund during October 2012.

21 Net assets per share

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

2011	**2012**		**2012**	2011
103,175	**115,224**	Net assets (US $ '000 / RO '000)	**44,318**	39,684
179,837	**179,837**	Weighted average number of shares outstanding at 31 December ('000)	**179,837**	179,837
0.574	**0.640**	Net assets per share (US $ / RO)	**0.246**	0.221

22 Loans and Borrowings

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

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

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

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

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

Tranche IV of the term loan is repayable in 16 instalments of six-monthly intervals commencing from Sep 2011. The Company has fixed the rate of interest through an interest rate swap agreement for 85% of its loan facility at a maximum interest rate of 3.35% per annum(refer note 26).

22 Loans and Borrowings *(continued)*

At 31 December 2012, the outstanding balances for the loans and borrowings are as follows:

	Total	**1 year or less**	**1 - 2 years**	**2 - 5 years**	**more than 5 years**
RO '000					
Tranch 3	22,431	2,151	2,763	12,854	4,663
Tranch 4	30,186	2,892	3,722	17,298	6,274
	52,617	5,043	6,485	30,152	10,937
US $ '000					
Tranch 3	58,321	5,593	7,184	33,420	12,124
Tranch 4	78,483	7,519	9,677	44,975	16,312
	136,804	13,112	16,861	78,395	28,436

At 31 December 2011, the outstanding balances for the loans and borrowings are as follows:

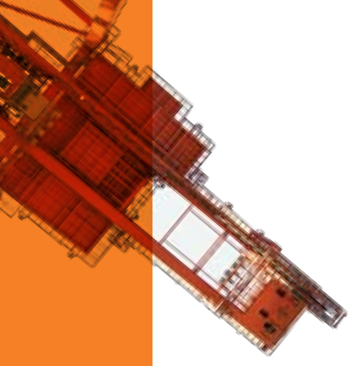
	Total	**1 year or less**	**1 - 2 years**	**2 - 5 years**	**more than 5 years**
RO '000					
Tranch 2	2,963	1,017	1,048	898	-
Tranch 3	24,149	1,644	2,149	15,678	4,678
Tranch 4	32,326	2,212	2,892	21,097	6,125
	59,438	4,873	6,089	37,673	10,803
US $ '000					
Tranch 2	7,705	2,645	2,725	2,335	-
Tranch 3	62,786	4,273	5,588	40,762	12,163
Tranch 4	84,047	5,751	7,520	54,853	15,923
	154,538	12,669	15,833	97,950	28,086

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

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

The term loan facilities bear an effective interest rate of 4.18% (2011: 4.74%) incorporating the effect of hedging instrument.

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



23 Employees end of service benefits

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

2011 US $ '000	**2012 US $ '000**		**2012 RO'000**	2011 RO'000
3,201	**3,640**	1 January	**1,400**	1,231
439	**1,003**	Accruals during the year	**386**	169
-	**(504)**	End of service benefit paid	**(194)**	-
3,640	**4,139**	31 December	**1,592**	1,400

24 Trade and other payables

2011 US $ '000	**2012 US $ '000**		**2012 RO'000**	2011 RO'000
4,815	**5,972**	Trade payables	**2,297**	1,852
-	**1,646**	Amounts due to Government of Sultanate of Oman	**633**	-
4,811	**5,322**	Amounts due to related parties (note 27)	**2,047**	1,850
14,958	**26,609**	Accrued expenses and other liabilities	**10,234**	5,752
24,584	**39,549**		**15,211**	9,454

25 Taxation

The parent company and its subsidiary are assessed separately for taxation. The tax rate applicable is 12% (2011:12%). For the purpose of determining the tax expense for the year, the accounting profit has been adjusted. Adjustments for tax purposes include items relating to both income and expense. After giving effect to these adjustments, the average effective tax rate is estimated to be 10.81% (2011: 12.5%).

The difference between the applicable tax rates of 12 % and the effective tax rate of 10.81 % arises due to the tax effect of income not considered to be taxable and expenses that are not considered to be deductible. The adjustments are based on the current understanding of the existing tax laws, regulations and practices. Deferred tax has been computed at the tax rate of 12% (2011: 12%).

The assessments up to tax year 2008 have been finalised by the tax department. The assessment for the years from 2009 to 2010 have not been finalised with the Department of Taxation affairs. The Board of Directors are of the opinion that the additional taxes assessed, if any, would not be material to the Company's financial position as at 31 December 2012.

notes
(forming part of the financial statements)

25 Taxation *(continued)*

2011	**2012**		**2012**	2011
		Statement of comprehensive income statement		
-	**226**	Current tax - current year	**87**	-
865	**1,997**	Deferred tax - current year	**768**	333
865	**2,223**	31 December	**855**	333
		Tax provision		
322	**322**	1 January	**124**	124
-	**226**	Created during the year	**87**	-
322	**548**	At end of period	**211**	124
		Deferred tax liability		
12,429	**13,297**	1 January	**5,113**	4,780
865	**1,996**	Movement for the year	**768**	333
13,294	**15,293**		**5,881**	5,113

Deferred tax liability comprises the following temporary differences:

2011 US $ '000	**2012 US $ '000**		**2012 RO'000**	2011 RO'000
(151,234)	**(153,226)**	Net book value of property and equipment	**(58,933)**	(58,167)
40,453	**25,805**	Provisions & losses	**9,925**	15,559
(110,781)	**(127,421)**		**(49,008)**	(42,608)

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

	2012 RO'000	2011 RO'000
Available up to 31 December 2013 (declared)	**-**	703
Available up to 31 December 2014 (declared)	**-**	3,966
Available up to 31 December 2015 (declared)	**6,107**	5,256
Available up to 31 December 2016 (declared)	**3,821**	3,822

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

notes
(forming part of the financial statements)

26 Derivative financial instruments and hedging deficit

The term loan facilities of the Company bear interest at USD LIBOR plus applicable margins. In accordance with the term loan agreement, the Company has fixed the rates of interest applicable to the different Tranches through Interest Rate Swap agreements ("IRS").
At 31 December 2012, the USD LIBOR was approximately 0.508% (2011: 0.804%) per annum, whereas the Company had fixed interest on its long term borrowings at 4.9% on Tranche 3 and 3.35% on Tranche 4. Management had performed hedge effectiveness test as required under reporting standards.

Based on the interest rates gap over the life of the IRS on tranche 3 and 4, the indicative loss as at 31 December 2012 were assessed at RO 3.58 million (US$ 9.31 million) [(December 2011: RO 3.84 million (US$ 9.99 million) Loss)] by the counter parties to IRS. In case the Company terminates the IRS at 31 December 2012, it may result in a loss to the extent of RO 3.58 million (US$ 9.31 million) [(December 2011: RO 3.84 million (US$ 9.99 million) Loss)].

In order to comply with International Accounting Standard 39 "Financial Instruments: Recognition and Measurement" fair value of the hedge instruments' indicative loss of RO 3.58 million (US$ 9.31 million) [(December 2011: RO 3.84 million (US$ 9.99 million) Loss)] has been recorded as other comprehensive income and RO 3.58 million (US$ 9.31 million) amount is recorded under liability.

Interest rate swaps- Notional amounts by term to maturity

	Positive fair value	Negative fair value	Notional amount	Within 1 year	1 year to 5 years	Over 5 years
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
31 December 2012	**-**	**3,581**	**35,165**	**4,045**	**27,282**	**3,838**
31 December 2011	-	4,434	50,293	5,789	29,156	15,348
	US $ '000	**US $ '000**	**US $ '000**	**US $ '000**	**US $ '000**	**US $ '000**
31 December 2012	**-**	**9,311**	**91,430**	**10,518**	**70,933**	**9,979**
31 December 2011	-	11,528	130,801	15,056	75,829	39,916

27 Related party transactions

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

	2012			2011		
	Purchases	**Sales**	**Others**	Purchases	Sales	Others
	RO '000	**RO '000**	**RO '000**	RO '000	RO '000	RO '000
Other related parties	**193**	**17,955**	**714**	261	17,071	1,520
	193	**17,955**	**714**	261	17,071	1,520
	USD '000	**USD '000**	**USD '000**	USD '000	USD '000	USD '000
Other related parties	**501**	**46,684**	**1,857**	679	44,385	3,951
	501	**46,684**	**1,857**	679	44,385	3,951

Compensation of key management personnel:

The key management personnel compensation for the year comprises:

2011	**2012**		**2012**	2011
US $ '000	**US $ '000**		**RO'000**	RO'000
2,010	**1,963**	Short term benefits	**755**	773
161	**177**	End of service benefits	**68**	62
85	**234**	Remuneration of directors	**90**	33
73	**76**	Sitting fees of directors	**29**	28
2,329	**2,450**		**942**	896

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

	2012		2011	
	Trade and other receivables	**Trade and other payables**	Trade and other receivables	Trade and other payables
	RO '000	**RO '000**	RO'000	RO'000
Associated companies	**2,060**	**2,047**	3,017	1,850
	US $ '000	**US $ '000**	US $ '000	US $ '000
Associated companies	**5,356**	**5,322**	7,844	4,811

27 Related party transactions *(continued)*

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

Outstanding balances at the year-end arise in the normal course of business. Amounts due from related parties are neither past due nor impaired and are estimated to the collectible based on the past experience.

28 Operating Segment information

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

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

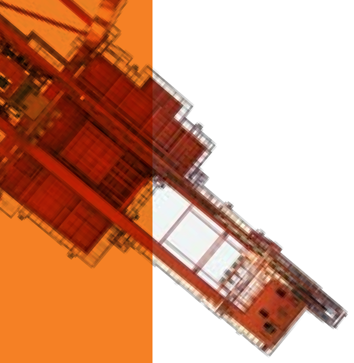
Management monitors the operating results of its business units separately for the purpose of making decisions about the resource allocation and the performance assessment. Segment performance is evaluated based on operating profit and loss and is measured consistently with the operating profit and loss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

28 Operating Segment information *(continued)*

	Container Terminal		General Cargo Terminal		Total	
	2012	2011	**2012**	2011	**2012**	2011
	RO'000	RO'000	**RO'000**	RO'000	**RO'000**	RO'000
Revenue	**49,297**	41,694	**8,243**	8,128	**57,540**	49,822
Depreciation and amortisation	**(8,051)**	(8,780)	**(736)**	(704)	**(8,787)**	(9,484)
Segment Profit	**5,580**	1,177	**1,503**	1,184	**7,083**	2,361
Operating Assets	**112,519**	111,252	**10,720**	8,312	**123,239**	119,564
Operating Liabilities	**112,519**	111,252	**10,720**	8,312	**123,239**	119,564
Other disclosures						
Capital Expenditure	**3,452**	767	**-**	-	**3,452**	767

	Container Terminal		General Cargo Terminal		Total	
	2012	2011	**2012**	2011	**2012**	2011
	US $ '000	US $ '000	**US $ '000**	US $ '000	**US $ '000**	US $ '000
Revenue	**128,172**	108,405	**21,432**	21,132	**149,604**	129,537
Depreciation and amortisation	**(20,932)**	(22,829)	**(1,914)**	(1,830)	**(22,846)**	(24,659)
Segment Profit	**14,508**	3,060	**3,907**	3,080	**18,415**	6,140
Operating Assets	**292,549**	289,255	**27,873**	21,611	**320,422**	310,866
Operating Liabilities	**292,549**	289,255	**27,873**	21,611	**320,422**	310,866
Other disclosures						
Capital Expenditure	**8,977**	1,996	**-**	-	**8,977**	1,996

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



28 Operating Segment information *(continued)*

Geographic information

2011 US $ '000	**2012 US $ '000**		**2012 RO'000**	2011 RO'000
28,590	**28,836**	Oman	**11,091**	10,996
86,998	**106,810**	Europe	**41,081**	33,461
13,740	**13,723**	Other asia	**5,278**	5,285
209	**235**	Africa	**90**	80
129,537	**149,604**	Revenue as per consolidated income statement	**57,540**	49,822

29 Commitments and contingencies

Capital expenditure

2011 US $'000	**2012 US $'000**		**2012 RO'000**	2011 RO'000
460	**1,482**	Capital expenditure commitments	**570**	177
460	**1,482**		**570**	177

Operating lease commitments

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

Operating lease

2011 US $'000	**2012 US $'000**		**2012 RO'000**	2011 RO'000
4,136	**4,261**	Not later than one year	**1,639**	1,591
22,620	**18,359**	Between one and five years	**7,061**	8,700
63,260	**63,260**	After five years	**24,331**	24,331
90,016	**85,880**		**33,031**	34,622

30 Financial risk management

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

- credit risk
- liquidity risk
- market risk

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

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. The carrying amount of financial assets represents the maximum credit exposure.

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

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

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

2011 US $ '000	**2012 US $ '000**		**2012 RO'000**	2011 RO'000
8,528	**11,819**	Within credit period	**4,546**	3,280
5,969	**11,339**	Past due 31-60 days	**4,361**	2,296
421	**4,859**	Past due 61-90 days	**1,869**	162
754	**803**	Past due 90-180 days	**309**	290
750	**653**	More than 180 Days	**251**	288
16,422	**29,473**		**11,336**	6,316

30 Financial risk management *(continued)*

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

2011	2012		2012	2011
US $ '000	**US $ '000**		**RO'000**	RO'000
88	**-**	1 January	**-**	33
(88)	**962**	Charge for the year	**370**	(33)
-	**962**	31 December	**370**	-

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

2011	2012		2012	2011
US $ '000	**US $ '000**		**RO'000**	RO'000
5,911	**3,424**	Oman	**1,317**	2,274
8,564	**24,329**	Europe	**9,358**	3,293
1,947	**1,720**	Other & Asia	**661**	749
16,422	**29,473**		**11,336**	6,316

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

2011	2012		2012	2011
US $ '000	**US $ '000**		**RO'000**	RO'000
10,585	**26,096**	Shipping Lines	**10,037**	4,071
5,837	**3,377**	Others	**1,299**	2,245
16,422	**29,473**		**11,336**	6,316

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

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

Financial obligations: The Company through an agreement with its lenders has an arrangement to place a fixed deposit of an amount equivalent to the next instalment (which is not less than 6 months at any point of time) which ensures that adequate care is accorded.

30 Financial risk management *(continued)*

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

	2012					2011				
	1 Year or Less	**1 to 2 Years**	**2 to 5 Years**	**more than 5 Years**	**Total**	1 Year or Less	1 to 2 Years	2 to 5 Years	more than 5 Years	Total
	RO'000	**RO'000**	**RO'000**	**RO'000**	**RO'000**	RO'000	RO'000	RO'000	RO'000	RO'000
Trade and Other Payables	**13,164**	**-**	**-**	**-**	**13,164**	7,537	67	-	-	7,604
Loans and borrowings	**5,043**	**6,485**	**30,152**	**10,937**	**52,617**	4,873	6,089	37,673	10,803	59,438
Amount due to related Parties	**2,047**	**-**	**-**	**-**	**2,047**	1,868	(18)	-	-	1,850
	20,254	**6,485**	**30,152**	**10,937**	**67,828**	14,278	6,138	37,673	10,803	68,892
	US $'000	**US $'000**	**US $'000**	**US $'000**	**US $'000**	US $'000	US $'000	US $'000	US $'000	US $'000
Trade and Other Payables	**34,227**	**-**	**-**	**-**	**34,227**	19,600	173	-	-	19,773
Loans and borrowings	**13,112**	**16,861**	**78,395**	**28,436**	**136,804**	12,669	15,833	97,950	28,086	154,538
Amount due to related Parties	**5,322**	**-**	**-**	**-**	**5,322**	4,857	(46)	-	-	4,812
	52,661	**16,861**	**78,395**	**28,436**	**176,353**	37,126	15,960	97,950	28,086	179,122

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

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

30 Financial risk management *(continued)*

Interest rate risk: Variance in interest rates affects the financial statements of the Company. With a view to minimizing this effect the Company has adopted policy of hedging outstanding loans at specific interest rates swaps. At 31 December 2012, approximately 67% of the outstanding loans are at fixed rate of interest (December 2011: 80%). The following table summarises the impact of interest rate changes.

2011 US$ '000	**2012 US$ '000**		**2012 RO '000**	2011 RO '000
100	**100**	Increase in basic points	**100**	100
(335)	**(459)**	Effect of profit before tax	**(176)**	(129)
100	**100**	Decrease in basic points	**100**	100
335	**459**	Effect of profit before tax	**176**	129

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2011.

	Profit or loss		Equity	
	100 bps increase	100 bps decrease	100 bps increase	100 bps decrease
	RO'000	RO'000	RO'000	RO'000
2012				
Interest rate swap	**-**	**-**	**358**	**(358)**
2011				
Interest rate swap	59	(59)	443	(443)

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

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

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

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

31 Fair values of the financial instruments

Financial instruments comprise financial assets, financial liabilities and derivatives.

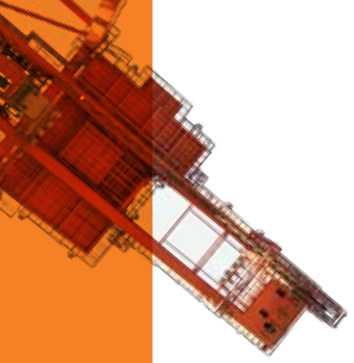
Financial assets consist of cash and bank balances, term deposits, available for sale investments and receivables. Financial liabilities consist of payables, term loans and loans and borrowings. Derivatives consist of interest rate swap arrangements entered by the Company.

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

	Carrying Amounts				**Fair Value**			
	2012		2011		**2012**		2011	
	RO'000	**USD'000**	RO'000	USD'000	**RO'000**	**USD'000**	RO'000	USD'000
Financial Assets								
Term deposits	**4,000**	**10,400**	4,000	10,400	**4,000**	**10,400**	4,000	10,400
Trade and other Receivables	**11,905**	**30,952**	7,037	18,296	**11,905**	**30,952**	7,037	18,296
Available-for-sale investments	**226**	**588**	240	624	**226**	**588**	240	624
Due from related parties	**2,060**	**5,356**	3,017	7,844	**2,060**	**5,356**	3,017	7,844
Cash and bank balances	**12,279**	**31,925**	5,108	13,280	**12,279**	**31,925**	5,108	13,280
Total	**30,470**	**79,221**	19,402	50,444	**30,470**	**79,221**	19,402	50,444
Financial Liabilities								
Trade and other payables	**13,164**	**34,227**	7,604	19,773	**13,164**	**34,227**	7,937	19,773
Due to related parties	**2,047**	**5,322**	1,850	4,811	**2,047**	**5,322**	1,850	4,811
Term loan	**52,617**	**136,804**	59,438	154,538	**52,617**	**136,804**	59,438	154,538
Derivatives financial instruments	**3,581**	**9,311**	4,434	11,528	**3,581**	**9,311**	4,434	11,528
Total	**71,409**	**185,664**	73,326	190,650	**71,409**	**185,664**	73,659	190,650

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- Cash and short-term deposits, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Long-term fixed-rate and variable-rate receivables / borrowings are evaluated by the group based on parameters such as interest rates, specific country risk factors, individual credit worthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken to account for the expected losses of these receivables. As at 31 December 2012, the carrying amounts of such receivables, net of allowances, are not materially different from their calculated fair values.



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

- Fair value of quoted instruments is based on price quotations at the reporting date.
- Fair value of available-for-sale financial assets is derived from quoted market prices in active markets, if available.
- The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Derivatives valued using a valuation techniques with market observable inputs are mainly, foreign exchange forward contracts and commodity forward contracts. The most frequently applied valuation techniques include forward pricing using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and forward rate curves of the underlying commodity.
- As at 31 December 2012, the marked to market value of derivative asset position is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationship and other financial instruments recognised at fair value in respect Tranche 3 and Tranche 4.

Fair value hierarchy

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

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

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

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

notes
(forming part of the financial statements)

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

Assets measured at fair value	**2012**	**Level1**	**Level2**	**Level3**
	RO '000	**RO '000**	**RO '000**	**RO '000**
Available-for-sale investments	**226**	**226**	**-**	**-**
	US $ '000	**US $'000**	**US $ '000**	**US $ '000**
Available-for-sale financial assets	**588**	**588**	**-**	**-**
Liabilities measured at fair value				
	RO '000	**RO '000**	**RO '000**	**RO '000**
Interest rate swap	**3,581**	**-**	**3,581**	**-**
	US $ '000	**US $'000**	**US $ '000**	**US $ '000**
Interest rate swap	**9,312**	**-**	**9,312**	**-**

Assets measured at fair value	2011	Level1	Level2	Level3
	RO '000	RO '000	RO '000	RO '000
Available-for-sale investments	240	240	-	-
	US $ '000	US $'000	US $ '000	US $ '000
Available-for-sale financial assets	624	624	-	-
Liabilities measured at fair value				
	RO '000	RO '000	RO '000	RO '000
Interest rate swap	4,434	-	4,434	-
	US $ '000	US $'000	US $ '000	US $ '000
Interest rate swap	11,528	-	11,528	-

During the year ended 31 December 2012, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

32 Key sources of estimation uncertainty

Useful lives of property, plant and equipment

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

Impairment of trade receivable

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

At the end of the reporting date, gross trade receivable were approximately RO 11.3 million (US$ 29.5 million) [December 2011 – RO 6.3 million (US$ 16.4 million)] and the provision for impairment was made RO 0.37 million (US$ 0.96 million) [(December 2011 – RO NIL (US$ NIL)]. Any difference between the amounts actually collected in future Years and the amounts expected will be recognised in the statement of comprehensive income.

Impairment of inventories

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

At the end of the reporting date, gross inventories were approximately RO 2.6 million (US$ 6.7 million ((December 2011 – RO 3.3 million (US$ 8.5 million) and provisions for old and obsolete inventories was RO 0.7 million (US$ 1.8 million) [(December 2011– RO 0.8 million (US$ 2.0 million)]. Any difference between the amounts actually realised in future Years and the amounts expected will be recognised in the statement of comprehensive income.

33 Comparative Amounts

Certain corresponding figures for 2011 have been reclassified in order to conform to the presentation for the current period. Such reclassifications were made within the same notes to the financial statements and do not affect previously reported profit or shareholder's equity.

Schedule 1
Property and Equipment

for the year ended 31 December 2012

	Leasehold improvements	Quay gantry cranes	Rubber tyre gantry cranes	Tractors and trailors	Forklifts and reach Stackers	Marine equipment	Motor vehicles	Computer equipment and software	Furniture, fixtures and equipment	Capital work in progress	Total
	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000
Cost											
1 January 2012	6,352	67,918	39,911	7,864	1,991	10,460	338	2,956	3,147	1,620	142,557
Additions / Recognition	144	233	-	-	94	1,512	23	109	1,337	-	3,452
Disposal / Derecognition	-	-	(1,274)	(27)	-	-	(8)	-	-	(413)	(1,722)
31 December 2012	6,496	68,151	38,637	7,837	2,085	11,972	353	3,065	4,484	1,207	144,287
Accumulated depreciation											
1 January 2012	(2,896)	(18,629)	(11,513)	(3,849)	(1,538)	(2,738)	(329)	(2,539)	(2,625)	-	(46,656)
Depreciation for the year	(618)	(2,914)	(2,618)	(593)	(292)	(1,038)	(11)	(212)	(476)	-	(8,772)
Disposal / Derecognition	-	-	948	27	-	-	8	-	-	-	983
31 December 2012	(3,514)	(21,543)	(13,183)	(4,415)	(1,830)	(3,776)	(332)	(2,751)	(3,101)	-	(54,445)
Carrying amounts											
31 December 2012	**2,982**	**46,608**	**25,454**	**3,422**	**255**	**8,196**	**21**	**314**	**1,383**	**1,207**	**89,842**
31 December 2011	3,456	49,289	28,398	4,014	453	7,722	9	417	522	1,620	95,900

	Leasehold improvements	Quay gantry cranes	Rubber tyre gantry cranes	Tractors and trailors	Forklifts and reach Stackers	Marine equipment	Motor vehicles	Computer equipment and software	Furniture, fixtures and equipment	Capital work in progress	Total
	US $ '000	US $ '000	US $ '000	US $ '000	US $ '000	US $ '000	US $ '000	US $ '000	US $ '000	US $ '000	US $ '000
Cost											
1 January 2012	16,512	176,586	103,771	20,450	5,178	27,198	881	7,684	8,188	4,205	370,653
Additions / Recognition	374	608	-	-	244	3,932	60	283	3,476	-	8,977
Disposal / Derecognition	-	-	(3,312)	(70)	-	-	(21)	-	-	(1,074)	(4,477)
31 December 2012	16,886	177,194	100,459	20,380	5,422	31,130	920	7,967	11,664	3,131	375,153
Accumulated depreciation											
1 January 2012	(7,528)	(48,437)	(29,933)	(10,011)	(3,999)	(7,117)	(853)	(6,604)	(6,830)	-	(121,312)
Depreciation for the year	(1,605)	(7,576)	(6,807)	(1,542)	(759)	(2,699)	(29)	(551)	(1,238)	-	(22,806)
Disposal	-	-	2,465	70	-	-	21	-	-	-	2,556
31 December 2012	(9,133)	(56,013)	(34,275)	(11,483)	(4,758)	(9,816)	(861)	(7,155)	(8,068)	-	(141,562)
Carrying amounts											
31 December 2012	**7,753**	**121,181**	**66,184**	**8,897**	**664**	**21,314**	**59**	**812**	**3,596**	**3,131**	**233,591**
31 December 2011	8,984	128,149	73,838	10,439	1,179	20,081	28	1,080	1,358	4,205	249,341

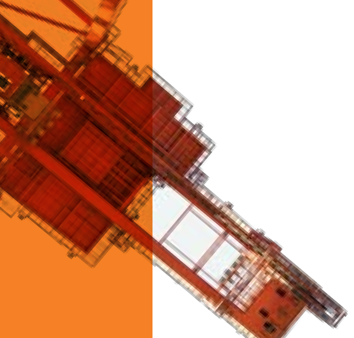
Schedule 1
Property and Equipment
for the year ended 31 December 2011

	Leasehold improvements	Quay gantry cranes	Rubber tyre gantry cranes	Tractors and trailors	Fork-lifts and reach Stackers	Marine equipment	Motor vehicles	Computer equipment and software	Furniture, fixtures and equipment	Capital work in progress	Total
	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000
Cost											
1 January 2011	6,171	67,918	47,846	8,061	1,991	10,460	795	2,565	2,952	4,169	152,928
Additions / Recognition	181	-	-	-	-	-	-	391	195	-	767
Disposal / Derecognition	-	-	(7,935)	(197)	-	-	(457)	-	-	(2,549)	(11,138)
31 December 2011	6,352	67,918	39,911	7,864	1,991	10,460	338	2,956	3,147	1,620	142,557
Accumulated depreciation											
1 January 2011	(2,176)	(15,711)	(13,852)	(3,387)	(1,239)	(1,723)	(668)	(2,213)	(2,227)	-	(43,196)
Depreciation for the year	(720)	(2,918)	(3,098)	(623)	(299)	(1,015)	(87)	(326)	(398)	-	(9,484)
Disposal / Derecognition	-	-	5,437	161	-	-	426	-	-	-	6,024
31 December 2011	(2,896)	(18,629)	(11,513)	(3,849)	(1,538)	(2,738)	(329)	(2,539)	(2,625)	-	(46,656)
Carrying amounts											
31 December 2011	**3,456**	**49,289**	**28,398**	**4,014**	**453**	**7,722**	**9**	**417**	**522**	**1,620**	**95,900**
31 December 2010	3,995	52,207	33,994	4,674	752	8,737	127	352	725	4,169	109,732

	Leasehold improvements	Quay gantry cranes	Rubber tyre gantry cranes	Tractors and trailors	Fork-lifts and reach Stackers	Marine equipment	Motor vehicles	Computer equipment and software	Furniture, fixtures and equipment	Capital work in progress	Total
	US $ '000	US $ '000	US $ '000	US $ '000	US $ '000	US $ '000	US $ '000	US $ '000	US $ '000	US $ '000	US $ '000
Cost											
1 January 2011	16,044	176,586	124,401	20,963	5,178	27,198	2,068	6,667	7,680	10,841	397,626
Additions / Recognition	471	-	-	-	-	-	-	1,017	508	-	1,994
Disposal / Derecognition	-	-	(20,630)	(513)	-	-	(1,187)	-	-	(6,636)	(28,967)
31 December 2011	16,513	176,586	103,771	20,450	5,178	27,198	881	7,684	8,188	4,205	370,653
Accumulated depreciation											
1 January 2011	(5,656)	(40,850)	(36,014)	(8,809)	(3,222)	(4,478)	(1,735)	(5,756)	(5,795)	-	(112,315)
Depreciation for the year	(1,872)	(7,587)	(8,055)	(1,620)	(777)	(2,639)	(226)	(848)	(1,035)	-	(24,659)
Disposal	-	-	14,136	418	-	-	1,108	-	-	-	15,662
31 December 2011	(7,528)	(48,437)	(29,933)	(10,011)	(4,001)	(7,117)	(853)	(6,604)	(6,830)	-	(121,312)
Carrying amounts											
31 December 2011	**8,984**	**128,149**	**73,838**	**10,439**	**1,179**	**20,081**	**28**	**1,080**	**1,358**	**4,205**	**249,341**
31 December 2010	10,385	135,736	88,387	12,154	1,956	22,720	333	911	1,885	10,841	285,308

Statement of comprehensive income
for the year ended 31 December

2011 US $ '000	**2012 US $ '000**		**2012 RO'000**	2011 RO'000
129,509	**149,581**	Revenue	**57,531**	49,811
(71,048)	**(70,728)**	Direct operating costs	**(27,203)**	(27,325)
(16,424)	**(20,944)**	Other operating expenses	**(8,055)**	(6,317)
(25,351)	**(31,221)**	Administration and general expenses	**(12,008)**	(9,750)
159	**603**	Other income	**232**	61
16,845	**27,291**	**Profit from operations**	**10,497**	6,480
(9,833)	**(6,648)**	Finance costs	**(2,557)**	(3,782)
7,012	**20,643**	**Profit for the year before tax**	**7,940**	2,698
(865)	**(2,223)**	Income tax	**(855)**	(333)
6,147	**18,420**	**Profit for the year**	**7,085**	2,365
		Other comprehensive income		
(75)	**(36)**	Revaluation of investments	**(14)**	(29)
122	**679**	Net movement in cash flow hedges	**261**	47
47	**643**	Other comprehensive income for the year, net of tax	**247**	18
6,194	**19,063**	**Total comprehensive income for the year, net of tax**	**7,332**	2,383
0.03	**0.10**	**Basic earnings per share (US $ / RO)**	**0.039**	0.013



statement of financial position

as at 31 December

2011 US $ '000	2012 US $ '000		2012 RO'000	2011 RO'000
		ASSETS		
		Non Current Assets		
248,845	**233,123**	Property and equipment	**89,662**	95,709
632	**593**	Intangible assets	**228**	243
624	**588**	Available-for-sale investments	**226**	240
312	**312**	Investment is subsidiary	**120**	120
10,400	**10,400**	Term deposits	**4,000**	4,000
260,813	**245,016**		**94,236**	100,312
		Current Assets		
6,464	**4,945**	Inventories	**1,902**	2,486
27,785	**38,477**	Trade and other receivables	**14,799**	10,687
13,044	**31,689**	Cash and cash equivalents	**12,188**	5,017
2,493	**-**	Assets Classified as held for sale	**-**	959
49,786	**75,111**		**28,889**	19,419
310,599	**320,127**	**TOTAL ASSETS**	**123,125**	119,461
		EQUITY		
46,758	**46,758**	Share capital	**17,984**	17,984
7,666	**7,666**	Share premium	**2,949**	2,949
11,377	**13,218**	Legal reserve	**5,084**	4,376
(9,990)	**(9,311)**	Hedging deficit	**(3,581)**	(3,842)
104	**68**	Fair value reserve	**26**	40
47,154	**56,719**	Retained earnings	**21,815**	18,136
103,069	**115,118**	**TOTAL EQUITY**	**44,277**	39,643
		LIABILITIES		
		Non Current Liabilities		
141,869	**123,692**	Loans and borrowings	**47,574**	54,565
12,429	**15,293**	Deferred tax	**5,881**	4,780
3,640	**4,139**	Employees' end of service benefits	**1,592**	1,400
7,358	**6,407**	Derivative financial instruments	**2,464**	2,830
165,296	**149,531**		**57,511**	63,575
		Current Liabilities		
25,392	**39,462**	Trade and other payables	**15,177**	9,766
12,672	**13,112**	Loans and borrowings	**5,043**	4,873
4,170	**2,904**	Derivative financial instruments	**1,117**	1,604
42,234	**55,478**		**21,337**	16,243
207,530	**205,009**	**TOTAL LIABILITIES**	**78,848**	79,818
310,599	**320,127**	**TOTAL EQUITY AND LIABILITIES**	**123,125**	119,461
0.573	**0.640**	**Net assets per share (US $ / RO)**	**0.246**	0.220

statement of changes of equity

for the year ended 31 December

	Attributable to equity shareholders of the parent company						
	Share capital	**Share premium**	**Legal reserve**	**Hedging surplus/ (deficit)**	**Fair value reserve**	**Retained earnings**	**Total**
	RO '000	**RO '000**	**RO '000**	**RO '000**	**RO '000**	**RO '000**	**RO '000**
1 January 2011	17,984	2,949	4,140	(4,481)	69	17,805	38,466
Net profit for the year	-	-	-	-	-	2,365	2,365
Other comprehensive income	-	-	-	47	(29)	-	18
Total comprehensive income	-	-	-	47	(29)	2,365	2,383
Fair value of ineffective hedge charge to profit or loss	-	-	-	592	-	-	592
Dividend paid	-	-	-	-	-	(1,798)	(1,798)
Transfer	-	-	236	-	-	(236)	-
1 January 2012	17,984	2,949	4,376	(3,842)	40	18,136	39,643
Net profit for the year	-	-	-	-	-	7,085	7,085
Other comprehensive income	-	-	-	261	(14)	-	247
Total comprehensive income	-	-	-	261	(14)	7,085	7,332
Fair value of ineffective hedge charge to profit or loss	-	-	-	-	-	-	-
Dividend Paid (note20)	-	-	-	-	-	(2,698)	(2,698)
Transfer	-	-	708	-	-	(708)	-
31 December 2012	**17,984**	**2,949**	**5,084**	**(3,581)**	**26**	**21,815**	**44,277**

	Attributable to equity shareholders of the parent company						
	Share capital	**Share premium**	**Legal reserve**	**Hedging surplus/ (deficit)**	**Fair value reserve**	**Retained earnings**	**Total**
	US $ '000	**US $ '000**	**US $ '000**	**US $ '000**	**US $ '000**	**US $ '000**	**US $ '000**
1 January 2011	46,758	7,666	10,762	(11,653)	179	46,298	100,010
Net profit for the year	-	-	-	-	-	6,147	6,147
Other comprehensive income	-	-	-	122	(75)	-	47
Total comprehensive income	-	-	-	122	(75)	6,147	6,194
Fair value of ineffective hedge charge to profit or loss	-	-	-	1,541	-	-	1,541
Divident paid	-	-	-	-	-	(4,676)	(4,676)
Transfer	-	-	615	-	-	(615)	-
1 January 2012	46,758	7,666	11,377	(9,990)	104	47,154	103,069
Net profit for the year	-	-	-	-	-	18,420	18,420
Other comprehensive income	-	-	-	679	(36)	-	643
Total comprehensive income	-	-	-	679	(36)	18,420	19,063
Fair value of ineffective hedge charge to profit or loss	-	-	-	-	-	-	-
Dividend paid(Note 20)	-	-	-	-	-	(7,014)	(7,014)
Transfer	-	-	1,841	-	-	(1,841)	-
31 December 2012	**46,758**	**7,666**	**13,218**	**(9,311)**	**68**	**56,719**	**115,118**

statement of cash flows

for the year ended 31 December

2011 US $ '000	**2012 US $ '000**		**2012 RO'000**	2011 RO'000
		Operating activities		
7,012	**20,643**	Profit for the year before tax	**7,940**	2,698
		Adjustments for:		
24,666	**23,930**	Depreciation, derecognition and amortisation	**9,204**	9,487
439	**1,003**	Accrual for employees' end of service benefits	**386**	169
476	**172**	(Gain) loss on sale of equipment	**66**	183
(635)	**(775)**	Interest income	**(298)**	(244)
9,792	**6,588**	Finance cost	**2,534**	3,766
41,750	**51,562**	**Operating profit before working capital changes**	**19,832**	16,059
526	**1,519**	Change in inventories	**584**	203
(5,158)	**(10,692)**	Change in receivables	**(4,112)**	(1,984)
(4,719)	**14,670**	Change in payables	**5,641**	(1,821)
-	**(504)**	Employees' end of service benefits paid	**(194)**	-
32,399	**56,555**	**Net cash from operating activities**	**21,751**	12,457
		Investing activities		
(1,996)	**(8,977)**	Acquisition of property and equipment	**(3,452)**	(767)
10,326	**3,169**	Proceeds from sale of property and equipment	**1,219**	3,972
635	**775**	Interest received	**298**	244
8,965	**(5,033)**	**Net cash used in investing activities**	**(1,935)**	3,449
		Financing activities		
(20,220)	**(17,734)**	Repayment of loans and borrowings	**(6,821)**	(7,777)
(4,685)	**(7,014)**	Dividend paid	**(2,698)**	(1,798)
-	**(6,588)**	Finance cost	**(2,534)**	-
(8,252)	**(1,541)**	Settlement of Hedge instrument	**(592)**	(3,174)
(33,157)	**(32,877)**	**Net cash (used in) from financing activities**	**(12,645)**	(12,749)
20,185	**18,645**	Net change in cash and cash equivalents	**7,171**	20,185
4,837	**13,044**	**Cash and cash equivalents at 1 January**	**5,017**	1,860
57,316	**31,689**	**Cash and cash equivalents at 31 December**	**12,188**	22,045