

**AL FAYHA TRANSPORT LLC**

**FINANCIAL STATEMENTS  
31 DECEMBER 2015**

**Registered address**  
P.O. Box 110  
Postal Code 115  
Madinat Sultan Qaboos  
Sultanate of Oman

# AL FAYHA TRANSPORT LLC

## FINANCIAL STATEMENTS

31December2015

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# AL FAYHA TRANSPORT LLC

## COMPANY INFORMATION

### REGISTRATION AND SHARE CAPITAL

Commercial Registration No: 1274414

Registration date: 6 December 1988

Registration renewal date: 5 December 2018

Registered and paid up capital RO: 150,000

### REGISTERED ACTIVITIES

Trucking of freight, bulk liquids and equipment

Motor vehicle service station

Repairing, polishing and painting of motor vehicles

Sea freight and coastal water transport overseas

### SHAREHOLDERS

Mr. Khalid Bin Hamed Bin Eissa Al Taie

M/s. Clarion Shipping Services LLC, UAE

### AUTHORISED SIGNATORIES

Mr. Khalid Bin Hamed Bin Eissa Al Taie

Mr. Kunju Kutty Aniyam Kunju

### REGISTERED ADDRESS

P.O. Box 110

Postal Code 115

Madinat Sultan Qaboos

Sultanate of Oman

### BANKERS

Oman Arab Bank

Bank Muscat

### AUDITORS

Morison Muscat Chartered Accountants

P.O. Box 2123

Postal Code 112

Ruwi

Sultanate of Oman



## INDEPENDENT AUDITORS' REPORT

### The Shareholders

Al Fayha Transport LLC  
Muscat, Sultanate of Oman

### Report on the financial statements

We have audited the accompanying financial statements of **Al Fayha Transport LLC** ("the Company") which comprise the statement of financial position as at 31 December 2015 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes as set out on pages 7 to 17 and Schedule-1 on page 18 and 19.

### Management's responsibility for the financial statements

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

### Auditors' responsibility

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

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

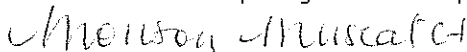
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

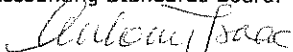
### Basis for Qualified Opinion

Accounts receivable of RO 102,174 includes amounts aggregating to RO 80,918 which is past due at reporting date. The Company has not recognized loss on account of re-measurement of the financial asset at fair value and therefore is carrying the financial asset at higher than its fair value. The aggregate effect of fair value adjustment is RO 3,073. Further, the Company had amounts due from its related parties aggregating to RO 93,312 which do not carry any interest. The Company has not made adjustments in the financial statements on account of re-measurement of these financial instruments to their respective fair values at reporting date which is RO 5,552. The measurement and presentation of the financial asset is not in accordance with the requirements of IAS 39 and IAS 32 which require all financial instruments to be measured and presented at their fair values. The effect of the non-provision has led to overstatement of total comprehensive income, retained earnings and accounts receivable.

### Qualified Opinion

In our opinion, except for effect of matters described in "Basis for Qualified Opinion" paragraph, the financial statements, which have been prepared on the basis of the accounting policies set out in the accompanying notes, present fairly, in all material respects, the financial position of **Al Fayha Transport LLC** as at 31 December 2015, its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as promulgated by the International Accounting Standards Board.

  
Morison Muscat Chartered Accountants  
Licence No: MH/4/2004

  
Signed by: Antony Isaac

# AL FAYHA TRANSPORT LLC

## STATEMENT OF COMPREHENSIVE INCOME

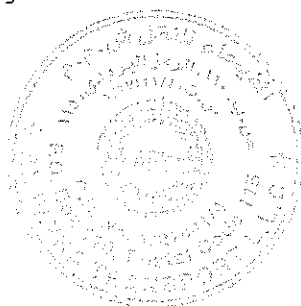
For the year ended 31 December 2015

	Note	2015 RO	2014 RO
Revenue	3	553,350	563,327
Direct cost	4	(412,966)	(440,589)
<b>Gross profit</b>		<b>140,384</b>	<b>122,738</b>
General and administrative expenses	6	(95,169)	(93,849)
<b>Profit from operations</b>		<b>45,215</b>	<b>28,889</b>
Other income	7	26,803	31,746
Finance charges		(1,919)	-
<b>Profit before taxation</b>		<b>70,099</b>	<b>60,635</b>
Taxation (including Deferred Tax)	8	(4,817)	(3,671)
<b>Total comprehensive income for the year</b>		<b>65,282</b>	<b>56,964</b>
		=====	=====

The notes on pages 7 to 17 and Schedule 1 on pages 18 and 19 form part of these financial statements.  
The report of the Auditors is set out on page 2.

Approved and authorised for issue  
For Al Fayha Transport LLC

  
Authorised signatory



**AL FAYHA TRANSPORT LLC****STATEMENT OF FINANCIAL POSITION**

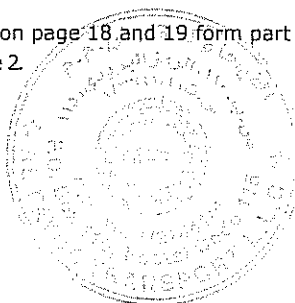
As at 31 December 2015

	Note	2015 RO	2014 RO
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment, net	Sch - 1	<b>215,070</b>	154,884
<b>Current assets</b>			
Inventory		1,409	-
Accounts receivable	9	102,174	111,658
Prepayments and advances	10	10,804	8,679
Due from related parties	11	93,312	30,140
Cash and cash equivalents	12	105,281	87,888
<b>Total current assets</b>		<b>312,980</b>	238,365
<b>TOTAL ASSETS</b>		<b>528,050</b>	393,249
		=====	=====
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Share capital	1	150,000	150,000
Legal reserve	2(c)	50,000	50,000
Retained earnings		151,290	86,008
<b>Total shareholders' equity</b>		<b>351,290</b>	286,008
<b>Non-current liabilities</b>			
Obligation under finance lease	14	54,294	-
Deferred tax liability	8	14,240	10,820
End of service benefits		43,908	43,197
<b>Total non-current liabilities</b>		<b>112,442</b>	54,017
<b>Current liabilities</b>			
Accounts payable		27,884	29,696
Current portion of finance lease	14	13,025	-
Accruals and provisions	13	21,614	20,730
Provision for taxation		1,795	2,798
<b>Total current liabilities</b>		<b>64,318</b>	53,224
<b>Total liabilities</b>		<b>176,760</b>	107,241
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>528,050</b>	393,249
		=====	=====

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Authorised signatory



**AL FAYHA TRANSPORT LLC****STATEMENT OF CHANGES IN EQUITY**

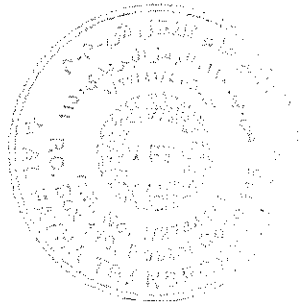
For the year ended 31 December 2015

	Share capital RO	Legal reserve RO	Retained earnings RO	Total RO
As at 1 January 2014	150,000	50,000	29,044	229,044
Total comprehensive income for the year	-	-	56,964	56,964
As at 31 December 2014	<u>150,000</u> =====	<u>50,000</u> =====	<u>86,008</u> =====	<u>286,008</u> =====
<b>As at 1 January 2015</b>	150,000	50,000	86,008	286,008
Total comprehensive income for the year	-	-	65,282	65,282
<b>As at 31 December 2015</b>	<u>150,000</u> =====	<u>50,000</u> =====	<u>151,290</u> =====	<u>351,290</u> =====

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**Approved and authorised for issue  
For Al Fayha Transport LLC**

**Authorised signatory**



# AL FAYHA TRANSPORT LLC

## STATEMENT OF CASH FLOWS

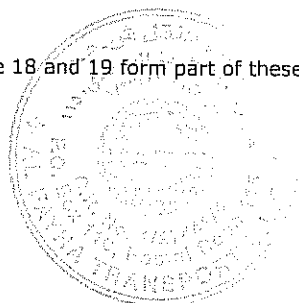
For the year ended 31 December 2015

	2015 RO	2014 RO
<b>OPERATING ACTIVITIES</b>		
Profit before taxation	70,099	60,635
<i>Adjustments for non-cash items</i>		
Depreciation	40,619	34,888
Finance charges	1,919	-
Profit on sale of property, plant and equipment	(26,000)	(31,400)
Provision for end of service benefits	4,520	4,208
<b>Operating cash flow before working capital changes</b>	<b>91,157</b>	<b>68,331</b>
<i>Changes in working capital</i>		
(Decrease)/ Increase in trade and other receivables	7,358	(4,814)
(Increase)/ Decrease in inventory	(1,409)	1,832
(Increase) / decrease in related party balances	(24,212)	15,422
Increase in trade and other payables	(5,928)	(11,220)
<b>Cash from operations</b>	<b>71,966</b>	<b>69,551</b>
Income tax paid	(2,400)	(2,400)
End of service benefit paid	(3,809)	(5,481)
<b>Net cash from operating activities</b>	<b>65,757</b>	<b>61,670</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(28,305)	(3,998)
Proceeds from sale of property, plant and equipment	26,000	31,400
<b>Net cash (used in) / from investing activities</b>	<b>(2,305)</b>	<b>27,402</b>
<b>FINANCING ACTIVITIES</b>		
Repayment of lease liability	(5,181)	-
Interest on finance lease	(1,919)	-
Funds received from related party	92,175	192,804
Funds remitted to related party	(131,134)	(223,000)
<b>Net cash used in financing activities</b>	<b>(46,059)</b>	<b>(30,196)</b>
<b>Net increase in cash and cash equivalents</b>	<b>17,393</b>	<b>58,876</b>
Cash and cash equivalents, beginning of year	87,888	29,012
<b>Cash and cash equivalents, end of year</b>	<b>105,281</b>	<b>87,888</b>
	=====	=====
<b>Cash and cash equivalents comprise of</b>		
Cash in hand	2,865	2,011
Bank balances	102,416	85,877
	<b>105,281</b>	<b>87,888</b>
	=====	=====

The notes on pages 7 to 17 and Schedule 1 on page 18 and 19 form part of these financial statements.  
The report of the Auditors' is set out on page 2.

Approved and authorised for issue  
For Al Fayha Transport LLC

Authorised signatory





## AL FAYHA TRANSPORT LLC

**Notes** - forming part of the financial statements  
As at and for the year ended 31 December 2015

### 1 Legal status and principal activities

**Al Fayha Transport LLC** ("the Company") was registered as a limited liability company (subject to foreign investment rules) at the Ministry of Commerce and Industry, Sultanate of Oman on 6 December 1988. The share capital of the Company is as follows:

	RO	%
Mr. Khalid Bin Hamed Bin Eissa Al Taie- Oman	45,000	30%
M/s Clarion Shipping Services LLC - UAE	105,000	70%
	<u>150,000</u>	<u>100%</u>
	=====	=====

The principal activity of the Company is trucking of freight, bulk liquids and equipment, motor vehicle service station, repairing, polishing and painting of motor vehicles, sea freight and coastal water transport overseas.

### 2 Significant accounting policies

#### *(a) Accounting Convention*

These financial statements are prepared on the historical cost basis.

#### *(b) Adoption of new and revised IFRS and IFRIC*

For the year ended 31 December 2015, the Company has adopted all applicable new and revised standards and interpretations issued by IASB and IFRIC that are effective for the accounting year beginning on 1 January 2015.

As at the date of the authorisation of these financial statements the following pronouncements were issued but were not made effective:

Financial Instruments - IFRS 9 - This IFRS introduces new requirements for the classification and measurement of financial asset, a new measurement category 'fair value through other comprehensive income', a new 'expected credit loss' model for the measurement of the impairment of financial assets and a new hedge accounting model which is closely aligned with how entities undertake risk management activities when hedging risk exposures - Effective for annual periods beginning on or after 1 January 2018.

Revenue from contracts with customers - IFRS 15 - This IFRS provides a single, principles based five-step model to be applied to all contracts with customers. This IFRS also provides guidance on when the revenue is recognized and various related matters. It also introduces new disclosures about revenue - Effective for annual periods beginning on or after 1 January 2018.

Leases - IFRS 16 - This IFRS sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the lessee and the lessor. IFRS 16 eliminates the classification of leases as either operating leases or finance leases and introduces a single lessee accounting model whereby the lessee is required to recognise assets and liabilities for all leases with a term of more than 12 months and recognises depreciation of lease assets separately from interest on lease liabilities in the income statement. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17.

## AL FAYHA TRANSPORT LLC

**Notes** - forming part of the financial statements  
As at and for the year ended 31 December 2015

### 2 Significant accounting policies (Cont'd...)

Amendments to IFRS 11 - Accounting for Acquisitions of Interests in Joint Operations - This amendment requires the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in IFRS 3, to apply all of the principles on business combinations accounting in IFRS 3 and other IFRSs with the exception of those principles that conflict with the guidance in IFRS 11 and to disclose the information required by the IFRSs for business combinations - Effective for annual periods beginning on or after 1 January 2016.

Amendments to IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortization - The amendments clarify that a revenue-based method is not considered to be an appropriate manifestation of consumption and provides guidance on the expectation of technological or commercial obsolescence of the asset - Effective for annual periods beginning on or after 1 January 2016.

Amendment to IAS 16 and IAS 41 - Agriculture: Bearer Plants - This amendment includes 'bearer plants' within the scope of IAS 16 rather than IAS 41 and introduces a definition of 'bearer plants' as a living plant that is used in the production or supply of agricultural produce for more than one period - Effective for annual periods beginning on or after 1 January 2016.

Amendments to IAS 27 - Equity Method in Separate Financial Statements - This amendment permits investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements - Effective for annual periods beginning on or after 1 January 2016.

Amendment to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - This amendment clarifies the treatment of gains and losses arising on the sale or contribution of assets based on whether or not the sale or contribution results in a business - Effective for annual periods beginning on or after 1 January 2016.

Amendment to IAS 1 - Disclosure Initiative - This amendment clarifies that materiality considerations apply to all parts of the financial statements and it also provides further clarification on the presentation of the financial statements - Effective for annual periods beginning on or after 1 January 2016.

Amendments to IFRS 10, IFRS 12 and IAS 28 - Investment Entities: Applying the Consolidation Exception- This amendment clarifies that the exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value. It also clarifies that a subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity - Effective for annual periods beginning on or after 1 January 2016.

Annual Improvements 2012-2014 Cycle - Effective for annual periods beginning on or after 1 July 2016.

Management had not determined whether their adoption of the above pronouncements is likely to have any significant impact on the presentation and disclosure of items in the financial statements for future periods.

## AL FAYHA TRANSPORT LLC

**Notes** - forming part of the financial statements  
As at and for the year ended 31 December 2015

### 2 Significant accounting policies (Cont'd...)

The following accounting policies have been consistently applied in dealing with items considered material to the Company's financial statements:

#### a) *Property, plant and equipment*

Items of assets capitalized under property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

##### *Depreciation*

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful economic lives of items of property, plant and equipment from the date of purchase at the following annual rates:

Buildings	-	10%
Motor vehicles	-	15%

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

Assets acquired under finance lease are depreciated over their expected useful lives on the same basis as owned assets or where the useful life of the leased asset is shorter than the lease term, the leased asset are depreciated over the term of the lease.

Where the carrying amount of an asset is greater than its estimated recoverable amount it is written down immediately to its recoverable amount. Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining the total comprehensive income or loss.

#### b) *Legal reserve*

Article 154 of the Commercial Companies Law of 1974 requires that 10% of the Company's net profit be transferred to a non-distributable legal reserve until the amount of the legal reserve equal at least one-third of the Company's share capital.

#### c) *Cash and cash equivalents*

Cash and cash equivalents comprise cash in hand and bank balances.

#### d) *Impairment*

The carrying amounts of the Company's assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

## AL FAYHA TRANSPORT LLC

### Notes - forming part of the financial statements

As at and for the year ended 31 December 2015

#### 2 Significant accounting policies (Cont'd...)

##### e) *Estimates*

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the resultant provisions and changes in fair value for the period. Such estimates are necessarily based on assumptions about several factors involving varying and possibly significant, degrees of judgement and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated assets and liabilities.

##### f) *End of service benefits*

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

Provision for non-Omani employee terminal benefits is made in accordance with Omani Labour Law for the accumulated years of service at statement of financial position date. The provision is non-funded.

##### (g) *Obligation under finance lease*

Assets acquired under finance leases are recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability is included in the statement of financial position as obligation under finance lease.

Lease liabilities are classified as current and long-term based upon the timing of payment obligation. Lease payments are apportioned between finance charges and reduction of the obligation under finance lease so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to statement of comprehensive income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs.

##### h) *Provisions*

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefit will be required to settle the obligation.

##### i) *Revenue recognition*

Transport revenue is recognised when the Company's right to receive income is established in accordance with the terms of contract which normally happens when goods reach the destination.

Crane hire charges are recognized on usage of crane by the customer.

##### j) *Inventory*

Inventory which is held solely for internal consumption is valued at cost.

**AL FAYHA TRANSPORT LLC**

**Notes** - forming part of the financial statements  
As at and for the year ended 31 December 2015

**2 Significant accounting policies (Cont'd...)***k) Foreign currency translation*

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). Transactions in foreign currencies are translated to Rial Omani at the foreign exchange rate ruling at the date of the transaction. All monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Rial Omani at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translations are recognised in the statement of comprehensive income.

*l) Taxation*

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

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the statement of financial position date, and any adjustment to tax payable in respect of earlier years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the statement of financial position date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

	<b>2015</b>	2014
	<b>RO</b>	RO
<b>3 Revenue</b>		
Transport income	553,350	561,077
Crane hire charges	-	2,250
	<u>553,350</u>	<u>563,327</u>
	=====	=====
<b>4 Direct cost</b>		
Fuel expenses	166,374	174,757
Purchase of diesel stock	1,304	-
Wages and allowances(Refer Note 5)	90,827	92,585
Vehicle maintenance	54,894	75,446
Garage expenses	5,756	5,591
Garage rent	24,000	24,000
Vehicle insurance	23,324	25,525
Vehicle hire expenses	-	720
Registration and renewal	5,251	6,195
Miscellaneous expenses	3,166	2,022
Depreciation	39,479	33,748
	<u>414,375</u>	<u>440,589</u>
Less: Closing fuel stock	(1,409)	-
	<u>412,966</u>	<u>440,589</u>
	=====	=====

## AL FAYHA TRANSPORT LLC

**Notes -** forming part of the financial statements  
As at and for the year ended 31 December 2015

	<b>2015</b>	2014
	<b>RO</b>	RO
<b>5 Employee cost</b>		
Salaries and wages	137,112	134,745
Contractual benefits	19,986	17,422
Other employee costs	2,946	5,007
	<u>160,044</u>	<u>157,174</u>
	=====	=====
<i>Allocation of employee cost:</i>		
Direct cost	90,827	92,585
General and administrative expenses	69,217	64,589
	<u>160,044</u>	<u>157,174</u>
	=====	=====
<b>6 General and administrative expenses</b>		
Administrative staff cost(Refer Note 5)	69,217	64,589
Rent	7,463	2,910
Other fuel expenses	1,455	3,445
Electricity and water charges	2,889	2,712
Vehicle maintenance expenses	4,910	4,830
Telephone, internet and postage	1,965	5,255
Travelling and conveyance	562	2,040
Insurance charges	301	269
Printing and stationery	859	988
Bad debts written off	-	800
Provision for bad debts	120	800
Professional charges	2,400	2,400
Depreciation	1,140	1,140
Registration and renewal	864	324
Miscellaneous expenses	1,024	1,347
	<u>95,169</u>	<u>93,849</u>
	=====	=====
<b>7 Other income</b>		
Profit on sale of property, plant and equipment	26,000	31,400
Other income	803	346
	<u>26,803</u>	<u>31,746</u>
	=====	=====
<b>8 Taxation</b>		
<i>Statement of comprehensive income</i>		
Current year's tax expense	1,397	878
Deferred tax expense	3,420	2,793
	<u>4,817</u>	<u>3,671</u>
	=====	=====

**AL FAYHA TRANSPORT LLC**

**Notes** - forming part of the financial statements  
As at and for the year ended 31 December 2015

	2015 RO	2014 RO
<b>8 Taxation (Cont'd...)</b>		
<i>Statement of financial position</i>		
<b>Non-current liability</b>		
Deferred tax liability	14,240	10,820
	=====	=====
<b>Current liabilities</b>		
Provision for taxation	1,795	2,798
	=====	=====

- (a) Income tax is payable on profits earned at the rate of 12% of taxable profits in excess of RO 30,000 in accordance with the provisions of Omani Tax Law and Regulations.
- (b) Deferred tax liability and expense recognized in the statement of financial position and statement of comprehensive income, are attributable to following temporary differences:

	2015 RO	Charged to Statement of Comprehensive income RO	2014 RO
Taxable temporary differences arising from			
Accelerated tax depreciation	14,350	3,434	10,916
Deductible temporary differences arising from			
Provision for bad debts	(110)	(14)	(96)
	-----	-----	-----
	<b>14,240</b>	<b>3,420</b>	10,820
	=====	=====	=====

- (c) The Company's tax assessment for the years 2010 to 2014 have not yet been finalized by Tax Department. Management believes that no additional tax liability will arise in respect of the open years.

	2015 RO	2014 RO
<b>9 Accounts receivable</b>		
Not yet due	21,256	19,663
Past due but not impaired	80,918	91,995
Past due and impaired	920	800
	-----	-----
Total accounts receivable	<b>103,094</b>	112,458
Less: Provision for doubtful debts	(920)	(800)
	-----	-----
	<b>102,174</b>	111,658
	=====	=====

- (a) Accounts receivable are non-interest bearing and are generally 90 days credit terms.
- (b) Included the Company's accounts receivables balances with carrying amount of RO 81,838 (2014: RO 92,795) which are past due at reporting date. The Company has made a provision for doubtful debt amounting to RO920 for past due balances which in the opinion of the Company is doubtful of recovery. No provision has been made for remaining past due amount as the management believes it will be able to recover the same. The Company does not hold any collateral over these balances.

## AL FAYHA TRANSPORT LLC

**Notes** - forming part of the financial statements  
As at and for the year ended 31 December 2015

### 9 Accounts receivable (Cont'd...)

The ageing of past due but not impaired:

	<b>Gross</b>	<b>Impairment</b>	<b>Gross</b>	<b>Impairment</b>
	<b>2015</b>	<b>2015</b>	<b>2014</b>	<b>2014</b>
	<b>RO</b>	<b>RO</b>	<b>RO</b>	<b>RO</b>
30 - 60 days	18,472	-	17,691	
60 - 180 days	38,707	-	58,022	
More than 180 days	24,659	920	17,082	800
	<u>81,838</u>	<u>920</u>	<u>92,795</u>	<u>800</u>
	=====	====	=====	====

	<b>2015</b>	<b>2014</b>
	<b>RO</b>	<b>RO</b>
<b>10 Prepayments and advances</b>		
Prepaid expenses	7,303	3,906
Staff advances	3,421	4,693
Deposit	80	80
	<u>10,804</u>	<u>8,679</u>
	=====	=====

### 11 Related party transactions and balances

The Company has entered into financial transactions with the parties, which fall within the definition of related parties as contained in International Accounting Standard 24. Related parties comprise the shareholders and business entities in which they have the ability to control or exercise significant influence in financial and operating decisions.

	<b>2015</b>	<b>2014</b>
	<b>RO</b>	<b>RO</b>
<b>a) Transactions with related parties</b>		
<i>Transactions with shareholder</i>		
<b>Clarion Shipping Services LLC, Dubai</b>		
Funds remitted	-	45,565
	==	=====
<b>SK. Khalid Al Taie</b>		
Staff rent payable	(24,000)	(24,000)
Rent paid	34,000	16,000
	=====	=====
<i>Transactions with related parties where shareholders has significant influence</i>		
<b>Clarion Shipping Services LLC, Oman</b>		
Services rendered by the Company to related party	1,115	-
Funds received from related party	(92,175)	(192,804)
Fund transferred by the Company	131,134	223,000
Net expenses incurred for the Company	(4,400)	(17,852)
	=====	=====



**AL FAYHA TRANSPORT LLC**

**Notes** - forming part of the financial statements  
As at and for the year ended 31 December 2015

	<b>2015</b>	2014
	<b>RO</b>	RO
<b>11 Related party transactions and balances (Cont'd...)</b>		
<b>a) Transactions with related parties (Cont'd...)</b>		
<b>Al Taie Technical and Commercial Services</b>		
Insurance charge payable	(20,743)	(24,093)
Insurance charge paid	20,743	24,413
	=====	=====
<b>Al Fayha Shipping Agencies LLC</b>		
Funds received from related party	(14,652)	-
Funds remitted to related party	14,652	-
	=====	==
<b>SK. Ali Al Taie</b>		
Expenses incurred for the Company	(2,160)	(2,160)
Funds remitted to related party	1,800	2,700
	===	===
<b>SK Badar Al Taie</b>		
Service rendered	-	90
	==	==
<b>Badar Shipping Agencies LLC</b>		
Services rendered	280	-
Amount received for service rendered	(280)	(270)
	==	==
<b>Heirs of Shk. Hamed Ali Taie</b>		
Expenses incurred by Company	-	60
Funds remitted to related party	278	-
	===	==
<b>Mr. Anian Kutty – Managing Director</b>		
Funds remitted	-	-
Funds received	-	45,565
	==	=====
<b>b) Balances due from related parties</b>		
<b>Due from shareholders</b>		
Clarion Shipping Services LLC, UAE	1,075	1,075
Khalid Bin Hamed Bin Eissa Al Taie	30,000	2,050
<b>Due from other related parties</b>		
Clarion Shipping Services LLC, Oman	61,555	25,879
Anchor Shipping Services	-	297
Badar Shipping Agencies LLC	-	75
Heirs of Shk. Hamed Ali Taie	592	314
Shk. Badar Al Taie	90	90
SK. Ali Al Taie	-	360
<b>Total amount due from related parties</b>	<b>93,312</b>	<b>30,140</b>
	=====	=====
<b>12 Cash and cash equivalents</b>		
Cash in hand	2,865	2,011
Bank balances	102,416	85,877
	<b>105,281</b>	<b>87,888</b>
	=====	=====

## AL FAYHA TRANSPORT LLC

**Notes** - forming part of the financial statements  
As at and for the year ended 31 December 2015

	2015	2014
	RO	RO
<b>13 Accruals and provisions</b>		
Accrued expenses	2,973	2,955
Provision for employee benefits	16,762	15,540
Other payables	1,879	2,235
	<u>21,614</u>	<u>20,730</u>
	=====	=====

### 14 Obligation under finance lease

The Company has entered into finance lease arrangements with a financial institution for lease of vehicles. The minimum lease payments have been discounted using the effective interest rate of 6.54%. The title to the assets under finance leases will transfer to the Company at the end of the lease term. The minimum lease payments and the periods in which these become due, along with their present values are as under.

#### 2 0 1 5

	Future minimum lease payments	Interest payment	Present value of minimum lease
	RO	RO	RO
Upto one year	17,040	4,015	13,025
Between one and five years	61,048	6,754	54,294
	<u>78,088</u>	<u>10,769</u>	<u>67,319</u>
	=====	=====	=====

### 15 Contingencies and commitments

Except for ongoing purchase commitments in the normal course of business against which no loss is expected, there are no other known contingent liabilities. The Company has not entered into any capital commitments at the statement of financial position date.

### 16 Fair value of financial instruments

Financial instruments carried on the statement of financial position comprise of accounts receivables, cash and bank balances due from related parties, account payables, due to related parties and accruals and provisions.

#### *Interest risk*

The Company has no exposure to interest rate fluctuation risks.

#### *Credit risk*

Bank balances are maintained with accredited banks. The Company manages the credit risk on receivables by continuous monitoring of past due balances. Confirmation has been obtained from the majority shareholder that amounts due to the Company will be made available, as needed.

## AL FAYHA TRANSPORT LLC

**Notes** - forming part of the financial statements  
As at and for the year ended 31 December 2015

### 16 Fair value of financial instruments (Cont'd...)

#### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. 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, under both normal and stressed conditions, without incurring unacceptable losses or risking damages to the Company's reputation.

#### *Exchange risk*

The Company's functional and presentation currency is Rial Omani and the Company's performance is substantially independent of changes in foreign currency rates. There are no significant financial instruments denominated in foreign currency and consequently foreign currency risk is not significant.

### 17 Comparative figures and level of precision

Certain comparative figures have been reclassified to conform to the current year presentation adopted in these financial statements.

All figures are rounded off to the nearest Rial Omani.

**AL FAYHA TRANSPORT LLC****Schedule 1****Property, plant and equipment  
As at 31 December 2015**

	<b>Building</b>	<b>Motor vehicles</b>	<b>Leased vehicles</b>	<b>Capital work in progress</b>	<b>Total</b>
	<b>RO</b>	<b>RO</b>	<b>RO</b>	<b>RO</b>	<b>RO</b>
<b>Year ended 31 December 2015</b>					
<i>Cost</i>					
Balance, beginning of year	19,881	635,564	-	7,500	662,945
Additions during the year	-	28,305	-	-	28,305
Assets acquired on finance lease	-	-	72,500	-	72,500
Disposal during the year	-	(169,295)	-	-	(169,295)
<b>Balance, end of year</b>	<b>19,881</b>	<b>494,574</b>	<b>72,500</b>	<b>7,500</b>	<b>594,455</b>
<i>Accumulated depreciation</i>					
Balance, beginning of year	19,162	488,899	-	-	508,060
Charge for the year-Direct	720	34,141	4,618	-	39,479
Charge for the year-Indirect	-	1,139	-	-	1,139
Reversal during the year	-	(169,295)	-	-	(169,295)
<b>Balance, end of year</b>	<b>19,881</b>	<b>354,886</b>	<b>4,618</b>	<b>-</b>	<b>379,385</b>
<b>Net book value</b>					
<b>As at 31 December 2015</b>	<b>-</b>	<b>139,688</b>	<b>67,882</b>	<b>7,500</b>	<b>215,070</b>
	<b>===</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>

(Cont'd...)

# AL FAYHA TRANSPORT LLC

## Schedule 1

Property, plant and equipment  
As at 31 December 2015 (Cont'd...)

	Building	Motor vehicles	Leased vehicles	Capital work in progress	Total
	RO	RO	RO	RO	RO
<b>Year ended 31 December 2014</b>					
<i>Cost</i>					
Balance, beginning of year	19,881	691,833	-	7,500	719,214
Additions during the year	-	39,628	-	-	39,628
Disposal during the year	-	(95,897)	-	-	(95,897)
Balance, end of year	19,881	635,564	-	7,500	662,945
<i>Accumulated depreciation</i>					
Balance, beginning of year	17,338	551,732	-	-	569,070
Charge for the year - Direct	1,824	31,924	-	-	33,748
Charge for the year - Indirect	-	1,139	-	-	1,139
Reversal during the year	-	(95,897)	-	-	(95,897)
Balance, end of year	19,162	488,899	-	-	508,061
Net book value					
As at 31 December 2014	719	146,665	-	7,500	154,844
	===	=====	==	=====	=====