Annual Report

ميناء صلالة
Port of Salalah

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His Majesty Sultan Haitham Bin Tariq Bin Taimour

Sultan of Oman

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Directors' Report

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

Dear Shareholders,

On behalf of the Board of Directors, I have pleasure in presenting the annual report of your Company along with the audited financial statements for the year ended 31st December 2021.

At the outset, I hope you and your family are safe. We are indeed living through very unusual times and despite the disruption continuing unabated your Company is ensuring business continuity. The health and safety of our employees, customers and immediate community will remain our priority. Despite uncertain global economic circumstances and the pandemic situation, the year 2021 has ended on a positive note with both the Container terminal and the General Cargo terminal achieving record throughput during 2021.

Operational Overview

During the year 2021 the container terminal handled record breaking volume of 4.512 million TEUs (2020: 4.344 million TEUs), a growth of 4%. The Company has retained all major customers and Maersk's contribution to the total business has remained consistent during the year. The growth of container volumes despite the pandemic, is driven by the development of global container trade

The Port of Salalah General Cargo segment has handled 16.895 million tons during 2021 as compared to 15.296 million during 2020 a growth of 10%. The overall general cargo volume increase is mainly due to higher demand in export markets for gypsum, limestone and liquid bulk. The general cargo volumes handled at Berth 31 have been included in the container terminal financials, as in the previous year, due to the conversion of the berth into a multipurpose terminal facility.

The Company's top priority is ensuring the safety of its employees, contractors, and customers, and to this end, the Company continues to invest in technology and infrastructure to minimize risk. The Company continues to focus improvements through various initiatives to maintain operations of a world-class terminal and has maintained consistent productivity levels.

Financial Overview

The consolidated revenue from operations for 2021 is recorded at RO 66.704 million, an increase of 2% over the corresponding period last year.

Consolidated EBITDA was recorded at RO 15.538 million which corresponds to an EBITDA margin of 23.29%. This compares to RO 18.02 million a margin of 27.47% during corresponding period last year. (Excluding the insurance compensation received in 2020 relate to the settlement of claim for the damages caused by Cyclone Mekunu in May 2018). The operational margin was impacted mainly by the increase in expenses RO 6.003 million incurred towards Maintenance & Repair (RO 4.322 million for 2020). The Company also incurred Covid-19 mitigation cost of RO 0.69 million for 2021 (RO 0.53 million for 2020).

Consolidated Net Profit for the year 2021 was recorded at RO 4.638 million, as compared to RO14.807 million during corresponding period last year. In May 2018, Port of Salalah was impacted by Cyclone Mekunu that caused property damage, increased cost of working, and business interruption. SPS reached a settlement with the insurance parties for USD 67.75million (RO 26.05million) for loss and damage compensation, which was accepted by SPS Board in February 2020. An advance payment of USD 38.5million (RO 14.80million) was already received and accounted for in 2018. The balance of USD 29.25million (RO 11.25million) has been received and recognized in 2020.

During 2021, your Company distributed 25 baiza per share annual dividend pertaining to 2020. Considering various capital expenditure plans to meet the equipment life cycle requirements and port improvement needs, as well as the volatile market conditions for international trade the Board of Directors is pleased to recommend the distribution of dividend of 10 baiza per share on the paid-up equity share capital of the Company, resulting in a total cash disbursal of RO 1,798,374.7.

Dividend history for the last 5 years

	2016	2017	2018	2019	2020
Dividend %	20%	15%	15%	20%	25%
Cash Outlay (RO'000)	3,597	2,698	2,698	3,597	4,496

Employee Development

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

Corporate Social Responsibility (CSR)

Port of Salalah strongly believes in a CSR program that is aligned with the pillars of sustainability and volunteerism and it is fundamental to our business. The Company has invested RO 0.1million in CSR initiatives during 2021 contributing to the local Dhofar region in which we operate as well as segments of communities requiring support. Impacting the local Dhofar region and benefiting the larger segments of communities requiring support are the guiding posts of the company's CSR program.

Future Outlook

Container demand growth is losing some momentum amid mounting headwinds, but carriers will continue to rake huge profits, according to Drewry's latest Container Forecaster report. Fast rising inflation, ongoing supply chain bottlenecks and the Omicron Covid-19 variant could potentially lead to slow the pace of growth in container handling, forcing Drewry to lower its outlook for world port throughput in 2022 to 4.6% in the latest Container Forecaster, from 5.2% in the last edition against 2021 growth of 5.9%.

Management feels that the bulk of risk from the highly unpredictable container market will reside with shippers in 2022, which is shaping up to be another year of severe disruption, under-supply, and extreme cost. It is estimated that container rates are likely to remain high until at least the first half of 2022 albeit lower than 2021

As per IHS Markit, a leading global expert in the shipping industry analysis, the dry bulk and container market balance is expected to remain stable in 2022. With continued strength in the container market in 2022, Management feels that many geared multipurpose bulkers will stay in the container sector, which practically reduces fleet supply maintaining lower availability, higher costs for geared vessels and dry bulk shippers shifting to gearless vessels to achieve economies of scale.

Given the above dynamics, the Management view is that the impact on the local trade in terms of higher cost, equipment and space availability will continue well into the first half of 2022 for the container segment and more gearless vessels deployed in the dry bulk segment.

Conclusion

On behalf of the Board of Directors and the shareholders of the company, I record the sincere appreciation and gratitude to His Majesty Sultan Haitham bin Tariq, for his strategic vision, leadership, and his continued support. I also thank our customers, investors, and the members of the government we work together with daily.

Last, but certainly not least, I place on record our appreciation for the contributions made by our employees in achieving the level of performance in 2021. Our consistent growth was possible by their hard work, solidarity, cooperation, and support.

On behalf of the Board of Directors,

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

February 14, 2022

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Management Dicussion & Analysis Report

Mark Hardiman
Chief Executive Officer
Salalah Port Services Co. SAOG

Management Discussion and Analysis Report 2021

The business of the company

The Salalah Port Services ("SPS") is the largest port in Oman. Strategically located on the trade crossroads between Asia and Europe, and serving the markets of East Africa, the Red Sea, the Indian Subcontinent, and the Arabian Gulf. SPS is one of the largest multi-purpose ports in the Middle East and provides highest liner shipping connectivity in Oman. SPS is managed by APM Terminals, a leading port developer and operator with a global network of 76 Terminals, employing more than 20,000 professionals in 40 countries.

The Port operates both a container terminal and general cargo terminal delivering world class services for its multiple services offered under container, dry & liquid bulk, general cargoes, cruise, and navy vessels. Being a customer centric organization, delivering best in class services with efficiency is the prime goal, as such Port offers many value-added services viz. flex hub, trucking services, container freight station (CFS), bunkering, container repairs, warehousing, and vessel repairs. Port thus continues to actively contribute to Oman's 2040 vision and objectives and support Oman's economic diversification strategy.

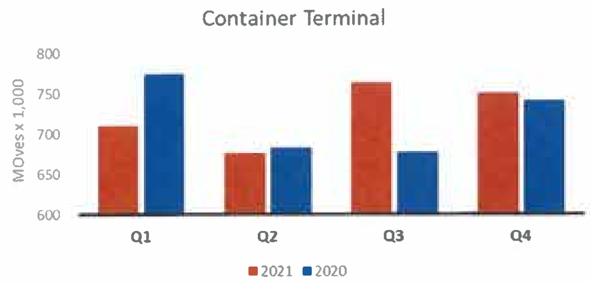
Growth of SPS is achievable by making right investments, and the Port is very much focused in making investment in its employees who play a major role in achieving the records year after year. Hence, development of staff, including the employment and training of local people is an ongoing process for Port. It also supports local business via in-country procurement whenever possible and plays an active role in developing the community, region, and country in which it operates.

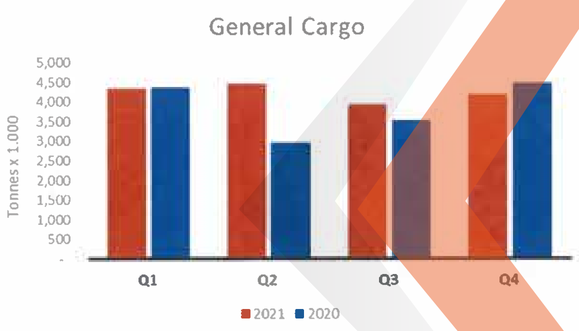
Business performance 2021

The global challenges due to COVID-19 pandemic continued its adverse impact in 2021. A series of COVID-19 waves had a significant impact on the businesses all over the world. The impact had a devastating impact on the global supply chain ecosystem. The Suez Canal blockage that happened in Q1-2021 made the matters all the more challenging. Working in these difficult times has been quite a learning experience for all staff where employees have been tested to resolve and mitigate the operational impact of such pandemic.

SPS performance in the backdrop of a global pandemic and difficult market situations has been impressive. With record-breaking volumes in Container Terminal 4.512m TEU (2020: 4.344m TEU), a growth of 4% Y-O-Y, and a recovery in the General Cargo volumes in the second half of the year helped achieve record volume of 16.895m MT in 2021 (2020: 15.296m MT) growth of 10% Y-O-Y.

CT and GCT last two years' volume development presented below:





Safety

The Company remains committed to and prioritizes the cause of safety. During the year the SPS reported 4 LTI and 5 High Potential Incidents. SPS fully investigated each of these incidents as part of our continuous learning journey. Through this process improvements have been identified and implemented through follow up actions. In addition, SPS has taken several measures, including applying LEAN methodology to solve safety issues, training the staff in identifying risk and taking ownership for mitigation, and improving awareness amongst the employees and third-party personnel, to improve safety compliance.

Container Terminal

The container shipping industry went through turbulent times with Covid-19 pandemic in 2020 and Suez Canal blockage in Q1-2021 posed all together a different challenge for ports across the world where the entire supply chain system got disrupted, and many global terminals are still trying to recover from it. 2021 in Salalah saw a very strong khareef season where the visibility went very low due to fog affecting the productivity many days.

During the year 2021 the container terminal handled record breaking volume of 4.5 Mn TEU's in its history. Though for major part of the year SPS container segment has performed close to the Safe Operating Capacity and achieved a growth of 4% over 2020. Organic growth for SPS will depend on how the Safe Operating Capacity (SOC) is increased due to efficiencies in its operations and investment in equipment & infrastructure. In this aspect, various initiatives are committed, such as investment in new 16 RTGs & spreaders to replace ageing equipment, refurbishment of Cavotec mooring system at berth 5 that are likely to be commissioned in 2022. SPS is also considering other initiatives to improve its position in this dynamic market, such as upgrading the Terminal Operating System, deploying new productivity enhancing digital modules, Crane and Gate automation and increasing the Reefer handling capacity by investing in additional Reefer plugs.

With the new investments, productivity and efficiency are expected to improve as we move ahead in the next phase of our growth journey.

General Cargo Terminal

The General Cargo Terminal (GCT) continues to grow and registered throughput of 16.9 Mn MT in 2021 with 10% growth compared to 2020. The handling of locally mined limestone and gypsum has been driving growth in the general cargo business and remains the largest commodity for the terminal. The growth was driven by the performance of the dry bulk customers mainly limestone and gypsum of which recorded 8% growth vs 2020, Liquid bulk and break bulk also recorded growth of 24% and 33% respectively compared to the same period last year. The good performance on the liquid bulk was driven by the commencement of new customers, OQ's Salalah Ammonia as well as Salalah LPG who started operations in Q2 and stabilized in Q4 2021. The continued investing in state-of-the-art equipment with three new mobile harbor cranes from Liebherr, expected to arrive in first half of 2022, will further improve GCT handling capabilities.

Human Resources, welfare, and training

At the close of 2021 the Port of Salalah employed 2,202 people. The Omanis fill 73% of the skilled workforce. The Port remains committed to developing critical skills throughout its workforce through on-the-job training, facilitating study courses at the University, and tuition by in-house experts. Further, various language and soft skills development training sessions were conducted during the year through in-house experts.

Financial review

SPS reported consolidated revenue of OMR 66.704 Mn (2020: OMR 65.606 Mn) 2% increase over 2020. The increase is driven by a 4% growth in CT volumes and 10% growth in GCT volumes in comparison to 2020.

Consolidated EBITDA was recorded at OMR 15.538 Mn which corresponds to an EBITDA margin of 23.29%. This compares to RO 18.02 Mn - a margin of 27.47% during corresponding period last year. (Excluding the insurance compensation received in 2020 relate to the settlement of claim for the damages caused by Cyclone Mekunu in May 2018). The Company initiated a large Maintenance & Repair program to improve the safety and performance of the ageing terminal assets.

The costs increase in 2021 was contributed mainly by Maintenance & Repair OMR 1.7 Mn, power and fuel OMR 0.6 Mn, Dhow removal OMR 0.31 Mn, the company also incurred additional Covid-19 mitigation cost of OMR 0.16 Mn for 2021, and other cost OMR 1.1 Mn.

Consolidated Net Profit for the year 2021 was recorded at OMR 4.638 Mn, as compared to OMR 14.807 Mn during corresponding period last year (Including the insurance compensation)

Internal Control Systems and their Adequacy

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

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

Currency revaluation

The Government of Oman's policy on keeping the Omani Rial pegged with the US Dollar is expected to remain unchanged for the near future. Any change in the policy will affect the company's financials. The company will exercise constant vigilance and initiate all possible measures to contain this risk if required.

Outlook

The rapid spread of the new variant of COVID-19, Omicron, and the threat of new variants have increased uncertainty around how quickly the pandemic can be overcome and added further concerns on the supply chain.

The company expects growth in the GCT throughput, led by increasing demand for dry bulk (limestone and gypsum). The volume increase is expected to be handled by the new equipment that will became available for operation in the first half of 2022. The handling of liquid bulk is anticipated to increase which as well will add further benefits to the terminal. The container shipping business is expected to remain stable with the continued strong support from the key customer.

Conclusion

The SPS management would like to express sincere thanks to the company's employees, the customers, the suppliers, and the Government of Oman for their support during 2021.

We look forward to working with you and further developing the Salalah Port Services in 2022 and beyond.

Mark Hardiman
Chief Executive Officer
February 14, 2022

Auditors Report Cooopera

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

1. We have performed the procedures agreed with you pursuant to the Capital Market Authority (CMA) circular no. E/4/2015, dated 22 July 2015, with respect to the Board of Directors' corporate governance report of Salalah Port Services Company SAOG (the Company) as at and for the year ended 31 December 2021 and application of the corporate governance practices in accordance with amendments to CMA Code of Corporate Governance issued under circular no. E/10/2016 dated 1 December 2016 (collectively the 'Code').

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

3. We have performed the following procedures:

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

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

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

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

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

7. Our report is solely for the purpose set forth in paragraph 2 above and for your information and is not to be used for any other purpose. This report relates only to the Board of Directors' corporate governance report included in its annual report for the year ended 31 December 2021and does not extend to any financial statements of Salalah Port Services Company SAOG taken as a whole.

PricewaterhouseCoopers

15 February 2022
Muscat, Sultanate of Oman

C.R. No 1230865 PricewaterhouseCoopers LLC

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Cooporate Governance Report

CORPORATE GOVERNANCE REPORT 2021
Corporate Governance at Salalah Port Services Company SAOG (the "Company") ("Port of Salalah")

The Company's Corporate Governance philosophy is aimed at maximizing the shareholders' value and protecting the interest of all 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 down, are able to act in the best interest of the shareholders. The Company is committed to comply with the Capital Market Authority guidelines on corporate governance and disclosure practices.

Board of Directors

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

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

The composition of the Board of Directors as at December 31, 2021 is as follows:

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

* Mr. Marco Neelsen joined as a member on 17th March, 2021.

Board of Directors profile

Sheikh Braik Musallam Al Amri joined the Board in March 2013. He has a master's degree in business administration from Northampton University UK, a Postgraduate Diploma from the University of Kent UK, a High National Diploma from the University of Salford UK, and a Diploma from Lloyds Maritime Academy UK. He has 26 years of management experience in varied senior positions. He worked previously with the Port of Salalah for 11 years. He has a very good exposure to business and international practices, presently engaged within the financial services sector.

Mr. Rolf Nielsen joined the Company's Board in November, 2018 and currently is the Vice President and Head of Hub Terminals in APM Terminals, the Netherlands. He holds an Executive MBA (GEMBA) from INSEAD. He is an international business executive with over 25 years of leadership experience in the maritime industry (Inland operations, liner operations cluster, terminal operations, network strategy, development of sophisticated analytical tools/network optimization customer service, and supply chain management).

Mr. Soren Sjostrand Jakobsen joined the Board in January 2017 and holds the position as Executive Director and portfolio manager for APM Terminals Russia Portfolio. He furthermore holds a number of board positions in other joint venture terminals where APM Terminals are partners, including two other stock listed companies. Prior to taking up the portfolio management position in Dubai in 2003, Soren was Global Head of Project Implementation based in the APM Terminals headquarter in The Hague, responsible for the implementation of all new port investments of APM Terminals. Soren has been in the A.P. Moller – Maersk Group for more than 41years and has worked with most business units in the Group, the last 16 years in APM Terminals. He has spent about 23 years outside of Denmark including postings in Panama, USA, Belgium, The Netherlands, and Dubai.

Mr. Ahmed Salem Al Busaidi joined the Board in March 2019. Presently he is working as a General Manager in the Ministry of Defense Pension Fund. He holds a Master's Degree in Finance & Economics from Southampton University in UK. For the past 29 years he has held many positions within Ministry of Defense in Treasury, Accounts and Contracts.

Mr. David Michael Guy joined the Board in January 2018. He was the Group Chief Financial Officer of ASYAD Group Oman for the period between 2016 to 2021, having worked on the Oman Rail project. He is a member of Institute of Chartered Accountants of England and Wales with over 26 years' experience in the power, water, and infrastructure sectors. David graduated from Durham University in 1990 with BA Hons degree in Accountancy and Economics and qualified as a chartered accountant in 1993. He subsequently worked in number of entities in the power and water sectors and took part in various business sales and acquisition processes before taking the role of group CFO at an international water business with assets in South America, Africa, and UK.

Mr. Ahmed Ali Akaak joined the Board in June 2020. He is presently working as an Advisor to the Public Authority for Special Economic Zones and Free Zones and previously was also an Advisor for Ports to the Minister of Transport. He also served Asyad as a Group Chief Marketing Office. Mr. Akaak was a Deputy Chief Executive Officer at the Port of Salalah for over 10 years. He started his career with the port industry in early 2000 where he worked in several key positions including Chief Corporate Officer and General Manager for Human Resources at the Port of Salalah.

Ahmed brings to the Company a broad logistics industry knowledge and executive experience in all aspects of management, including strategic planning and organizational development both locally and nationally.

He graduated as Bachelor's in Economics from Seattle Pacific University in US and Masters' Degree in Human Resources Management from the Gulf University.

Mr. Marco Neelsen joined the Board in March 2021. He is presently working as the Chief Executive Officer of Port of Tanjung Pelepas ("PTP"), Johor Bahru/ Malaysia. He holds a Bachelor's Degree in Engineering and Commerce from Oldenburg University of Applied Sciences and completed APMT Management Program "MAGNUM". Prior to his current position he has been the Chief Executive Officer of different ports including BUSS Port Logistics Hamburg Germany, Aqaba Container Terminal (ACT) Jordan and Khalifa Bin Salman Port Bahrain. He also has held various leadership and Board of Director positions during the last 20 years.

Management profile

Mr. Mark Hardiman has been the CEO of the Company since February 2019. He has a total of 27 years' experience in the shipping and ports industry, having worked in seven different countries across three continents - namely South Africa, Nigeria, Egypt, Belgium, Bahrain, the U.A.E. and now Oman.
Mr. Hardiman has been influential in driving growth and enhancing business performance across various functions in the Port of Salalah.
Under his guidance the port has made and is planning further substantial investments in IT (Information Technology) systems and terminal equipment, seeking to further enhance the performance of the terminal and setting challenging goals for the future.

Mr. Roeland Van Beers joined Port of Salalah on 01st September, 2019 as Chief Financial Officer ("CFO") and resigned in November 2021. Prior to holding the position as CFO of the Company, he was serving as Deputy CFO of the Port of Tanjung Pelepas, Malaysia and has held various financial leadership positions in APM Terminals from 2011-2019 and Dutch Real Estate Company Multi Corporation from 2001-2011. Roeland holds an MSc in Economics from the Erasmus University Rotterdam and is a member of the Dutch Association of Register Controllers (VRC). Further to the resignation of Roeland, the Board temporary designating Mr. C.S. Venkiteswaran for the role of the CFO, who was the CFO of the Company during 2013-2019. The Board has appointed Bart Van De Graaf w.e.f. 1st March 2022 as the new CFO of the Company.

Mr. Sunil Joseph joined Port of Salalah in January 2020 as Chief Commercial Officer of the Company. Sunil has over 28 years' experience in shipping with 18 of those in GCC countries – UAE, Qatar, Saudi Arabia, Bahrain as well as Oman. Sunil has held various senior leadership roles within Maersk Line and APM Terminals. Prior to joining Port of Salalah Sunil held the position of Chief Commercial Officer at APM Terminals, Bahrain, a multiport, where he had driven revenue improvements, been instrumental in the development and implementation of customer e-solutions, developed customer centric value propositions and diversified cargo and customer bases.

Mr. Ahmed Suhail Ali Qatan is the Chief Operating Officer –GCT of the Company with effect from January 1, 2016. He joined the Company as Employment Manager in 2005 and has held positions of Senior Manager HRGM-HR & GM GCT. He holds an MBA from Bedfordshire University in UK. He has 30 years' work experience 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. Mohammed Al Mashani is the Chief Corporate Affairs Officer at Port of Salalah. He holds a BSc in Safety Management from Central Missouri State University and an MSc in Facilities Management and Asset Maintenance from Herriot-Watt University, Edinburgh. He has been through a CPMD program(MAGNUM) through APM Terminals in association with ESADE Business School and in 2015 was chosen for the first cohort of the Oman National CEO program.

Over the last 20 years Mohammed has worked in different sectors, Oil and Gas where he worked in PDO in logistics and HSE and Petrochemicals, where he worked with OQ (Aromatics Oman Project). For last 13 years at Port of Salalah Mohammed worked as HSE senior manager before moving to his current role.

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

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

Employment Contract

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

During the financial year 2021 six Board meetings were held on the following dates:

- 11th February 2021
- 17th March 2021
- 29th April 2021
- 12th August 2021
- 4th November 2021
- 21st December 2021

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

Name of Directors	Attendance Particular		Sitting fees (in RO)	No. of Directorships in other Omani SAOG Companies
	Board meeting	Last AGM		
Sheikh Braik Musallam Al Amri	6	Yes	4,800	0
Mr. Rolf Nielsen	5	Yes	4,000	0
Mr. Soren Sjostrand Jakobsen	6	Yes	4,800	0
Mr. David Michael Guy	6	Yes	4,800	0
Mr. Ahmed Salem Al Busaidi	6	Yes	4,800	0
Mr. Ahmed Ali Issa Akaak	6	Yes	4,800	0
Mr. Marco Neelsen *	5	Yes	4,000	0

***Marco Neelsen has been elected in March 2022*

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

Audit and Other Committees

Audit Committee terms of reference:

Terms of reference of the Audit Committee are as per the guidelines set out by the Capital Market Authority and include the overseeing of financial reporting processes, reviewing with the management the financial statements and adequacy of internal control systems, reviewing the adequacy of the internal audit function and discussion with the internal auditor and external auditors on significant findings.

The members of the Audit Committee are governed by the provisions of liability stipulated in the Commercial Companies Law and the Executive Regulation for Public Joint Stock Companies without prejudice to their liabilities resulting from their membership of the Board of Directors. The following Directors are the members of the Audit Committee:

- Mr. Ahmed Salem Al Busaidi- Chairman
- Mr. Rolf Nielsen
- Mr. Marco Neelsen

The majority of the Audit Committee members are independent and have knowledge of finance, accounts, company law and the shipping industry. The quorum for the Audit Committee is a majority of independent directors of its membership being present.

During the year 2021, four Audit Committee meetings were held. Below is the number of meetings attended by each member.

Member	No. of meetings	Sitting fees (in RO)
Mr. Ahmed Salem Al Busaidi	4	2,000
Mr. Rolf Nielsen	3	1,500
Mr. Marco Neelsen	3	1,500
Mr. Soren Sjostrand Jakobsen*	1	500
Sheikh Braik Musallam Al Amri**	1	500

**One meeting attended by Mr. Soren as a proxy.*
*** Sheikh Braik Musallam Al Amri was the Chairman of the AC till 17th March 2021. He has attended February 2021 AC meeting.*

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

Tariff and Nomination and Remuneration Committee ("TNRC"):
The TNRC has been established as a sub-committee of the Board. This requirement is consistent with the Company's obligations under the container terminal and general cargo terminal concession agreements and Code of Corporate Governance for Public listed companies issued by Capital Market Authority Oman in July 2015 ("the Code").
The TNRC is responsible:

- For recommending all the guidelines for negotiating tariff rates with the customers of the container terminal facility and general cargo terminal facility (the "facility") taking into account, amongst other matters:
    - The minimum rates imposed by the container terminal concession agreement;
    - The service available to the customers;
    - The rates payable in other competitive terminals; and
    - The comparative cost advantages of the strategic location of the facility.

- For setting minimum levels of all charges, fees and levies to be paid by users of the port facility (excluding the facility) ("port charges")
- The TNRC aims to assist the Board in selecting the appropriate and necessary executives for the executive management and other related matters as per the Code.

The following Directors are the members of TNRC:
- Mr. Rolf Nielsen – Chairman
- Mr. Ahmed Ali Issa Akaak
- Mr. David Michael Guy
- Mr. Soren Sjostrand Jakobsen

During the year 2021, four TNRC meetings were held on 11th February 2021, 17th March 2021, 14th July 2021 and 4th November 2021, as below:

Member	No of meetings	Sitting fees (in RO)
Mr. Rolf Nielsen – Chairman	4	2,000
Mr. Ahmed Ali Issa Akaak*	2	1,000
Mr. Soren Sjostrand Jakobsen	4	2,000
Mr. David Michael Guy	4	2,000
Mr. Ahmed Salim Al Busaidi **	2	1,000

**Mr. Ahmed Ali Isaa Akaak was appointed a TNRC member on 17th March 2021.*
***Mr. Ahmed Salim Al Busaidi was a member of TNRC till 17th March 2021. He attended February and March TNRC meetings.*

Process for nomination of Directors

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

General Shareholders' information

AGM: Date Time Venue	**14th March 2022** 3:00 PM Hilton Salalah Resorts and Online (MCD electronic platform)
Financial Year	2021
Date of Book Closure	**14th March 2022**
Dividend payment date	The dividend, if approved by the shareholders, will be paid within the statutory time limit.
Listing on Stock Exchange	Muscat Stock Exchange
Registrar and share transfer agents	Muscat Clearing & Depository Company (SAOC)
Market Price data	See Table 1 below
Distribution of shareholders	See Table 2 below
Ten major shareholders	See Table 3 below
Port Location	Port Salalah, about 20 km west of Salalah, Dhofar, and Sultanate of Oman.
Address of correspondence	Salalah Port Services Co. SAOG P.O. Box 105, PC 118, Al Sarooj, Way No. 2601, Beach One Building, Fourth Floor, Office 401, Muscat, Sultanate of Oman

Table 1 – Market price data

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year 21
Shares price (RO)													
High	-	0.600	0.640	0.600	0.600	0.600	0.580	0.600	0.600	0.600	0.598	0.600	0.600
Low	-	0.600	0.640	0.590	0.590	0.600	0.580	0.600	0.600	0.600	0.598	0.600	0.540
Opening	-	0.600	0.640	0.600	0.600	0.600	0.580	0.600	0.600	0.600	0.598	0.600	0.600
Closing	-	0.600	0.600	0.600	0.600	0.600	0.600	0.600	0.600	0.600	0.600	0.600	0.600
Volume	-	670	160	665	140	420	140	192	166	3514	376	4220	1,682,356
Trade Value (RO)	-	402	102	397	84	252	81	115	100	2108	225	2532	1,009,291
Services Index													
Opening	1592	1604	1550	1546	1588	1623	1723	1714	1706	1700	1672	1615	1932
Closing	1595	1550	1545	1588	1624	1723	1709	1704	1697	1675	1615	1621	1592

Table 2 – Distribution of shareholding as on December 31, 2021

No. of Equity Shares held	No. of Shares held	% of Total Shares	No. of shareholders	% of Total Shareholders
01-100	31,092	0.02%	659	52.55%
101-500	94,102	0.05%	395	31.50%
501-1,000	41,919	0.02%	52	4.15%
1,001-10,000	320,156	0.18%	101	8.05%
10,001-100,000	1,097,221	0.61%	31	2.47%
Above 100,000	178,252,910	99.12%	16	1.28%
GRAND TOTAL	179,837,400	100%	1,254	100%

Table 3 – Top 10 Shareholders as on December 31, 2021

S No	Name	No of Shares	%age
1	APM Terminal B.V.	54,180,000	30.13%
2	ASYAD Group SAOC	36,120,000	20.08%
3	HSBC A/C HSBC BK PLC A/C IB	27,455,320	15.27%
4	HSBC A/C Ministry of Defence Pension Fund	17,803,740	9.90%
5	The Public Authority for Social Insurance	13,238,046	7.36%
6	Dhofar International Development & Investment Co SAOG	10,790,244	6.00%
7	HSBC A/C MSL A/C QUANTUM EMEA FUND LTD	6,532,290	3.63%
8	The Civil Service Employees Pension Fund	5,876,972	3.27%
9	Internal Security Pension Fund	1,848,000	1.03%
10	Pension Fund Sultan's Special Force	1,806,000	1.00%
10	ROP Pension Fund	1,806,000	1.00%
	Total	**177,456,612**	**98.68%**

Annual General Meeting/Extra-ordinary General meeting

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

Financial Year	Meeting	Location	Date	Time
2010	OGM	Hilton, Salalah	November 3, 2010	09.00 AM
2010	EGM	Hilton, Salalah	November 3, 2010	09.20 AM
2010	AGM	Hilton, Salalah	March 28, 2011	03.00 PM
2011	AGM	Hilton, Salalah	March 28, 2012	03.00 PM
2012	AGM	Hilton, Salalah	March 27, 2013	03.00 PM
2013	AGM	Hilton, Salalah	March 26, 2014	03.00 PM
2014	AGM	Crown Plaza, Salalah	March 26, 2015	03.00 PM
2015	AGM	Hilton, Salalah	March 28, 2016	05.00 PM
2016	AGM	Hilton, Salalah	April 26, 2017	03.00 PM
2017	AGM	Hilton ,Salalah	March 22, 2018	03.00 PM
2018	AGM	Hilton ,Salalah	March 31, 2019	03.00 PM
2019	AGM	Online	May 11,2020	02.00 PM
2020	AGM	Online	March 17,2021	05.00 PM

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

Communication with shareholders and investors

- Initial Unaudited Unapproved quarterly results are disclosed on the Muscat Stock Exchange ("MSX") website within 15 days of closure of quarter as per stipulated guidelines.
- The quarterly and annual results were published in local newspapers both in Arabic as well in English. These results can be obtained by shareholders either from our website http://www.salalahport.com / or from the MSX 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
- The Board appointed Mr. Mohammed Aufait Al Mashani as the Company's Investors Relation Officer, who can be reached through different channels i.e. telephone, email and Company website.

Remuneration

Details of the remuneration to Directors

The remuneration proposed to pay to the members of the Board, besides sitting fees is RO 22,215 per member to six members as proportionate to their period as Board Member and RO 16,710 for one member as proportionate to his nine months' period as a Board Member, totaling RO 150,000 for the year 2021 (Year 2020 - OMR 150,695).

Details of the remuneration paid to the Company's top 5 officers

During the year 2021 gross salary and compensation paid to the top 5 executives of the Company including variable components was RO 595,080 (Year 2020 – RO 574,154).

Professional Profile of Statutory Auditor

With offices in 156 countries and more than 295,000 people, PwC is among the leading professional services networks globally. PwC's vision is to be the most trusted and relevant professional services business in the world – one that attracts the best talent and combines the most innovative technologies, to help organisations build trust and deliver sustained outcomes. This refreshed global strategy is termed as The New Equation, and it speaks to the two most fundamental needs clients and organisations are grappling with today.

Established in the Middle East for over 40 years, PwC Middle East has firms in Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Oman, the Palestinian territories, Qatar, Saudi Arabia and the United Arab Emirates, with around 7,000 people. (www.pwc.com/me).

PwC is strongly committed to Oman where it is recognised as one of the leading providers of quality business advisory services. We have had a local practice in Oman since 1971 and now have 9 partners, 1 of whom is Omani and 6 directors, 1 of whom is Omani and approximately 134 other members of staff operating from our office in the Sultanate.

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

Compliances

Details of noncompliance by the Company, penalties, and strictures imposed on the Company by Muscat Stock Exchange or Capital Market Authority or any statutory authority, on any matter related to Capital Markets, during last three years are as follows:

Year	Particulars
2018	None
2019	None
2020	None
2021	None

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

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

Braik Musallam Al Amri
Chairman of Board of Directors
14th February, 2022

Salalah Port Services Co. (S.A.O.G.)
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Tel.: +968 24090888
Fax: +968 24600736
C.R. No.: 2/12781/4
Tax Card No.8084628
TIN.50499

Auditors Report

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

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements of Salalah Port Services Company SAOG (the "Parent Company") and the consolidated financial statements of the Parent Company and its subsidiaries (together, the "Group") present fairly, in all material respects, the respective financial positions of the Parent Company and the Group as at 31 December 2021, and their respective financial performance and their respective cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

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

- statements of comprehensive income for the year ended 31 December 2021;
- statements of financial position as at 31 December 2021;
- statements of changes in equity for the year then ended;
- statements of cash flows for the year then ended; and
- the notes to these financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

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

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

Independence

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

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

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

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

Our audit approach

Overview

Key Audit Matter
- Fair value of assets pertaining to bunkering facility (Parent Company)

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

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

Key audit matters

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

Key audit matter	How our audit addressed the Key audit matter
Fair value of assets pertaining to bunkering facility (Parent Company) The Parent Company had entered into a concession agreement with BP Global Investments Salalah & Co. LLC ("BP") for provision of bunkering services at Salalah Port. The concession agreement has been terminated by BP with effect from 1 November 2021. As per the concession agreement, the Parent Company will purchase the assets pertaining to the bunkering facility at their fair market value on the date of termination. In addition, both the Parent Company and BP have signed a settlement agreement during November 2021 whereby both parties have agreed that the payment of the agreed amount by the Parent Company to BP shall be conditional upon having entered into an operation and management agreement for the provision of bunkering services at Salalah Port with a third party ("the Condition"). Upon satisfaction of the Condition on or before the Longstop Date (15 February 2022), the Parent Company shall pay an amount of USD 3.65 million being the fair market value of these assets, which has been agreed between both parties. However, as per the agreement, if the Condition is not satisfied by the Longstop Date, the fair value of the assets may need to be reassessed.	Our audit procedures included the following: • Reviewed the relevant documents and agreements. • Evaluated the appropriateness of the key assumptions considered in estimating the fair market value of the assets and the related liability; • Used our internal specialists to evaluate the reasonableness of the discount rate and the mathematical accuracy of the underlying calculations. • Considered the potential impact of reasonably possible changes in the underlying key assumptions; and • Assessed whether the disclosures made in the financial statements in these respects were in accordance with the relevant accounting standards.

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

Our audit approach *(continued)*

Key audit matter	How our audit addressed the key audit matter
Fair value of assets pertaining to bunkering facility (Parent Company) We have considered this event to be a key audit matter as it creates a contractual obligation for the Parent Company to deliver cash to BP which needs to be recognised at fair value. The assessment of the fair market value involves a significant estimate and the Parent Company has accounted for the amount of assets and the related liability considering it as a variable consideration as at 31 December 2021. Disclosures on the accounting policy and accounting estimate involved in the fair value assessment are mentioned in notes 4(j) (iv), 13 (a) (ii) and 24 (vi) to the accompanying financial statements.	

Other information

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

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

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

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

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

Responsibilities of the directors for these financial statements

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

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

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

Auditor's responsibilities for the audit of these financial statements

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

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

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

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

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

Fnancial Statement

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

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

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

Report on other legal and regulatory requirements

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

PricewaterhouseCoopers

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س ت ١١٣٠٨١٥
C.R. No 1230865
PricewaterhouseCoopers LLC

Husam Elnaili
Muscat, Sultanate of Oman

15 February 2022

SALALAH PORT SERVICES COMPANY SAOG

Consolidated and parent statement of comprehensive income

For the year ended 31 December 2021

Parent Company		Consolidated				Parent Company		Consolidated	
2020 US $ '000	**2021 US $ '000**	2020 US $ '000	**2021 US $ '000**		*Notes*	**2021 RO '000**	2020 RO '000	**2021 RO '000**	2020 RO '000
170,463	**173,391**	170,575	**173,430**	Revenue	*5.a*	**66,689**	65,563	**66,704**	65,606
(110,160)	**(116,181)**	(110,160)	**(116,181)**	Direct operating costs	*6*	**(44,685)**	(42,368)	**(44,685)**	(42,368)
(21,619)	**(18,156)**	(21,655)	**(18,187)**	Other operating expenses	*7*	**(6,983)**	(8,314)	**(6,995)**	(8,328)
(24,460)	**(27,136)**	(24,472)	**(27,152)**	Administration and general expenses	*8*	**(10,437)**	(9,407)	**(10,443)**	(9,413)
(844)	**296**	(844)	**296**	Net impairment reversal / (losses) on financial assets	*22*	**114**	(326)	**114**	(326)
986	**1,098**	986	**1,098**	Other Income	*9*	**422**	379	**422**	379
14,366	**13,312**	14,430	**13,304**	**Profit from operations**		**5,120**	5,527	**5,117**	5,550
29,633	**-**	29,633	**-**	Insurance Compensation	*25*	**-**	11,397	**-**	11,397
3,034	**2,662**	3,034	**2,662**	Finance income	*10*	**1,024**	1,167	**1,024**	1,167
(2,146)	**(1,859)**	(2,152)	**(1,864)**	Finance cost	*10*	**(715)**	(826)	**(717)**	(828)
44,887	**14,115**	44,945	**14,102**	**Profit before income tax expense**		**5,429**	17,265	**5,424**	17,286
(6,437)	**(2,043)**	(6,445)	**(2,043)**	Income tax expense	*12*	**(786)**	(2,476)	**(786)**	(2,479)
38,450	**12,072**	38,500	**12,059**	**Profit for the year**		**4,643**	14,789	**4,638**	14,807
-	**-**	-	**-**	Other comprehensive income for the year, net of tax		**-**	-	**-**	-
38,450	**12,072**	38,500	**12,059**	**Total comprehensive income for the year**		**4,643**	14,789	**4,638**	14,807
				Profit attributable to :					
38,450	**12,072**	38,500	**12,059**	Equity holders of the parent		**4,643**	14,789	**4,638**	14,807
				Total comprehensive income attributable to :					
38,450	**12,072**	38,500	**12,059**	Equity holders of the parent		**4,643**	14,789	**4,638**	14,807
38,450	**12,072**	38,500	**12,059**			**4,643**	14,789	**4,638**	14,807
0.21	**0.07**	0.21	**0.07**	**Basic and diluted earnings per share (US $ / RO)**	*16*	**0.03**	0.08	**0.03**	0.08

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

SALALAH PORT SERVICES COMPANY SAOG

Consolidated and parent statement of financial position

As at 31 December 2021

Parent Company 2020 US $ '000	Parent Company 2021 US $ '000	Consolidated 2020 US $ '000	Consolidated 2021 US $ '000		Notes	Parent Company 2021 RO'000	Parent Company 2020 RO'000	Consolidated 2021 RO'000	Consolidated 2020 RO'000
				ASSETS					
				Non-Current Assets					
137,859	139,857	138,110	140,075	Property and equipment	13.a	53,791	53,023	53,875	53,119
28,786	24,843	28,874	24,916	Right of use of Assets	13.b	9,555	11,072	9,583	11,105
292	257	292	257	Intangible assets	13.c	99	113	99	113
546	546	-	-	Investments in Subsidiary	13.d	210	210	-	-
167,483	165,503	167,276	165,248			63,655	64,418	63,557	64,337
				Current Assets					
6,613	7,025	6,613	7,025	Inventories	13.e	2,702	2,543	2,702	2,543
5,024	6,128	5,024	6,128	Other current assets	13.f	2,357	1,931	2,357	1,931
13,234	23,026	13,234	23,083	Trade receivables	14.a	8,856	5,090	8,878	5,090
2,345	7,977	2,345	7,977	Other financial assets at amortised cost	14.b	3,068	902	3,068	902
23,400	32,500	23,400	32,500	Short term deposits	14.c	12,500	9,000	12,500	9,000
97,298	70,247	97,298	70,247	Cash and cash equivalents	14.d	27,018	37,422	27,018	37,422
147,914	146,903	147,914	146,960	**Total current assets**		56,501	56,888	56,523	56,888
315,397	312,406	315,190	312,208	**TOTAL ASSETS**		120,156	121,306	120,080	121,225
				EQUITY					
46,758	46,758	46,758	46,758	Share capital	15.a	17,984	17,984	17,984	17,984
7,666	7,666	7,666	7,666	Share premium	15.b	2,949	2,949	2,949	2,949
15,584	15,584	15,584	15,665	Legal reserve	15.c	5,994	5,994	6,025	5,994
118,700	119,082	119,218	119,506	Retained earnings		45,799	45,652	45,960	45,849
188,708	189,090	189,226	189,595	Equity attributable to equity holders of the parent company		72,726	72,579	72,918	72,776
188,708	189,090	189,226	189,595	**TOTAL EQUITY**		72,726	72,579	72,918	72,776
				LIABILITIES					
				Non-Current Liabilities					
26,798	23,507	26,891	23,590	Lease Liabilities	13.b	9,041	10,306	9,073	10,343
9,453	9,672	9,453	9,672	Employees' end of service benefits	13.g	3,720	3,636	3,720	3,636
12,013	10,137	12,002	10,127	Deferred tax liability	12	3,899	4,620	3,895	4,616
48,264	43,316	48,346	43,389			16,660	18,562	16,688	18,595
				Current Liabilities					
4,716	4,950	4,716	4,950	Lease Liabilities	13.b	1,904	1,814	1,904	1,814
45,118	48,226	44,301	47,450	Trade and other payables	14.e	18,549	17,354	18,253	17,040
19,690	22,789	19,690	22,789	Contract liabilities	5.b	8,765	7,573	8,765	7,573
8,901	4,035	8,911	4,035	Current tax liabilities	12	1,552	3,424	1,552	3,427
78,425	80,000	77,618	79,224			30,770	30,165	30,474	29,854
126,689	123,316	125,964	122,613	**TOTAL LIABILITIES**		47,430	48,727	47,162	48,449
315,397	312,406	315,190	312,208	**TOTAL EQUITY AND LIABILITIES**		120,156	121,306	120,080	121,225
1.05	1.05	1.05	1.05	**Net assets per share (US$ / RO)**	18	0.40	0.40	0.41	0.40

These Audited consolidated financial statements were approved and authorised for issue by the Board of Directors **14 February 2022** and were signed on its behalf by:

Chairman

Chief Executive Officer

Chief Financial Officer

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TIN.50493

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

For the year ended 31 December 2021

	Attributable to equity shareholders of the consolidated company						
	Share capital	Share premium	Legal reserve	Retained earnings	Total	Non - Controlling interests	Total
	RO '000	RO '000	RO'000	RO '000	RO '000	RO '000	RO '000
At 1 January 2020	17,984	2,949	5,994	34,665	61,592	64	61,656
Profit for the year				14,785	14,785	22	14,807
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	14,785	14,785	22	14,807
Transactions with owners, recorded directly in equity							
Dividend paid (note 17)	-	-	-	(3,597)	(3,597)	-	(3,597)
Transactions with non-controlling interests, recognised directly in equity							
Transfers	-	-	-	(4)	(4)	(86)	(90)
At 31 December 2020	17,984	2,949	5,994	45,849	72,776	-	72,776
At 1 January 2021	**17,984**	**2,949**	**5,994**	**45,849**	**72,776**	**-**	**72,776**
Profit for the year	**-**	**-**	**-**	**4,638**	**4,638**	**-**	**4,638**
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive income for the year	**-**	**-**	**-**	**4,638**	**4,638**	**-**	**4,638**
Transfer from subsidiary's legal reserve	**-**	**-**	**31**	**(31)**	**-**	**-**	**-**
Transactions with owners, recorded directly in equity							
Dividend paid (note 17)	**-**	**-**	**-**	**(4,496)**	**(4,496)**	**-**	**(4,496)**
Transactions with non-controlling interests, recognised directly in equity							
Transaction with non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**
31 December 2021	**17,984**	**2,949**	**6,025**	**45,960**	**72,918**	**-**	**72,918**

	Attributable to equity shareholders of the consolidated company						
	Share capital	Share premium	Legal reserve	Retained earnings	Total	Non - Controlling Interests	Total
	US $ '000	US $ '000	US $ '000	US $ '000	US $ '000	US $ '000	US $ '000
At 1 January 2020	46,758	7,666	15,584	90,138	160,146	174	160,320
Profit for the year	-	-	-	38,442	38,442	58	38,500
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	38,442	38,442	58	38,500
Transactions with owners, recorded directly in equity							
Dividend paid (note 17)	-	-	-	(9,352)	(9,352)	-	(9,352)
Transactions with non-controlling interests, recognised directly in equity							
Transfers	-	-	-	(10)	(10)	(232)	(242)
At 31 December 2020	46,758	7,666	15,584	119,218	189,226	-	189,226
At 1 January 2021	**46,758**	**7,666**	**15,584**	**119,218**	**189,226**	**-**	**189,226**
Profit for the year	**-**	**-**	**-**	**12,059**	**12,059**	**-**	**12,059**
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive income for the year	**-**	**-**	**-**	**12,059**	**12,059**	**-**	**12,059**
Transfer from subsidiary's legal reserve	**-**	**-**	**81**	**(81)**	**-**	**-**	**-**
Transactions with owners, recorded directly in equity							
Dividend paid (note 17)	**-**	**-**	**-**	**(11,690)**	**(11,690)**	**-**	**(11,690)**
Transactions with non-controlling interests, recognised directly in equity							
Transaction with non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**
At 31 December 2021	**46,758**	**7,666**	**15,665**	**119,506**	**189,595**	**-**	**189,595**

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

SALALAH PORT SERVICES COMPANY SAOG

Parent statement of changes in equity

For the year ended 31 December 2021

	Attributable to equity shareholders of the parent company				
	Share capital RO '000	Share premium RO '000	Legal reserve RO '000	Retained earnings RO '000	Total RO '000
At 1 January 2020	17,984	2,949	5,994	34,460	61,387
Profit for the year	-	-	-	14,789	14,789
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	14,789	14,789
Transactions with owners, recorded directly in equity					
Dividend paid (note 17)	-	-	-	(3,597)	(3,597)
At 31 December 2020	17,984	2,949	5,994	45,652	72,579
At 1 January 2021	**17,984**	**2,949**	**5,994**	**45,652**	**72,579**
Profit for the year				**4,643**	**4,643**
Other comprehensive income					
Total comprehensive income for the year				**4,643**	**4,643**
Transactions with owners, recorded directly in equity					
Dividend paid (note 17)				**(4,496)**	**(4,496)**
At 31 December 2021	**17,984**	**2,949**	**5,994**	**45,799**	**72,726**

	Attributable to equity shareholders of the parent company				
	Share capital US $ '000	Share premium US $ '000	Legal reserve US $ '000	Retained earnings US $ '000	Total US $ '000
At 1 January 2020	46,758	7,666	15,584	89,602	159,610
Profit for the year	-	-	-	38,450	38,450
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	38,450	38,450
Transactions with owners, recorded directly in equity					
Dividend paid (note 17)	-	-	-	(9,352)	(9,352)
31 December 2020	46,758	7,666	15,584	118,700	188,708
At 1 January 2021	**46,758**	**7,666**	**15,584**	**118,700**	**188,708**
Profit for the year				**12,072**	**12,072**
Other comprehensive income					
Total comprehensive income for the year				**12,072**	**12,072**
Transactions with owners, recorded directly in equity					
Dividend paid (note 17)				**(11,690)**	**(11,690)**
At 31 December 2021	**46,758**	**7,666**	**15,584**	**119,082**	**189,090**

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

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SALALAH PORT SERVICES COMPANY SAOG

Consolidated and parent statement of cash flows

For the year ended 31 December 2021

Parent Company 2020 US $ '000	Parent Company 2021 US $ '000	Consolidated 2020 US $ '000	Consolidated 2021 US $ '000		Notes	Parent Company 2021 RO'000	Parent Company 2020 RO'000	Consolidated 2021 RO'000	Consolidated 2020 RO'000
				Operating activities					
44,887	**14,115**	44,945	**14,102**	Profit before tax		**5,429**	17,265	**5,424**	17,286
				Adjustments for:					
27,023	**23,241**	27,051	**23,270**	Depreciation and amortisation	**13.a**	**8,939**	10,394	**8,950**	10,404
3,948	**3,943**	3,970	**3,958**	Depreciation on right of use of asset	**13.b**	**1,517**	1,519	**1,522**	1,527
1,387	**1,212**	1,387	**1,212**	Provision for employees' end of service benefits	**13.g**	**466**	533	**466**	533
845	**-**	845	**-**	Writeback of provision made in prior years	**9**	**-**	325	**-**	325
846	**(296)**	846	**(296)**	Net impairment (reversal) / losses on financial assets	**22.iii**	**(114)**	326	**(114)**	326
511	**908**	511	**908**	Inventory obsolescence	**8**	**349**	197	**349**	197
159	**98**	159	**98**	Unrealised foreign exchange loss, net		**38**	61	**38**	61
649	**(109)**	649	**(109)**	Loss/(gain) on sale/scrap of assets	**9**	**(42)**	250	**(42)**	250
(3,034)	**(2,621)**	(3,035)	**(2,621)**	Finance income	**10**	**(1,008)**	(1,167)	**(1,008)**	(1,167)
2,146	**1,859**	2,152	**1,864**	Finance cost	**10**	**715**	826	**717**	828
79,366	**42,350**	79,480	**42,386**	**Operating profit before working capital changes**		**16,289**	30,529	**16,302**	30,570
				Working capital changes					
(2,508)	**(1,321)**	(2,508)	**(1,321)**	Inventories		**(508)**	(965)	**(508)**	(965)
(296)	**(1,108)**	(296)	**(1,108)**	Other current assets		**(426)**	(114)	**(426)**	(114)
9,931	**(9,495)**	9,933	**(9,548)**	Trade receivables		**(3,652)**	3,820	**(3,672)**	3,820
1,332	**(5,626)**	1,332	**(5,626)**	Other financial assets at amortised cost		**(2,164)**	512	**(2,164)**	512
(4,857)	**1,282**	(4,923)	**1,326**	Trade and other payables		**493**	(1,871)	**510**	(1,893)
(3,253)	**3,099**	(3,253)	**3,099**	Contract liabilities		**1,192**	(1,251)	**1,192**	(1,251)
79,715	**29,181**	79,765	**29,208**	**Operating profit after working capital changes before payment of tax and employees end of service benefit**		**11,224**	30,660	**11,234**	30,679
(3,824)	**(8,746)**	(3,855)	**(8,754)**	Tax paid		**(3,364)**	(1,471)	**(3,367)**	(1,483)
(615)	**(993)**	(615)	**(993)**	Employees' end of service benefits paid		**(382)**	(236)	**(382)**	(236)
75,276	**19,442**	75,295	**19,461**	**Net cash generated from operating activities**		**7,478**	28,953	**7,485**	28,960
				Investing activities					
(6,947)	(21,585)	(6,947)	(21,585)	Acquisition of property and equipment		(8,302)	(2,672)	(8,302)	(2,672)
1,387	-	1,387	-	Proceeds from sale of property and equipment		-	533	-	533
900	-	900	-	Proceeds from disposal of non-current assets held for sale		-	346	-	346
3,034	2,621	3,034	2,621	Finance income received		1,008	1,167	1,008	1,167
78,000	23,400	78,000	23,400	Proceeds from sale of short-term deposits		9,000	30,000	9,000	30,000
(49,400)	(32,500)	(49,400)	(32,500)	Purchase of short term deposits		(12,500)	(19,000)	(12,500)	(19,000)
26,974	**(28,064)**	26,974	**(28,064)**	**Net cash (used in) / generated from investing activities**		**(10,794)**	10,374	**(10,794)**	10,374
				Financing activities					
(9,352)	**(11,690)**	(9,352)	**(11,690)**	Dividend paid	**17**	**(4,496)**	(3,597)	**(4,496)**	(3,597)
(4,692)	**(4,883)**	(4,706)	**(4,898)**	Lease Payments		**(1,877)**	(1,805)	**(1,882)**	(1,810)
(2,148)	**(1,856)**	(2,153)	**(1,859)**	Finance cost paid		**(715)**	(826)	**(717)**	(828)
(16,192)	**(18,429)**	(16,211)	**(18,447)**	**Net cash used in financing activities**		**(7,088)**	(6,228)	**(7,095)**	(6,235)
86,058	**(27,051)**	86,058	**(27,050)**	Net change in cash and cash equivalents		**(10,404)**	33,099	**(10,404)**	33,099
11,240	**97,298**	11,240	**97,297**	**Cash and cash equivalents at beginning of the year**		**37,422**	4,323	**37,422**	4,323
97,298	**70,247**	97,298	**70,247**	**Cash and cash equivalents at the end of the year**	**14.d**	**27,018**	37,422	**27,018**	37,422

Non-cash transaction during the year in respect of assets pertaining to bunkering facility acquired by the Parent Company amount to RO 1.404 million (USD 3.65 million). Refer note 13 (a) (ii).

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

SALALAH PORT SERVICES COMPANY SAOG

Notes to Consolidated and parent financial statements

1 Legal status and principal activities

Salalah Port Services Company SAOG ("the Company" or "the Parent Company") is registered as a joint stock company in the Sultanate of Oman under the Commercial Companies Law of Oman. The Company's shares are listed in the Muscat Securities Market ("MSM"). Port of Salalah Development Company LLC ("the subsidiary") is the wholly owned subsidiary of the Company.

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

The Company's consolidated financial statements for the year ended 31 December 2021 comprise the Company and its subsidiary (together referred to as "the Group").

2 Basis of Preparation

(a) Statement of compliance

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

(b) Basis of measurement

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

(c) Use of estimates and judgements

The preparation of 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.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Estimates and underlying assumptions are reviewed on a regular basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in note 24.

(d) New and amended standards adopted by the Group

The Group applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2021:

- Interest Rate Benchmark Reform – Phase 2 – amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

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

2 Basis of Preparation (continued)

(d) New standards and interpretations not yet adopted

The following standards, amendments and interpretations to existing standards have been published and are not mandatory for the 31 December 2021 reporting periods and have not been early adopted by the Group.The Group is currently assessing the impact of these standards, amendments or interpetations on the future period.

- Annual Improvements to IFRS Standards 2018–2020, (effective on or after 1 January 2022)
- Amendments to IAS 16 – Property, Plant and Equipment — Proceeds before Intended Use, (effective on or after 1 January 2022)
- Amendments to IAS 37 – Onerous Contracts — Cost of Fulfilling a Contract, (effective on or after 1 January 2022)
- Amendments to IFRS 3 – Reference to the Conceptual Framework, (effective on or after 1 January 2022)
- Amendments to IFRS 17 – Insurance Contracts, (effective on or after 1 January 2023)
- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current, (effective on or after 1 January 2023)
- Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies (effective on or after 1 January 2023)
- Amendments to IAS 8 - Definition of Accounting Estimates (effective on or after 1 January 2023)
- Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective on or after 1 January 2023)
- Sale or contribution of assets between an investor and its associate or joint venture - Amendments to IFRS 10 and IAS 28. the application date of this amendment until such time as the IASB has finalised its research project on the equity method.

3 Significant agreements

The Company has entered into the following significant agreements:

(a) **Concession agreement** with the Government of the Sultanate of Oman to lease, equip, operate and manage Salalah Port Container Terminal facilities (“Container Terminal Facilities Agreement and Temporary Licenses”) as per agreement dated 02 October 1996 for a period of thirty years commencing from 01 November 1998 (“Concession Year”). In consideration for granting the concessions, the Company pays a royalty fee to the Government of Sultanate of Oman and is calculated as follows:

- A fixed royalty fee of US$ 255,814 per annum is payable for the Land Lease agreement covering (Berth 1-4), increasing at the rate of 3% per annum; and
- A fixed royalty fee of US$ 744,184 per annum is payable for the Land Lease agreement covering (Berth 1-4), increasing at the rate of 3% per annum
- A fixed royalty fee of US$ 750,000 per annum is payable for Berth 5 from 2007 onwards and increasing at the rate of 3% per annum; and
- A fixed royalty fee of US$ 750,000 per annum is payable for Berth 6 from 2008 onwards and increasing at the rate of 3% per annum; and
- A variable royalty fee is calculated according to the terms set out in the Container Terminal Facilities Agreement.

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

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

- A fixed royalty fee of RO 49,900 per annum, payable from 2005 onwards and increasing at the rate of 3% per annum; and

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- A variable royalty fee calculated in accordance with the terms set out in the General Cargo Terminal Facilities Agreement.

3 **Significant agreements** (continued)

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

4 Significant accounting policies

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

(a) Basis of consolidation

(i) Subsidiary

The subsidiary is an entity controlled by the Group. The Group controls an entity when it is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. The financial statements of the subsidiary are prepared for the same reporting period as the Parent Company using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist.

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

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

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

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to the owners.

(iii) Disposal of subsidiaries (loss of control)

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

(iv) Non-controlling interest

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

4 Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(v) Transactions eliminated on consolidation

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

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

(b) Foreign currencies

(i) Presentation and functional currency

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

(ii) Foreign currency transactions and balances

Transactions in foreign currencies are translated to Rials Omani at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting date are translated to Rials Omani at the foreign exchange rate ruling at that date. Foreign exchange differences arising on the translation of monetary assets and liability are recognised in the profit or loss. Non-monetary assets and liabilities denominated in foreign currencies that are stated at historical cost, are translated to Rials Omani at the foreign exchange rate ruling at the date of the transaction. The functional currency of all Group companies is same.

(c) Dividend

The Board of Directors takes into account appropriate parameters including the requirements of the Commercial Companies Law 2019 while recommending the dividend, which is subject to approval by shareholders at the Annual General Meeting. Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved.

(d) Directors remuneration and sitting fees

The Board of Directors' remuneration is accrued within the limits specified by the Capital Market Authority and the requirements of the Commercial Companies Law of 2019 of the Sultanate of Oman and is recognised as an expense in the statement of comprehensive income

(e) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the management.

(f) Revenue

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

4 **Significant accounting policies** (continued)

(f) **Revenue** (continued)

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

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

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. Therefore, the Group does not adjust any of the transaction prices for the time value of money.

A receivable is recognised when the goods are delivered and services are rendered as this is when the consideration is unconditional because only the passage of time is required before the payment is due. Contract liabilities include advances received from customers as well as volume rebates in respect of certain customers having agreement with the Company to offset the rebate with the future invoices raised to those customers.

(g) Finance income and finance cost

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

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

(h) Taxation

Income tax on the results for the year comprises deferred tax and current tax. Income tax expense is recognised in the statement of profit and loss and other 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 period, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

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 reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

(i) Earnings per share

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

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4 Significant accounting policies (continued)

(j) Property and equipment

(i) Recognition and measurement

Items of property and equipment are stated at historical cost less accumulated depreciation and impairment losses [**refer accounting policy "o – impairment of non-financial assets"**]. Borrowing costs that are directly attributable to acquisition, construction or production of an asset are included in the cost of that asset.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property and equipment. All other expenditure is charged to the profit and loss during the financial year in which they are incurred. Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and recognised within 'other income' in the profit and loss.

(ii) Capital work-in-progress

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

(iii) Depreciation

Depreciation is recognised in the profit and loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment as given below:

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

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

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

(iv) Variable consideration for the purchase of property, plant and equipment

For the items of property and equipment purchased for a variable or contingent amount for which the Group is contractually or statutorily obliged to make the additional payment if the future event occurs or the condition is met, the Group initially recognises the items of property and equipment at the date of acquisition including, an estimate for the future anticipated variable costs. A liability is also recognised at the same time. The liability is subsequently measured at amortised cost following the requirements of IFRS 9. However, subsequent changes in the liability are recognised against the cost of the asset.

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4 Significant accounting policies (continued)

(k) Leases

(i) Group as a lessee

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

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

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

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

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

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

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. The Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract.

The lease term is considered the non-cancellable period for which the Group has the right to use an underlying asset. The lease term is adjusted for periods covered by an option to extend; if it is reasonably certain that the option will be exercised as well as periods covered by an option to terminate the lease; if it is reasonably certain that the option will not be exercised.

(ii) Group as a lessor

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

Finance lease receivables and finance income

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

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recognised within profit and loss in the statement of comprehensive income. Lease receivables due within one year are disclosed as current assets.

4 Significant accounting policies (continued)

(l) Intangible assets

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

(m) Inventories

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

(n) Non-current assets held for sale

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

(o) Impairment of non-financial assets

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

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the profit and loss in those expense categories consistent with the function of the impaired asset. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

(p) Financial assets

(i) Initial recognition and measurement

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

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

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13 Non-financial assets and liabilities (continued)

13.a Property and equipment (continued)

(ii) Recognised fair value measurements for assets pertaining to bunkering facility (continued)

Significant assumption	How it was Determined?
Calculation of fair value -	The fair value was negotiated and agreed with the previous operator of bunkering facility which is validated by discounting the future cash flows forecast based on the income generated from leasing these assets and the related land.
Period of cash flows Forecast	The cash flow forecast was prepared for the period up to the end of the concession period i.e. 2028.
Cash flows	Cash flows were projected based on the estimated amount of annual rental for the facilities and land lease that the Company expects to generate considering the entity's knowledge of the business and how the current economic environment is likely to impact it. For this purpose, Company has assumed an annual rental of USD 650k (RO 250k) per year which is fixed over each year, and land lease fee of USD 7 per sq. meter has been considered which is indexed @7% after every 3 years. These assumptions have been considered reasonable and are based on the best estimate of management. The cash outflows do not include capital expenditure that enhances the current performance of assets and related cash flows have been treated consistently.
Discount rate	A pre-tax discount rate of 10.1 per cent per annum has been used in discounting the projected cash flows, reflecting a market estimate of the weighted average cost of capital of the Company.

Sensitivity

Assuming individual key inputs are changed, with all other key inputs remaining constant, the fair value of the liability will increase/(decrease) by the following:

Change in key input	Impact on fair value
Discount rate:	
- increase by +5%	USD -56k / RO -21k
- decrease by -5%	USD 57k / RO 22k
Expected cash inflows:	
- increase by +5%	USD 114k / RO 44k
- decrease by -5%	USD -125k / RO -48k

13.b Leases

(i) Right of use of Assets:

Parent Company		Consolidated			Parent Company		Consolidated	
2020 US $ '000	**2021 US $ '000**	2020 US $ '000	**2021 US $ '000**	**Gross lease**	**2021 RO'000**	2020 RO'000	**2021 RO'000**	2020 RO'000
34,918	**34,918**	35,028	**35,028**	Government lease	**13,431**	13,431	**13,472**	13,472
1,523	**1,523**	1,523	**1,523**	Vehicles Lease	**586**	586	**586**	586
225	**225**	225	**225**	Muscat office lease	**86**	86	**86**	86
36,666	**36,666**	36,776	**36,776**		**14,103**	14,103	**14,144**	14,144
				Accumulated depreciation				
7,000	**10,488**	7,022	**10,525**	Depreciation – Government lease	**4,035**	2,692	**4,048**	2,700

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4 Significant accounting policies (continued)

(p) Financial assets (continued)

(ii) Subsequent measurement

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

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

Financial assets at amortised cost (debt instruments)

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

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

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

Financial assets at fair value through OCI (debt instruments)

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

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

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

Financial assets designated at fair value through OCI (equity instruments)

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

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

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4 Significant accounting policies (continued)

(p) Financial assets (continued)

(ii) Subsequent measurement (continued)

Financial assets at fair value through profit or loss (FVTPL)

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

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

Impairment of financial assets

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

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

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

(q) Trade receivables

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

(r) Cash and cash equivalents

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

(s) Share capital and share premium

Ordinary shares are classified as equity. Any excess of the fair value of the consideration received over the par value of shares issued is recognised as share premium.
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4 Significant accounting policies (continued)

(t) Employees' end of service benefits

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

The end of service benefits are accrued in accordance with the terms of employment of the Company's employees at the reporting date, regarding the requirements of the Oman Labour Law 2003 as amended and in accordance with IAS - 19 'Employee Benefits'.

Employee entitlements to annual leave are recognised when they accrue to employees and an accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date. The accrual relating to annual leave and leave passage is included in current liabilities, while that relating to end of service benefits is disclosed as a non-current liability.

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

In accordance with the provisions of IAS 19, Employee benefits, management carries an exercise to assess the present value of the Company's obligations as of reporting date, using the actuarial techniques, in respect of employees' end of

service benefits payable under the Oman aforesaid Labour Law. Under this method, an assessment is made of an employee's expected service life with the Company and the expected basic salary at the date of leaving the service.

(u) Trade and other payables

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

(v) Royalty

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

(w) Provisions

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

(x) Fair value

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

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

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

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

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

4 Significant accounting policies (continued)

(x) Fair value (continued)

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

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

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

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

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

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

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

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

5 Revenue

5.a Disaggregation of revenue from contracts with customers

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

Parent Company		Consolidated			Parent Company		Consolidated	
2020 US $ '000	**2021 US $ '000**	2020 US $ '000	**2021 US $ '000**		**2021 RO'000**	2020 RO'000	**2021 RO'000**	2020 RO'000
125,771	**127,932**	125,771	**127,932**	Stevedoring Revenue (net of rebates)	**49,205**	48,374	**49,205**	48,374
20,985	**20,420**	20,985	**20,420**	Yard Service Revenue	**7,854**	8,071	**7,854**	8,071
14,017	**15,371**	14,017	**15,371**	Marine Services Revenue	**5,912**	5,391	**5,912**	5,391
9,690	**9,668**	9,802	**9,707**	Other Revenue	**3,718**	3,727	**3,733**	3,770
170,463	**173,391**	170,575	**173,430**	Total Revenue	**66,689**	65,563	**66,704**	65,606

5 Revenue (continued)

5.b Assets and liabilities related to contracts with customers

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

Parent Company		Consolidated			Parent Company		Consolidated	
2020 US $ ’000	**2021 US $ ’000**	2020 US $ ’000	**2021 US $ ’000**		**2021 RO’000**	2020 RO’000	**2021 RO’000**	2020 RO’000
17,856	**20,652**	17,856	**20,652**	Contract liabilities - related party	**7,943**	6,868	**7,943**	6,868
1,834	**2,137**	1,834	**2,137**	Contract liabilities - others	**822**	705	**822**	705
19,690	**22,789**	19,690	**22,789**	**Total**	**8,765**	7,573	**8,765**	7,573

6 Direct operating costs

Parent Company		Consolidated			Parent Company		Consolidated	
2020 US $ ’000	**2021 US $ ’000**	2020 US $ ’000	**2021 US $ ’000**		**2021 RO’000**	2020 RO’000	**2021 RO’000**	2020 RO’000
60,137	**59,523**	60,137	**59,523**	Staff costs (note 11)	**22,893**	23,130	**22,893**	23,130
25,231	**21,763**	25,231	**21,763**	Depreciation (note 13.a)	**8,370**	9,704	**8,370**	9,704
11,238	**15,607**	11,238	**15,607**	Repair and maintenance	**6,003**	4,322	**6,003**	4,322
9,528	**11,121**	9,528	**11,121**	Power and fuel	**4,277**	3,664	**4,277**	3,664
1,381	**1,798**	1,381	**1,798**	Covid-19 Cost	**692**	531	**692**	531
1,233	**2,860**	1,233	**2,860**	System and communications	**1,100**	474	**1,100**	474
1,185	**2,987**	1,185	**2,987**	Marine Services	**1,149**	456	**1,149**	456
227	**522**	227	**522**	Equipment Leasing Costs	**201**	87	**201**	87
110,160	**116,181**	110,160	**116,181**	**Total**	**44,685**	42,368	**44,685**	42,368

7 Other operating expenses

Parent Company		Consolidated			Parent Company		Consolidated	
2020 US $ ’000	**2021 US $ ’000**	2020 US $ ’000	**2021 US $ ’000**		**2021 RO’000**	2020 RO’000	**2021 RO’000**	2020 RO’000
6,878	**6,856**	6,878	**6,856**	Insurance	**2,637**	2,645	**2,637**	2,645
5,954	**1,365**	5,954	**1,365**	Government royalty fee	**525**	2,290	**525**	2,290
5,898	**6,230**	5,906	**6,232**	Management fees	**2,396**	2,268	**2,397**	2,272
1,484	**1,297**	1,512	**1,326**	Depreciation (note 13.a)	**499**	571	**510**	581
1,367	**2,370**	1,367	**2,370**	Terminal Maintenance	**912**	526	**912**	526
38	**38**	38	**38**	Amortization (note 13.c)	**14**	14	**14**	14
21,619	**18,156**	21,655	**18,187**	**Total**	**6,983**	8,314	**6,995**	8,328

8 Administration and general expenses

Parent Company 2020 US $ '000	Parent Company 2021 US $ '000	Consolidated 2020 US $ '000	Consolidated 2021 US $ '000		Parent Company 2021 RO'000	Parent Company 2020 RO'000	Consolidated 2021 RO'000	Consolidated 2020 RO'000
16,450	**17,548**	16,450	**17,548**	Staff costs (note11)	**6,749**	6,326	**6,749**	6,326
3,948	**3,943**	3,970	**3,958**	Depreciation right of use of assets (note 13.b.i)	**1,517**	1,519	**1,522**	1,527
890	**1,036**	890	**1,036**	Systems and communications	**399**	342	**399**	342
511	**908**	511	**908**	Inventory Obsolescence (note 13.e)	**349**	197	**349**	197
493	**510**	493	**510**	Directors remuneration and Sitting Fees	**196**	190	**196**	190
424	**645**	424	**645**	Other Claims	**248**	163	**248**	163
394	**1,193**	384	**1,194**	Legal and professional fees	**459**	149	**460**	147
308	**181**	308	**181**	Depreciation (note 13.a)	**70**	119	**70**	119
282	**250**	282	**250**	Travelling Expenses	**96**	109	**96**	109
254	**260**	254	**260**	Corporate social responsibility	**100**	98	**100**	98
194	**248**	194	**248**	Sales and marketing	**95**	75	**95**	75
169	**149**	169	**149**	Postage, printing and stationery	**57**	65	**57**	65
135	**216**	135	**216**	Office rent and maintenance costs	**83**	52	**83**	52
8	**49**	8	**49**	Others	**19**	3	**19**	3
24,460	**27,136**	24,472	**27,152**	**Total**	**10,437**	9,407	**10,443**	9,413

9 Other income

Parent Company 2020 US $ '000	Parent Company 2021 US $ '000	Consolidated 2020 US $ '000	Consolidated 2021 US $ '000		Parent Company 2021 RO'000	Parent Company 2020 RO'000	Consolidated 2021 RO'000	Consolidated 2020 RO'000
(649)	**109**	(649)	**109**	Gain / (Loss) on sale/scrap of assets	**42**	(250)	**42**	(250)
845	**-**	845	**-**	Writeback of provision made in prior years	**-**	325	**-**	325
790	**989**	790	**989**	Others	**380**	304	**380**	304
986	**1,098**	986	**1,098**	**Total**	**422**	379	**422**	379

10 Finance income and finance cost

Parent Company 2020 US $ '000	Parent Company 2021 US $ '000	Consolidated 2020 US $ '000	Consolidated 2021 US $ '000		Parent Company 2021 RO'000	Parent Company 2020 RO'000	Consolidated 2021 RO'000	Consolidated 2020 RO'000
3,034	**2,621**	3,034	**2,621**	Interest income on short term deposits	**1,008**	1,167	**1,008**	1,167
-	**41**	-	**41**	Other finance Income	**16**	-	**16**	-
3,034	**2,662**	3,034	**2,662**	**Total Finance Income**	**1,024**	1,167	**1,024**	1,167
2,008	**1,827**	2,014	**1,832**	Finance cost on lease liabilities	**703**	773	**705**	775
138	**32**	138	**32**	Other finance charges	**12**	53	**12**	53
2,146	**1,859**	2,152	**1,864**	**Total Finance Cost**	**715**	826	**717**	828

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Parent Company 2020 US $ '000	Parent Company 2021 US $ '000	Consolidated 2020 US $ '000	Consolidated 2021 US $ '000		Parent Company 2021 RO'000	Parent Company 2020 RO'000	Consolidated 2021 RO'000	Consolidated 2020 RO'000
63,907	**62,921**	63,907	**62,921**	Wages and salaries	**24,200**	24,579	**24,200**	24,579
7,594	**8,819**	7,594	**8,819**	Other benefits	**3,392**	2,921	**3,392**	2,921
3,699	**4,119**	3,699	**4,119**	Contributions to defined contribution retirement plan	**1,584**	1,423	**1,584**	1,423
1,387	**1,212**	1,387	**1,212**	Un-funded defined benefit retirement plan	**466**	533	**466**	533
76,587	**77,071**	76,587	**77,071**	**Total**	**29,642**	29,456	**29,642**	29,456

Parent Company 2020 US $ '000	Parent Company 2021 US $ '000	Consolidated 2020 US $ '000	Consolidated 2021 US $ '000		Parent Company 2021 RO'000	Parent Company 2020 RO'000	Consolidated 2021 RO'000	Consolidated 2020 RO'000
60,137	**59,523**	60,137	**59,523**	Direct operating costs (note 6)	**22,893**	23,130	**22,893**	23,130
16,450	**17,548**	16,450	**17,548**	Administration and general expenses (note 8)	**6,749**	6,326	**6,749**	6,326
76,587	**77,071**	76,587	**77,071**	**Total**	**29,642**	29,456	**29,642**	29,456

12 Taxation

The Parent Company and its subsidiary are assessed separately for taxation. The tax rate applicable is 15% (2020: 15%). For the purpose of determining the tax expense for the year, the accounting profit has been adjusted for tax purposes relating to both income and expense items. After giving effect to these adjustments, the average effective tax rate is estimated to be 15% (2020: 15%).

The deferred tax has been computed at the tax rate of 15% (2020: 15%).

The tax assessment of the company is has been assessed by Tax Authority upto Tax year 2017 with no tax dues.

Parent Company 2020 US $ '000	Parent Company 2021 US $ '000	Consolidated 2020 US $ '000	Consolidated 2021 US $ '000		Parent Company 2021 RO'000	Parent Company 2020 RO'000	Consolidated 2021 RO'000	Consolidated 2020 RO'000
				Income tax expense				
8,614	**3,879**	8,623	**3,879**	Current tax	**1,492**	3,313	**1,492**	3,317
(2,177)	**(1,876)**	(2,178)	**(1,876)**	Deferred tax	**(722)**	(837)	**(722)**	(838)
-	**40**	-	**40**	Other tax	**16**	-	**16**	-
6,437	**2,043**	6,445	**2,043**		**786**	2,476	**786**	2,479
				Tax Liability				
4,113	**8,901**	4,144	**8,911**	1 January	**3,424**	1,582	**3,427**	1,594
(3,823)	**(8,746)**	(3,855)	**(8,756)**	Paid during the year	**(3,364)**	(1,471)	**(3,367)**	(1,483)
8,611	**3,880**	8,622	**3,880**	Movement during the year	**1,492**	3,313	**1,492**	3,316
8,901	**4,035**	8,911	**4,035**	At 31 December	**1,552**	3,424	**1,552**	3,427

Deferred tax liability comprises the following temporary differences:

2020 US $ '000	2021 US $ '000	2020 US $ '000	2021 US $ '000	**Deferred tax liability**	2021 RO'000	2020 RO'000	2021 RO'000	2020 RO'000
14,189	**12,013**	14,178	**12,002**	1 January	**4,620**	5,457	**4,616**	5,453
(2,176)	**(1,874)**	(2,176)	**(1,877)**	Movement for the year	**(721)**	(837)	**(721)**	(837)
12,013	**10,139**	12,002	**10,125**	At 31 December	**3,899**	4,620	**3,895**	4,616

Deferred tax adjustments relate to the following:

2020 US $ '000	2021 US $ '000	2020 US $ '000	2021 US $ '000		2021 RO'000	2020 RO'000	2021 RO'000	2020 RO'000
(13,182)	**(11,531)**	(13,171)	**(11,522)**	Net book value of property and equipment	**(4,435)**	(5,070)	**(4,431)**	(5,066)
1,169	**1,394**	1,169	**1,395**	Provisions and losses	**536**	450	**536**	450
(12,013)	**(10,137)**	(12,002)	**(10,127)**		**(3,899)**	(4,620)	**(3,895)**	(4,616)

12 Taxation (continued)

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

Particulars	RO'000
Profit as per financial statements	**5,428**
Income tax as per rates mentioned above	**814**
Non-deductible expenses	15
Other tax	16
Prior year current tax	(59)
Prior year deferred tax	-
Tax expense for the year	**786**

13 Non-financial assets and liabilities

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

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

13.a Property and equipment

(i) Refer pages 44 till 47 for the schedule of property and equipment.

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

Parent Company		Consolidated			Parent Company		Consolidated	
2020 US $ '000	**2021 US $ '000**	2020 US $ '000	**2021 US $ '000**		**2021 RO'000**	2020 RO'000	**2021 RO'000**	2020 RO'000
25,231	**21,763**	25,231	**21,763**	Direct operating costs	**8,370**	9,704	**8,370**	9,704
1,484	**1,297**	1,512	**1,326**	Other operating expenses	**499**	571	**510**	581
308	**181**	308	**181**	Administration expenses	**70**	119	**70**	119
27,023	**23,241**	27,051	**23,270**	**Total**	**8,939**	10,394	**8,950**	10,404

(ii) Recognised fair value measurements for assets pertaining to bunkering facility

In line with the requirements of IFRS 13, if one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for determining the fair value of assets, acquired on 1 November 2021 from the previous operator of the bunkering facility by the Parent Company, and the related liability. The assets and their liability has been recorded at fair value amounting to USD 3.65 million (RO 1.4 million). These assets have been capitalised as part of leasehold / infrastructure improvement. Management considers the determination of the fair value of these assets to be a significant estimate (refer note 24 (vi)). Below are significant assumptions for estimating the fair value of these assets and an explanation of how those were determined by the Parent Company.

730	**1,110**	730	**1,110**	Depreciation – Vehicle lease	**427**	281	**427**	281
150	**225**	150	**225**	Deprecation – Muscat office	**86**	58	**86**	58
7,880	**11,823**	7,902	**11,860**		**4,548**	3,031	**4,561**	3,039
28,786	**24,843**	28,874	**24,916**	**Right of use of Assets Net**	**9,555**	11,072	**9,583**	11,105

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13 Non-financial assets and liabilities (continued)

13.b Leases (continued)

(ii) Lease Liabilities

Parent Company 2020 US $ '000	Parent Company 2021 US $ '000	Consolidated 2020 US $ '000	Consolidated 2021 US $ '000		Parent Company 2021 RO'000	Parent Company 2020 RO'000	Consolidated 2021 RO'000	Consolidated 2020 RO'000
30,630	**28,032**	30,723	**28,115**	Concession Agreement	**10,782**	11,781	**10,814**	11,818
805	**411**	805	**411**	Vehicles Lease	**158**	309	**158**	309
79	**14**	79	**14**	Muscat office Lease	**5**	30	**5**	30
31,514	**28,457**	31,607	**28,540**		**10,945**	12,120	**10,977**	12,157
4,716	**4,950**	4,716	**4,950**	Current Portion	**1,904**	1,814	**1,904**	1,814
26,798	**23,507**	26,891	**23,590**	Non-Current Portion	**9,041**	10,306	**9,073**	10,343
31,514	**28,457**	31,607	**28,540**		**10,945**	12,120	**10,977**	12,157

Movement in Right of use of assets

	Parent				Consolidated			
	Government lease RO '000	Vehicles Lease RO '000	Muscat office Lease RO '000	Total RO '000	Government lease RO '000	Vehicles Lease RO '000	Muscat office Lease RO '000	Total RO '000
Cost								
1 January 2021	13,431	586	86	14,103	13,472	586	86	14,144
Addition	-	-	-	-	-	-	-	-
31 December 2021	**13,431**	**586**	**86**	**14,103**	**13,472**	**586**	**86**	**14,144**
31 December 2020	13,430	586	86	14,102	13,472	586	86	14,144
Accumulated Depreciation								
1 January 2021	(2,692)	(281)	(58)	(3,031)	(2,700)	(281)	(58)	(3,039)
Depreciation for the year	(1,343)	(146)	(28)	(1,517)	(1,348)	(146)	(28)	(1,522)
31 December 2021	**(4,035)**	**(427)**	**(86)**	**(4,548)**	**(4,048)**	**(427)**	**(86)**	**(4,561)**
Carrying amounts								
31 December 2021	**9,396**	**159**	**0**	**9,555**	**9.424**	**159**	**0**	**9,583**
31 December 2020	10,739	305	28	11,072	10,772	305	28	11,105

	Parent				Consolidated			
	Government lease US$ '000	Vehicles Lease US$ '000	Muscat office Lease US$ '000	Total US$ '000	Government lease US$ '000	Vehicles Lease US$ '000	Muscat office Lease US$ '000	Total US$ '000
Cost								
1 January 2021	34,918	1,523	225	36,666	35,028	1,523	225	36,776
Addition								
31 December 2021	**34,918**	**1,523**	**225**	**36,666**	**35,028**	**1,523**	**225**	**36,776**
31 December 2020	34,918	1,523	225	36,666	35,028	1,523	225	36,776
Accumulated Depreciation								
1 January 2021	(7,000)	(730)	(150)	(7,880)	(7,022)	(730)	(150)	(7,902)
Depreciation for the year	(3,488)	(380)	(75)	(3,943)	(3,503)	(380)	(75)	(3,958)
31 December 2021	**(10,488)**	**(1,110)**	**(225)**	**(11,823)**	**(10,525)**	**(1,110)**	**(225)**	**(11,860)**
Carrying amounts								
31 December 2021	**24,430**	**413**	**-**	**24,843**	**24,503**	**413**	**-**	**24,916**
31 December 2020	27,918	793	75	28,786	28,006	793	75	28,874

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13 Non-financial assets and liabilities (continued)

13.b Leases (continued)

Movement in Lease liabilities

	Parent				Consolidated			
	Government lease	Vehicles Lease	Muscat office Lease	Total	Government lease	Vehicles Lease	Muscat office Lease	Total
	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000
Cost								
1 January 2021	11,781	309	30	12,120	11,818	309	30	12,156
Add: Addition	-	-	-	-	-	-	-	-
Add: Finance charges	681	19	2	702	681	19	2	702
Less: Lease payments	(1,680)	(170)	(27)	(1,877)	(1,685)	(170)	(27)	(1,881)
31 December 2021	**10,782**	**158**	**5**	**10,945**	**10,814**	**158**	**5**	**10,977**
31 December 2020	11,781	309	30	12,120	11,818	309	30	12,157

	Parent				Consolidated			
	Government lease	Vehicles Lease	Muscat office Lease	Total	Government lease	Vehicles Lease	Muscat office Lease	Total
	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000
Cost								
1 January 2021	30,630	805	79	31,514	30,723	805	79	31,607
Add: Addition	-	-	-	-	-	-	-	-
Add: Finance charges	1,770	50	6	1,826	1,775	50	6	1,831
Less: Lease payments	(4,368)	(444)	(71)	(4,883)	(4,383)	(444)	(71)	(4,898)
31 December 2021	**28,032**	**411**	**14**	**28,457**	**28,115**	**411**	**14**	**28,540**
31 December 2020	30,630	805	79	31,514	30,723	805	79	31,607

13.c Intangible assets

Parent Company		Consolidated			Parent Company		Consolidated	
2020 US $ '000	**2021 US $ '000**	2020 US $ '000	**2021 US $ '000**		**2021 RO'000**	2020 RO'000	**2021 RO'000**	2020 RO'000
1,105	**1,105**	1,105	**1,105**	Cost	**425**	425	**425**	425
				Accumulative amortisation				
(775)	**(812)**	(775)	**(812)**	1 January	**(312)**	(298)	**(312)**	(298)
(38)	**(36)**	(38)	**(36)**	Amortisation for the year	**(14)**	(14)	**(14)**	(14)
(813)	**(848)**	(813)	**(848)**	31 December	**(326)**	(312)	**(326)**	(312)
292	**257**	292	**257**	**Net book value 31 December**	**99**	113	**99**	113

13.d Investments in subsidiary

Parent Company		Consolidated			Parent Company		Consolidated	
2020 US $ '000	**2021 US $ '000**	2020 US $ '000	**2021 US $ '000**		**2021 RO'000**	2020 RO'000	**2021 RO'000**	2020 RO'000
546	**546**	-	**-**	Ordinary Shares - Unquoted	**210**	210	**-**	-
546	**546**	-	**-**	**Total**	**210**	210	**-**	-

13 Non-financial assets and liabilities (continued)

13.e Inventories

Parent Company		Consolidated			Parent Company		Consolidated	
2020 US $ '000	**2021 US $ '000**	2020 US $ '000	**2021 US $ '000**		**2021 RO'000**	2020 RO'000	**2021 RO'000**	2020 RO'000
9,693	**11,013**	9,693	**11,013**	Spares and consumables	**4,236**	3,728	**4,236**	3,728
(3,080)	**(3,988)**	(3,080)	**(3,988)**	Less: Provision for slow moving inventories	**(1,534)**	(1,185)	**(1,534)**	(1,185)
6,613	**7,025**	6,613	**7,025**	**Total**	**2,702**	2,543	**2,702**	2,543

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

Parent Company		Consolidated			Parent Company		Consolidated	
2020 US $ '000	**2021 US $ '000**	2020 US $ '000	**2021 US $ '000**		**2021 RO'000**	2020 RO'000	**2021 RO'000**	2020 RO'000
2,569	**3,080**	2,569	**3,080**	1 January	**1,185**	988	**1,185**	988
511	**908**	511	**908**	Provided during the year	**349**	197	**349**	197
3,080	**3,988**	3,080	**3,988**	**31 December**	**1,534**	1,185	**1,534**	1,185

13.f Other current assets

Parent Company		Consolidated			Parent Company		Consolidated	
2020 US $ '000	**2021 US $ '000**	2020 US $ '000	**2021 US $ '000**		**2021 RO'000**	2020 RO'000	**2021 RO'000**	2020 RO'000
1,642	**2,954**	1,642	**2,954**	Advance to Suppliers	**1,136**	631	**1,136**	631
3,382	**3,174**	3,382	**3,174**	Prepaid expenses	**1,221**	1,300	**1,221**	1,300
5,024	**6,128**	5,024	**6,128**	**Total**	**2,357**	1,931	**2,357**	1,931

13.g Employees' end of service benefits

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

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

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

Parent Company		Consolidated			Parent Company		Consolidated	
2020 US $ '000	**2021 US $ '000**	2020 US $ '000	**2021 US $ '000**		**2021 RO'000**	2020 RO'000	**2021 RO'000**	2020 RO'000
8,681	**9,453**	8,681	**9,453**	1 January	**3,636**	3,339	**3,636**	3,339
1,387	**1,212**	1,387	**1,212**	Accruals during the year	**466**	533	**466**	533
(615)	**(993)**	(615)	**(993)**	End of service benefit paid	**(382)**	(236)	**(382)**	(236)
9,453	**9,672**	9,453	**9,672**		**3,720**	3,636	**3,720**	3,636

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14 Financial assets and liabilities

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

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

The Company holds the following financial instruments:

Parent Company		Consolidated				Parent Company		Consolidated	
2020 US $ '000	**2021 US $ '000**	2020 US $ '000	**2021 US $ '000**	**Financial assets**	**Note**	**2021 RO'000**	2020 RO'000	**2021 RO'000**	2020 RO'000
13,234	**23,026**	13,234	**23,083**	Trade receivables	14.a	**8,856**	5,090	**8,878**	5,090
2,345	**7,977**	2,345	**7,977**	Other financial assets at amortised cost	14.b	**3,068**	902	**3,068**	902
23,400	**32,500**	23,400	**32,500**	Short term deposits	14.c	**12,500**	9,000	**12,500**	9,000
97,298	**70.247**	97,298	**70,247**	Cash and cash equivalents	14.d	**27,018**	37,422	**27,018**	37,422
136,277	**133,750**	136,277	**133,807**			**51,442**	52,414	**51,464**	52,414

Parent Company		Consolidated				Parent Company		Consolidated	
2020 US $ '000	**2021 US $ '000**	2020 US $ '000	**2021 US $ '000**	**Financial liabilities**	**Note**	**2021 RO'000**	2020 RO'000	**2021 RO'000**	2020 RO'000
31,514	**23,457**	31,607	**28,547**	Lease liabilities	13.b (ii)	**10,945**	12,120	**10,977**	12,157
45,118	**48,226**	44,301	**47,450**	Trade and other payables	14.e	**18,549**	17,354	**18,253**	17,040
19,690	**22,789**	19,690	**22,789**	Contract liabilities	5.b	**8,765**	7,573	**8,765**	7,573
96,322	**94,472**	95,598	**98,786**			**38,259**	37,047	**37,995**	36,770

14.a Trade receivables

Parent Company		Consolidated			Parent Company		Consolidated	
2020 US $ '000	**2021 US $ '000**	2020 US $ '000	**2021 US $ '000**		**2021 RO'000**	2020 RO'000	**2021 RO'000**	2020 RO'000
4,024	**15,598**	4,024	**15,598**	Receivables from related parties	**5,999**	1,548	**5,999**	1,548
10,730	**8,723**	10,730	**8,780**	Trade receivables	**3,355**	4,127	**3,377**	4,127
(1,520)	**(1,295)**	(1,520)	**(1,295)**	Less: Provision for impairment	**(498)**	(585)	**(498)**	(585)
9,210	**7,428**	9,210	**7,485**	Trade receivables Net of Provision	**2,857**	3,542	**2,879**	3,542
13,234	**23,026**	13,234	**23,083**	Total Trade Receivables	**8,856**	5,090	**8,878**	5,090

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

(i) Classification as trade receivables

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

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

(ii) Carrying and fair values of trade receivables

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

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

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14 Financial assets and liabilities (continued)

14.b Other financial assets at amortized cost

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

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

Financial assets at amortized cost include the following:

Parent Company		Consolidated			Parent Company		Consolidated	
2020 US $ '000	**2021 US $ '000**	2020 US $ '000	**2021 US $ '000**		**2021 RO'000**	2020 RO'000	**2021 RO'000**	2020 RO'000
1,368	**3,149**	1,368	**3,149**	Receivables from the Government of Sultanate of Oman	**1,211**	526	**1,211**	526
-	**1,858**	-	**1,858**	Value added tax receivable	**715**	-	**715**	-
289	**796**	289	**796**	Other receivables	**305**	111	**305**	111
150	**976**	150	**976**	Accrued Bank interest income	**376**	58	**376**	58
538	**1,198**	538	**1,198**	Due from Employees	**461**	207	**461**	207
2,345	**7,977**	2,345	**7,977**	**Total**	**3,068**	902	**3,068**	902

(i) Classification

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

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

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

(iii) Impairment and risk exposure

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

14.c Short term deposits

Parent Company		Consolidated			Parent Company		Consolidated	
2020 US $ '000	**2021 US $ '000**	2020 US $ '000	**2021 US $ '000**		**2021 RO'000**	2020 RO'000	**2021 RO'000**	2020 RO'000
23,400	**32,500**	23,400	**32,500**	Short term deposits	**12,500**	**9,000**	**12,500**	**9,000**

At 31 December 2021, call deposits and term deposits are placed in US$ and RO with local commercial banks in Oman. Call deposits carry effective annual interest rates ranging from 1.000% to 3.750% (December 2020: 1.000% to 3.750%) on US$ and RO deposits and term deposits carry an effective annual interest rate of 4.250% on RO deposits (December 2020: 4.000%).

14.d Cash and cash equivalents

Parent Company		Consolidated			Parent Company		Consolidated	
2020 US $ '000	**2021 US $ '000**	2020 US $ '000	**2021 US $ '000**		**2021 RO'000**	2020 RO'000	**2021 RO'000**	2020 RO'000
53,105	**1,541**	53,105	**1,541**	Cash and bank balances	**592**	20,425	**592**	20,425
44,662	**69,107**	44,662	**69,107**	Call deposit accounts	**26,580**	17,178	**26,580**	17,178
97,767	**70,648**	97,767	**70,648**		**27,172**	37,603	**27,172**	37,603
(469)	**(401)**	(469)	**(401)**	Less: Allowance for impairment loss	**(154)**	(181)	**(154)**	(181)
97,298	**70,247**	97,298	**70,247**	**Total**	**27,018**	37,422	**27,018**	37,422

14 Financial assets and liabilities (continued)

14.e Trade and other payables

Parent Company 2020 US $ '000	Parent Company 2021 US $ '000	Consolidated 2020 US $ '000	Consolidated 2021 US $ '000		Parent Company 2021 RO'000	Parent Company 2020 RO'000	Consolidated 2021 RO'000	Consolidated 2020 RO'000
5,060	**4,367**	5,060	**4,367**	Trade payables	**1,680**	1,946	**1,680**	1,946
880	**915**	880	**915**	Amounts due to Government of Sultanate of Oman	**352**	338	**352**	338
2,649	**3,037**	1,844	**2,266**	Amounts due to related parties (note 19)	**1,168**	1,018	**871**	710
36,529	**39,907**	36,517	**39,902**	Accrued expenses and other liabilities	**15,349**	14,052	**15,350**	14,046
45,118	**48,226**	44,301	**47,450**	**Total**	**18,549**	17,354	**18,253**	17,040

15 Equity

(a) Share capital

	2021 RO'000	2020 RO'000		2021 RO'000	2020 RO'000
No. of Shares Authorised (in 000's)	**200,000**	200,000	No. of Shares Issued and fully paid (in 000's)	**179,837**	179,837
Authorised Share Capital @ RO 0.100 per Share	**20,000**	20,000	Issued and Fully Paid Share Capital @ RO 0.100 per Share	**17,984**	17,984

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

(b) Share premium

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

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

	2021 No. of shares	%	2020 No. of shares	%
APM Terminal B.V.	**54,180,000**	**30**	54,180,000	30
Asyad Group SAOC (formerly Oman Global Logistics Group SAOC)	**36,120,000**	**20**	36,120,000	20
HSBC A/C HSBC BK PLC A/C IB	**25,445,320**	**14**	25,778,730	14

(c) Legal reserve

The Commercial Companies Law of 2019 of the Sultanate of Oman, requires that 10% of a Company's profit be transferred to a non-distributable legal reserve until the amount of legal reserve becomes equal to one-third of the Company's share capital. The reserve is not available for distribution. This has been achieved; therefore no further transfers were being made during the year.

(d) Non-controlling interests

During 2007, the Company and Public Establishment for Industrial Estates ("PEIE") together formed an 80:20 venture "Port of Salalah Development Company LLC" (POSDC) to pursue the property-related opportunities with a share
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capital of RO 150,000. Commercial operations of POSDC commenced in 2008. However, during October 2020, the Company purchased the 20% shareholding of Mubadrah (Non-controlling interest) and became 100% Holding company in “Port of Salalah Development Company LLC”.

16 Earnings per share

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

Parent Company		Consolidated			Parent Company		Consolidated	
2020 US $ ’000	**2021 US $ ’000**	2020 US $ ’000	**2021 US $ ’000**	**Earnings per share**	**2021 RO’000**	2020 RO’000	**2021 RO’000**	2020 RO’000
38,450	**12,072**	38,500	**12,059**	Net profit for the year	**4,643**	14,789	**4.638**	14,807
179,837	**179,837**	179,837	**179,837**	Weighted average number of shares outstanding at the end of the period (‘000)	**179,837**	179,837	**179,837**	179,837
0.21	**0.07**	0.21	**0.07**	Basic earnings per share	**0.03**	0.08	**0.03**	0.08

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

17 Dividends

The Board of Directors has proposed a cash dividend of RO 0.010 (2020: RO 0.025) [US$ 0.026 (2020: US$ 0.065)] per share totalling to amount of approximately RO 1.798 million (2020: RO 4.496 million) [US$ 4.676 million (2020: US$ 11.690 million)] for the year ended 31 December 2021, which is subject to approval by the shareholders at the forthcoming Annual General Meeting. Withholding tax, if any applicable, will be deducted and paid on the payment of the dividends to non-resident shareholders.

Shareholders approved cash dividend of RO 0.025 (US$ 0.065) per share for 2020 totalling to RO 4.496 million (US$ 11.689 million) approving the board’s proposal of RO 0.025 (US$ 0.065) amounting to RO 4.496 million (US$ 11.690 million) in the Company’s annual general meeting held in March 2021.

As per the directives of the Capital Market Authority (CMA), the amount of unpaid dividend which is outstanding for more than six months is required to be transferred to the Investors’ Trust Fund established by the CMA. As on 31 December 2021, total amount of unclaimed dividend amounted to RO 55,221.490. Any outstanding unpaid dividend more than six months has been transferred to the Investors’ Trust Fund during October 2021.

18 Net assets per share

Net assets per share is calculated by dividing the net assets attributable to the ordinary shareholders of the Company at the end of the period by the number of ordinary shares outstanding at 31 December as follows:

Parent Company		Consolidated			Parent Company		Consolidated	
2020	**2021**	2020	**2021**		**2021**	2020	**2021**	2020
US $ ’000	**US $ ’000**	US $ ’000	**US $ ’000**		**RO’000**	RO’000	**RO’000**	RO’000
188,708	**189,090**	189,226	**189,595**	Net assets	**72,726**	72,579	**72,918**	72,776
179,837	**179,837**	179,837	**179,837**	Weighted average number of shares outstanding at the end of the year (‘000)	**179,837**	179,837	**179.837**	179,837
1.05	**1.05**	1.05	**1.05**	Net assets per share	**0.40**	0.40	**0.41**	0.41

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19 Related party transactions

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

	2021			2020		
	Purchases	**Sales**	**Others**	Purchases	Sales	Others
	RO '000	**RO '000**	**RO '000**	RO '000	RO '000	RO '000
Associated companies	**198**	**38,000**	**3,653**	180	35,221	2,843
	US$ '000	**US$ '000**	**US$ '000**	US$ '000	US$ '000	US$ '000
Associated companies	**516**	**98,800**	**9,497**	469	91,576	7,391

Compensation of key management personnel:

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

Parent Company		Consolidated			Parent Company		Consolidated	
2020 US $ '000	**2021 US $ '000**	2020 US $ '000	**2021 US $ '000**		**2021 RO'000**	2020 RO'000	**2021 RO'000**	2020 RO'000
1,420	**1,477**	1,420	**1,477**	Short term benefits	**568**	546	**568**	546
73	**70**	73	**70**	End of service benefits	**27**	28	**27**	28
423	**390**	423	**390**	Remuneration of directors	**150**	163	**150**	163
70	**120**	70	**120**	Sitting fees of directors	**46**	27	**46**	27
1,986	**2,057**	1,986	**2,057**	**Total**	**791**	764	**791**	764

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

	2021		2020	
	Trade and other receivables RO '000	**Trade and other payables RO '000**	Trade and other receivables RO '000	Trade and other payables RO '000
Associated companies	**5,999**	**871**	1,548	710
	US $ '000	**US $ '000**	US $ '000	US $ '000
Associated companies	**15,598**	**2,266**	4,024	1,548

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

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

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20 Operating Segment information

For management purposes, the Company is organised into two major operating divisions – Container Terminal and General Cargo Terminal. The Container Terminal Division is engaged in leasing, equipping, operating and managing a Container Terminal. The General Cargo Terminal Division is engaged in providing stevedoring and other cargo related services to vessel and cargo operators. Non operating segments have been aggregated to form the above reportable operating segment.

The two segments are organised on the basis of the classification of individual berths as set out in the two concession agreements with the Government of the Sultanate of Oman including the conversion of a berth to come under Container Terminal Concession Agreement for which in principle approval was received, and awaiting endorsement from a government authority to complete documentation. As such, all operational revenues of berths which are classified as Container Terminal are classified within the Container Terminal segment, whether or not they constitute Container operations, and vice versa. The impact of the segmentation on royalty fees is currently under discussion with the government and the management believes that no significant adjustment on the basis of royalty fees calculation will be warranted.

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

	Container Terminal		General Cargo Terminal		Total	
	2021 RO'000	2020 RO'000	**2021 RO'000**	2020 RO'000	**2021 RO'000**	2020 RO'000
Revenue	**48,183**	48,975	**18,521**	16,631	**66,704**	65,606
Depreciation and amortisation	**(7,362)**	(9,021)	**(1,602)**	(1,398)	**(8,964)**	(10,419)
Net Profit	**1,128**	10,198	**3,515**	4,591	**4,643**	14,789
Operating Assets	**78,938**	82,438	**41,142**	38,787	**120,080**	121,225
Operating Liabilities	**78,938**	82,438	**41,142**	38,787	**120,080**	121,225
Other disclosures						
Capital Expenditure	**8,055**	3,476	**843**	145	**8,898**	3,621

	Container Terminal		General CargoTerminal		Total	
	2021 US$'000	2020 US$'000	**2021 US$'000**	2020 US$'000	**2021 US$'000**	2020 US$'000
Revenue	**125,277**	127,336	**48,153**	43,240	**173,430**	170,575
Depreciation and amortisation	**(19,142)**	(23,456)	**(4,164)**	(3,635)	**(23,306)**	(27,091)
Net Profit	**2,932**	26,515	**9,138**	11,936	**12,070**	38,451
Operating Assets	**205,239**	214,343	**106,969**	100,847	**312,208**	315,190
Operating Liabilities	**205,239**	214,343	**106,969**	100,847	**312,208**	315,190
Other disclosures						
Capital Expenditure	**20,943**	9,038	**2,192**	378	**23,135**	9,416

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

20 Operating Segment information (continued)

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

Parent Company 2020 US $ '000	Parent Company 2021 US $ '000	Consolidated 2020 US $ '000	Consolidated 2021 US $ '000		Parent Company 2021 RO'000	Parent Company 2020 RO'000	Consolidated 2021 RO'000	Consolidated 2020 RO'000
58,822	**62,680**	58,934	**62,719**	Oman	**24,108**	22,625	**24,123**	22,668
109,678	**108,499**	109,678	**108,499**	Europe	**41,731**	42,184	**41,731**	42,184
1,221	**1,590**	1,221	**1,590**	Other Asia	**611**	469	**611**	469
742	**622**	742	**622**	Africa	**239**	285	**239**	285
170,463	**173,391**	170,575	**173,430**	**Total**	**66,689**	65,563	**66,704**	65,606

21 Commitments and contingencies

21.a Capital expenditure commitments

Parent Company 2020 US $ '000	Parent Company 2021 US $ '000	Consolidated 2020 US $ '000	Consolidated 2021 US $ '000		Parent Company 2021 RO'000	Parent Company 2020 RO'000	Consolidated 2021 RO'000	Consolidated 2020 RO'000
26,453	**25,520**	26,453	**25,520**	Capital expenditure commitments	**9,815**	10,174	**9,815**	10,174

21.b State Audit

State Audit Institution (SAI) has issued a report on 2nd November 2020, mainly relating to Container Terminal and a second report related to General Cargo Terminal on 1st February 2021 . The Company has noted the observations and appropriately responded on 6th April 2021 after discussions with the Board. The SAI has further issued follow up report dated 8th December 2021 enquiring about the latest updates which has also also been responded reiterating our submissions.

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21.c Claims and contingent liabiltiy

Various claims against the Company have been made by suppliers and customers which the Company does not acknowledge as liabilities based on agreed contractual terms. The Company's management strongly feels that these claims lack locus standi and based on available documents and processes, and the Company has strong grounds to succeed in all these claim matters. The outcome of these claims is not expected to have a material impact on the Company's financial statements for current year or the future period.

(i) Three separate cases filed by the legal heirs of the deceased who died due to their fatal injuries following a crane rope tripping tragedy in the General Cargo Terminal area of the Port in the month of February 2020. In each of these 3 cases, the Salalah primary court had rejected their claims against the Company, while passing order against the crane equipment insurer to pay RO 25k towards "Blood Money" to each of the deceased families. In the Appeal, the Court of Appeal, Salalah held the same view. Hence, Vision Insurance (Equipment Insurer) had appealed before the Supreme Court of Oman. the outcome of this Appeal is awaited.

(ii) 27 cases filed by the Company's employees against National General Insurance and the Company for providing disability claims which the Primary Court, Salalah had rejected. Against this order, 21 employees have appealed before Court of Appeal Salalah which was again rejected by the Court. Six employees have filed their appeal before the Supreme Court of Oman amounting to RO 104 k. the final outcome is awaited. There are no claims or material evidence against the Company in these Appeals.

(iii) On 23rd November 2020, Maersk issued LMAA Arbitration proceedings against the Company in order to protect time in respect of any indemnity claims that Maersk have in respect of Cyclone Mekunu. Maersk subsequently granted SPS an extension of time to appoint an arbitrator in its arbitration proceeding and that extension of time remains in place. Meanwhile, the Company had replied to Maersk's notice of Arbitration as it is time barred from claiming any indemnity and that preconditions to initiate an arbitration proceeding by Maersk has not been met with. Till date no response received from Maersk.

In the same Cyclone Mekunu related cargo claims, MSC commenced LCIA Arbitration against the Company on 24th May 2019 to protect time in respect of any indemnity claims that MSC have in respect of Cyclone Mekunu. In the said Arbitration proceedings, the parties entered into an agreement to stay the proceedings in March 2020 and to transfer the proceedings to LMAA Arbitration , if commenced. The Arbitration proceedings have remained on hold since that time.

21 Commitments and contingencies (continued)

21.c Claims and contingent liability (continued)

(iii) (continued)

As per the letter dated 5 February 2022 received from the Company's London Lawyers, present Cyclone Mekunu related Maersk cargo claims are valued at USD 1.492 million pending before various courts/tribunals in Oman, India and Egypt. In the same notification the Company's London Lawyers notified that MSC has a claim issued in the English High Court for a value of GBP 799,827 towards the value of the cargo allegedly damaged from Cyclone Mekunu.

Subject to settlement of the above cargo claims due to Mekunu, Company will reclaim from its insurers under its insurance policies.

(iv) An ex-employee filed a case against the company towards payment of back wages and reinstatement of his employment along with his visa renewed with fines. Claim amount RO 27k. Court of Appeal ordered payment of amount claimed. Appeal filed before the Supreme Court Oman. The Court of Appeal stayed the order from execution.

22 Financial risk management

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

(i) Credit risk
(ii) Liquidity risk
(iii) Market risk
(iv) Currency risk

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

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

Trade receivables: Credit is extended to customers only with an objective of optimizing the Company's profits and the prime responsibility for providing credit to customers and the timely collection of all debts rests with the functional manager. Credit has a cost to the business and necessary controls and procedures are established to manage the

Company's credit risk and its working capital. It is therefore Company's policy to have effective credit control systems in place which are flexible enough to respond to changing market needs yet rigorous enough to ensure that customer credit limits are established and regularly updated on the basis of reliable up-to-date information.

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

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

Parent Company		Consolidated			Parent Company		Consolidated	
2020	**2021**	2020	**2021**		**2021**	2020	**2021**	2020

US $ '000	US $ '000	US $ '000	US $ '000		RO'000	RO'000	RO'000	RO'000
10,536	**11,894**	10,536	**11,894**	Oman	**4,575**	4,052	**4,575**	4,052
5,549	**17,384**	5,549	**17,384**	Europe	**6,686**	2,134	**6,686**	2,134
36	**50**	36	**50**	Other and Asia	**19**	14	**19**	14
16,121	**29,328**	16,121	**29,328**	**Total**	**11,280**	6,200	**11,280**	6,200

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Notes to Consolidated and parent financial statements

22 Financial risk management (continued)

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

Parent Company		Consolidated			Parent Company		Consolidated	
2020 US $ '000	**2021 US $ '000**	2020 US $ '000	**2021 US $ '000**		**2021 RO'000**	2020 RO'000	**2021 RO'000**	2020 RO'000
5,386	**17,391**	5,386	**17,391**	Shipping Lines	**6,689**	2,071	**6,689**	2,071
10,735	**11,936**	10,735	**11,936**	Others	**4,591**	4,129	**4,591**	4,129
16,121	**29,328**	16,121	**29,328**	**Total**	**11,280**	6,200	**11,280**	6,200

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

Parent Company		Consolidated			Parent Company		Consolidated	
2020 US $ '000	**2021 US $ '000**	2020 US $ '000	**2021 US $ '000**		**2021 RO'000**	2020 RO'000	**2021 RO'000**	2020 RO'000
11,240	**24,081**	11,240	**24,081**	Within credit period	**9,262**	4,322	**9,262**	4,322
2,861	**3,116**	2,861	**3,116**	Past due 90-180 days	**1,197**	1,100	**1,197**	1,100
2,020	**2,131**	2,020	**2,131**	More than 180 Days	**821**	778	**821**	778
16,121	**29,328**	16,121	**29,328**	**Total**	**11,280**	6,200	**11,280**	6,200

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

Impairment of financial assets

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

Trade receivables

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

The expected loss rates are based on payment profiles of the trade receivables over a period of 36 months before 1 January 2021 and corresponding historical credit loss experience which are adjusted to reflect current and forward-looking information based on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified Gross Domestic Product of Oman to be the most relevant factors and accordingly, adjust the historical loss rates based on expected changes in the factor.

Movement of ECL during the year :

(i) Trade receivables:

Parent Company		Consolidated			Parent Company		Consolidated	
2020 US $ '000	**2021 US $ '000**	2020 US $ '000	**2021 US $ '000**		**2021 RO'000**	2020 RO'000	**2021 RO'000**	2020 RO'00 0
1,144	**1,521**	1,144	**1,521**	1 January	**585**	440	**585**	440
376	**(226)**	376	**(226)**	(Reversed) / provided during the year	**(87)**	145	**(87)**	145
1,520	**1,295**	1,520	**1,295**	31 December	**498**	585	**498**	585

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Notes to Consolidated and parent financial statements

22 Financial risk management (continued)

(ii) Cash and cash equivalent:

Parent Company 2020 US $ '000	Parent Company 2021 US $ '000	Consolidated 2020 US $ '000	Consolidated 2021 US $ '000		Parent Company 2021 RO'000	Parent Company 2020 RO'000	Consolidated 2021 RO'000	Consolidated 2020 RO'000
-	**468**	-	**468**	1 January	**181**	-	**181**	-
469	**(70)**	469	**(70)**	(Reversed) / provided during the year	**(27)**	181	**(27)**	181
469	**398**	469	**398**	31 December	**154**	181	**154**	181

(iii) Impairment losses on financial assets

Parent Company 2020 US $ '000	Parent Company 2021 US $ '000	Consolidated 2020 US $ '000	Consolidated 2021 US $ '000		Parent Company 2021 RO'000	Parent Company 2020 RO'000	Consolidated 2021 RO'000	Consolidated 2020 RO'000
377	**(226)**	377	**(226)**	Trade receivables	**(87)**	145	**(87)**	145
469	**(70)**	469	**(70)**	Cash & cash equivalent	**(27)**	181	**(27)**	181
846	**(296)**	846	**(296)**		**(114)**	326	**(114)**	326

On that basis, the loss allowance as of 31 December 2021 was determined for trade receivables (refer note 14 (a)).

	Not due	0 - 30 days	31 - 60 days	61 - 90 days	Above 90 days
31 December 2021					
Trade receivables	**2.07%**	**13.83%**	**38.22%**	**84.59%**	**100%**
31 December 2020					
Trade receivables	3.57%	23.11%	60.67%	100%	100%

The loss allowance for cash & cash equivalent balance as of 31 December 2021 has been computed based on rating grades issued by external rating agency.

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

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

Other financial assets at amortised cost

Other financial assets at amortised cost include other receivables. Other financial assets at amortised cost are considered to have low credit risk, and the loss allowance considered during the year was therefore limited to 12 months expected losses. Management believes that the expected credit loss on the above category of financial assets is not material and hence no loss allowance was made for such financial assets at 31 December 2021 and 31 December 2020.

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

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22 Financial risk management (continued)

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

	2021				2020			
	Less than 3 months	3 to 6 months	6 to 12 months	Total	Less than 3 months	3 to 6 months	6 to 12 months	Total
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Trade and Other Payables	14,572	2,102	708	17,382	11,963	574	3,793	16,330
Amount due to related Parties	871	-	-	871	710	-	-	710
	15,443	2,102	708	18,253	12,673	574	3,793	17,040
	US $'000	US $'000	US $'000	US $'000	US $'000	US $'000	US $'000	US $'000
Trade and Other Payables	37,877	5,465	1,842	45,184	31,106	1,491	9,860	42,457
Amount due to related Parties	2,266	-	-	2,266	1,844	-	-	1,844
	40,143	5,465	1,842	47,450	32,950	1,491	9,860	44,301

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

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

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

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

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

There were no changes in the Company's approach to capital management during the year. The Company and its subsidiary's capital requirements are determined by the requirements of Capital Market Authority and by the Commercial Companies Law of 2019 of the Sultanate of Oman.

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

Management has assessed that the COVID-19 outbreak will not have a material adverse impact on the future results of the Company and accordingly no impairment indicators on the Company's non-financial assets exist as at 31 December 2021.

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Notes to Consolidated and parent financial statements

23 Fair values of the financial instruments (continued)

Financial instruments comprise financial assets, financial liabilities and derivatives.

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

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

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

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

- Cash and short-term deposits, trade and related parties receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Fair value of quoted instruments is based on price quotations at the reporting date.
- Interest rate swaps are fair valued on the valuation provided by the counter parties.

Fair value hierarchy

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

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

During the year ended 31 December 2021, there were no transfers between Level 1 and Level 2 fair value measurements**.**

24 Critical account estimate

(i) Useful lives of property and equipment

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

(ii) Allowance for slow moving or obsolete inventories

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

At the end of the December 2021, gross inventories were approximately RO 4.24 million (US$ 11.01 million) [December 2020 – RO 3.73 million (US$ 9.69 million)] and provisions for old and obsolete inventories was RO 1.53 million (US$ 3.98 million) [December 2020– RO 1.18 million (US$ 3.08 million)]. Any difference between the amounts actually realised in future years and the amounts expected will be recognised in the statement of comprehensive income.

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Notes to Consolidated and parent financial statements

24 Critical account estimate (continued)

(iii) Taxes

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

(iv) Impairment of financial assets

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

(v) Impairment of non-financial assets

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

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

(vi) Fair valuation of assets pertaining to bunkering facility

The Company has acquired certain assets from BP Global Investments Salalah & Co. LLC (BP) on 1 November 2021 upon termination of the agreement for the bunkering facility. The Company has agreed a price of USD 3.65 million (RO 1.4 million) for these assets, the payment of which is subject to the ability of the Company to find an operator before an agreed date. The inability of the Company to find an operator by the agreed date may require the reassessment of fair value of this amount, hence this bears the characteristics of a variable consideration. Management has assessed USD 3.65 million (RO 1.4 million) to be the best estimate of the fair value of these assets and the related liability. This is considered to be a significant estimate which is based on unobservable inputs, the details of which can be found in note 13.a.(i) . A change in fair value by 1% to 5% would cause a change in fair value of liability by USD 0.037 million (RO 0.014 million) to USD 0.183 million (RO 0.07 million).

25 Insurance compensation

The Group has reached an agreement on February 12, 2020 with the insurance parties regarding the damages of the 2018 Cyclone Mekunu. The total settlement amount of RO 26.06 million (USD 67.75 million) has been recognised already as income in 2018. The balance amount of RO 11.25 million (USD 29.25 million) was recognised as income and fully received during 2020. In addition to the above, the Group received an insurance settlement amount of RO 0.147 million from Local insurance company in Aug-2020, towards damage to minor assets covered under a Property all risk (PAR) policy. Hence the total insurance settlement receipt for 2020 is RO 11.397 million.

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Notes to Consolidated and parent financial statements

Note 13.a Property and equipment *for the year ended 31 December 2021*

	Leasehold / Infrastructure improvements RO '000	Quay gantry cranes RO '000	Rubber tyre gantry cranes RO '000	Tractors and trailors RO '000	Forklifts and reach Stackers RO '000	Marine equipment RO '000	Motor vehicles RO '000	Computer equipment RO '000	Furniture, fixtures and equipment RO '000	Capital work in progress RO '000	Total RO '000
Cost											
1 January 2021	8,202	72,753	37,930	8,022	3,355	17,156	208	3,917	4,888	2,394	158,825
Transfers	-	307	-	-	-	445	-	-	40	(792)	-
Additions for the year	1,404	-	-	-	-	-	-	-	-	8,302	9,706
Disposal	-	-	-	-	-	-	-	-	-	-	-
31 December 2021	9,606	73,060	37,930	8,022	3,355	17,601	208	3,917	4,928	9,904	168,531
1 January 2021	(6,698)	(46,425)	(30,204)	(2,443)	(2,337)	(9,855)	(193)	(3,719)	(3,832)	-	(105,706)
Depreciation for the year*	(348)	(3,718)	(2,113)	(723)	(278)	(1,523)	(15)	(162)	(70)	-	(8,950)
Disposal	-	-	-	-	-	-	-	-	-	-	-
31 December 2021	(7,046)	(50,143)	(32,317)	(3,166)	(2,165)	(11,378)	(208)	(3,881)	(3,902)	-	(114,656)
Net book value											
31 December 2021	2,560	22,917	5,613	4,856	740	6,223	-	36	1,026	9,904	53,875
31 December 2020	1,504	26,328	7,726	5,579	1,018	7,301	15	198	1,056	2,394	53,119

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Notes to the consolidated and parent financial statements

Note 13.a Property and equipment *for the year ended 31 December 2021 (continued)*

	Leasehold / Infrastructure improvements US$ '000	Quay gantry cranes US$ '000	Rubber tyre gantry cranes US$ '000	Tractors and trailors US$ '000	Forklifts and reach Stackers US$ '000	Marine equipment US$ '000	Motor vehicles US$ '000	Computer equipment US$ '000	Furniture, fixtures and equipment US$ '000	Capital work in progress US$ '000	Total US$ '000
Cost											
1 January 2021	21,327	189,159	98,618	20,857	8,723	44,606	541	10,183	12,710	6,223	412,946
Transfers	-	798	-	-	-	1,157	-	-	103	(2,058)	-
Additions for the year	3,650	-	-	-	-	-	-	-	-	21,587	25,237
Disposal	-	-	-	-	-	-	-	-	-	-	-
31 December 2021	24,977	189,957	98,618	20,857	8,723	45,763	541	10,183	12,813	25,752	438,183
1 January 2021	(17,415)	(120,706)	(78,531)	(6,351)	(6,076)	(25,622)	(502)	(9,669)	(9,964)	-	(274,836)
Depreciation for the year *	(904)	(9,672)	(5,493)	(1,879)	(722)	(3,962)	(38)	(420)	(182)	-	(23,272)
Disposal	-	-	-	-	-	-	-		-	-	-
31 December 2021	(18,319)	(130,378)	(84,024)	(8,230)	(6,798)	(29,584)	(540)	(10,089)	(10,146)	-	(298,108)
Net book value											
31 December 2021	6,658	59,579	14,594	12,627	1,925	16,179	0	94	2,667	25,752	140,075
31 December 2020	3,912	68,453	20,087	14,506	2,647	18,983	39	514	2,746	6,223	138,110

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Notes to the consolidated and parent financial statements

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

	Leasehold / Infrastructure improvements RO '000	Quay gantry cranes RO '000	Rubber tyre gantry cranes RO '000	Tractors and trailors RO '000	Forklifts and reach Stackers RO '000	Marine equipment RO '000	Motor vehicles RO '000	Computer equipment RO '000	Furniture, fixtures and equipment RO '000	Capital work in progress RO '000	Total RO '000
Cost											
1 January 2020	8,191	72,823	38,277	11,475	3,050	20,882	300	3,953	5,005	580	164,536
Transfers	11	-	-	194	533	-	-	50	70	(858)	-
Additions for the year	-	-	-	-	-	-	-	-	-	2,672	2,672
Disposal	-	(70)	(347)	(3,647)	(228)	(3,726)	(92)	(86)	(187)	-	(8,383)
31 December 2020	8,202	72,753	37,930	8,022	3,355	17,156	208	3,917	4,888	2,394	158,825
1 January 2020	(6,331)	(41,920)	(28,277)	(5,225)	(2,228)	(11,952)	(195)	(3,503)	(3,877)	-	(103,508)
Depreciation for the year*	(367)	(4,571)	(2,265)	(818)	(260)	(1,629)	(90)	(286)	(118)	-	(10,404)
Disposal	-	66	338	3,600	151	3,726	92	70	163	-	8,206
31 December 2020	(6,698)	(46,425)	(30,204)	(2,443)	(2,337)	(9,855)	(193)	(3,719)	(3,832)	-	(105,706)
Net book value											
31 December 2020	1,504	26,328	7,726	5,579	1,018	7,301	15	198	1,056	2,394	53,119
31 December 2019	1,860	30,903	10,000	6,250	822	8,930	105	450	1,128	580	61,027

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Notes to the consolidated and parent financial statements

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

	Leasehold / infrastrcuture improvements US$ '000	Quay gantry cranes US$ '000	Rubber tyre gantry cranes US$ '000	Tractors and trailors US$ '000	Forklifts and reach Stackers US$ '000	Marine equipment US$ '000	Motor vehicles US$ '000	Computer equipment US$ '000	Furniture, fixtures and equipment US$ '000	Capital work in progress US$ '000	Total US$ '000
Cost											
1 January 2020	21,297	189,340	99,520	29,835	7,931	54,293	780	10,278	13,012	1,506	427,794
Transfers	29	-	-	503	1,386	-	-	129	183	(2,230)	-
Additions for the year	-	-	-	-	-	-	-	-	-	6,947	6,947
Disposal	-	(181)	(902)	(9,481)	(594)	(9,687)	(239)	(224)	(485)	-	(21,793)
31 December 2020	**21,326**	**189,159**	**98,618**	**20,857**	**8,723**	**44,606**	**541**	**10,183**	**12,710**	**6,225**	**412,948**
1 January 2020	(16,461)	(108,993)	(73,520)	(13,585)	(5,793)	(31,075)	(507)	(9,108)	(10,081)	-	(269,124)
Depreciation for the year *	(954)	(11,885)	(5,890)	(2,127)	(676)	(4,235)	(234)	(744)	(307)	-	(27,052)
Disposal	-	172	879	9,360	393	9,688	239	183	424	-	21,338
31 December 2020	**(17,415)**	**(120,706)**	**(78,531)**	**(6,352)**	**(6,076)**	**(25,622)**	**(502)**	**(9,669)**	**(9,964)**	**-**	**(274,838)**
Net book value											
31 December 2020	**3,911**	**68,453**	**20,087**	**14,505**	**2,647**	**18,984**	**39**	**514**	**2,747**	**6,225**	**138,110**
31 December 2019	4,839	80,344	26,007	16,250	2,138	23,219	275	1,162	2,933	1,506	158,670