

**CLARION SHIPPING
SERVICES LLC**

**FINANCIAL STATEMENTS
31 DECEMBER 2015**

Business address

P.O. Box 546
Postal Code 131
Muttrah
Sultanate of Oman

CLARION SHIPPING SERVICES LLC

FINANCIAL STATEMENTS

31 December 2015

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CLARION SHIPPING SERVICES LLC

COMPANY INFORMATION

REGISTRATION AND SHARE CAPITAL

Registration date: 21 November 2000

Registration renewal date: 20 November 2020

Commercial registration no: 1660470

Registered and paid up capital: RO 151,000

REGISTERED ACTIVITIES

Freight forwarding

Loading and unloading of goods

Customs clearance services

Overseas freight and coastal water transport

Import and export services

SHAREHOLDERS

Mr. Khalid Bin Hamed Bin Issa Al Taie

M/s. Clarion Shipping Services LLC, UAE

BUSINESS ADDRESS

P.O. Box 546

Postal Code 131

Muttrah

Sultanate of Oman

BANKERS

Oman Arab Bank

HSBC Bank Middle East

AUDITORS

Morison Muscat Chartered Accountants

P.O. Box 2123

Postal Code 112

Ruwi

Sultanate of Oman

INDEPENDENT AUDITORS' REPORT

The Shareholders

Clarion Shipping Services LLC
Muscat
Sultanate of Oman

We have audited the accompanying financial statements of **Clarion Shipping Services LLC** ("the Company") which comprise the statement of financial position as at 31 December 2015 and the statement of comprehensive income, 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 8 to 19 and Schedule-1 on pages 20 and 21.

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.

Auditor's responsibility

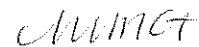
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance 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 auditors' 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 principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that, except as discussed below in the 'Basis of Qualified Opinion' paragraph, 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 1,045,407 includes amounts aggregating to RO 497,575 (2014: RO 403,915) 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 not determinable due to absence of relevant information. 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.



(Cont'd...)



INDEPENDENT AUDITORS' REPORT (CONT'D...)

Qualified Opinion

In our opinion, except for the possible effect of the matter 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 **Clarion Shipping Services LLC** as at 31 December 2015, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as promulgated by the International Accounting Standards Board.

Morison Muscat

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

Antony Isaac

Signed by: Antony Isaac

2 May 2016
Muscat

CLARION SHIPPING SERVICES LLC
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2015

	Note	2015 RO	2014 RO
Revenue, net	3	2,652,201	2,817,203
Direct cost, net	4	2,101,939	2,276,790
Gross profit		550,262	540,413
Expenses			
Selling, general and administrative expenses	5	392,149	347,311
Depreciation	Sch - 1	17,328	20,115
Total expenses		409,477	367,426
Profit from operations		140,785	172,987
Other income	7	7,203	11,634
Profit before taxation		147,988	184,621
Taxation (including Deferred Tax)	8	(13,706)	(18,055)
Total comprehensive income for the year		134,282	166,566
		=====	=====

The notes on pages 8 to 19 and Schedule 1 on pages 20 and 21 form part of these financial statements.
The report of the Auditors is set out on pages 2 and 3.

Approved and authorised for issue
For Clarion Shipping Services LLC



Authorised Signatory



CLARION SHIPPING SERVICES LLC

STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Note	2015 RO	2014 RO
ASSETS			
Non-current assets			
Property, plant and equipment, net	Sch - 1	<u>35,195</u>	<u>49,849</u>
Current assets			
Accounts receivable	9	1,045,407	1,066,763
Due from related parties	10	155,820	172,175
Prepayments, advances and other receivables	11	44,787	142,929
Cash and cash equivalents	12	184,141	80,703
Total current assets		<u>1,430,155</u>	<u>1,462,570</u>
TOTAL ASSETS		<u>1,465,350</u>	<u>1,512,419</u>
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	1	151,000	151,000
Legal reserve	2(e)	50,333	50,333
Retained earnings		815,792	781,510
Total shareholders' equity		<u>1,017,125</u>	<u>982,843</u>
Non-current liabilities			
Deferred tax liability	8	495	1,130
End of service benefits	13	45,502	40,691
Total non-current liabilities		<u>45,997</u>	<u>41,821</u>
Current liabilities			
Short term borrowings	15	43,739	48,630
Trade and other payables	14	232,393	337,302
Advance from customers		15,725	16,256
Due to related parties	10	96,030	67,612
Provision for taxation	8	14,341	17,955
Total current liabilities		<u>402,228</u>	<u>487,755</u>
Total liabilities		<u>448,225</u>	<u>529,576</u>
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		<u>1,465,350</u>	<u>1,512,419</u>

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CLARION SHIPPING SERVICES LLC

STATEMENT OF CHANGES IN EQUITY

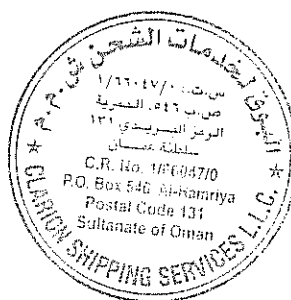
For the year ended 31 December 2015

	Share capital RO	Legal reserve RO	Retained earnings RO	Total RO
As at 1 January 2014	151,000	50,333	614,944	816,277
Total comprehensive income for the year	-	-	166,566	166,566
As at 31 December 2014	151,000	50,333	781,510	982,843
As at 1 January 2015	151,000	50,333	781,510	982,843
Total comprehensive income for the year	-	-	134,282	134,282
Dividend paid (See note 18)	-	-	(100,000)	(100,000)
As at 31 December 2014	151,000	50,333	815,792	1,017,125

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Authorised Signatory



CLARION SHIPPING SERVICES LLC

STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

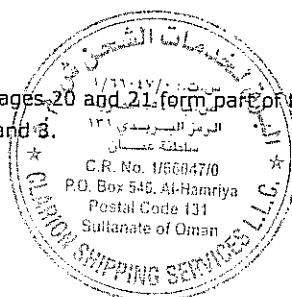
	2015 RO	2014 RO
OPERATING ACTIVITIES		
Profit before taxation	147,988	184,621
<i>Adjustments for non-cash items</i>		
Depreciation	17,328	20,115
Profit on disposal of property, plant and equipment	-	(8,190)
Provision for end of service benefits	6,730	8,652
Operating cash flow before working capital changes	172,046	205,198
<i>Changes in working capital</i>		
Decrease / (Increase) in accounts receivable	21,356	(384,499)
Decrease / (Increase) in prepayments, advances and other receivables	98,142	(100,162)
Decrease / (Increase) in related party balances, net	174,139	128,398
(Decrease) / Increase in trade and other payables	(104,909)	255,554
Decrease in advance from customers	(531)	-
Cash generated from operations	360,243	104,989
Income tax paid	(17,955)	(14,937)
End of service benefit paid	(1,919)	-
Net cash from operating activities	340,369	89,552
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,674)	(34,870)
Proceeds from disposal of property, plant and equipment	-	8,400
Net cash used in investing activities	(2,674)	(26,470)
FINANCING ACTIVITIES		
Short term borrowings	(4,891)	-
Funds received from the Parent Company as short term loan	87,641	100,053
Funds remitted to the Parent Company as short term loan	(217,008)	(159,251)
Advance paid to a shareholder	-	(15,000)
Dividend paid	(100,000)	-
Net cash used in financing activities	(234,257)	(74,199)
Net increase / (decrease) in cash and cash equivalents	103,438	(11,117)
Cash and cash equivalents, beginning of year	80,703	91,820
Cash and cash equivalents, end of year	184,141	80,703
	=====	=====
Cash and cash equivalents comprise of:		
Cash in hand	629	79,376
Bank balances	183,512	1,327
	184,141	80,703
	=====	=====

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**Approved and authorised for issue
For Clarion Shipping Services LLC**

Authorised Signatory



CLARION SHIPPING SERVICES LLC

Notes - forming part of the financial statements

As at and for the year ended 31 December 2015

1 Legal status and principle activities

Clarion Shipping Services LLC ("the Company") is registered as a limited liability company at the Ministry of Commerce and Industry, Sultanate of Oman on 21 November 2000. The share capital of the Company is RO 151,000 contributed by the shareholders as follows:

	RO	%
Mr. Khalid Bin Hamed Bin Issa Al Taie	45,300	30%
M/s Clarion Shipping Services LLC, UAE	105,700	70%
	<u>151,000</u>	<u>100%</u>
	=====	=====

The principle activity of the Company is acting as shipping agents for principals in relation to shipping and freight forwarding services.

2 Significant accounting policies

(a) Accounting convention

The 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 - Effective for annual periods beginning on or after 1 January 2019.

CLARION SHIPPING SERVICES 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 the 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.

CLARION SHIPPING SERVICES 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 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:

Furniture and fixtures	-	20%
Office equipment	-	25%
Motor vehicles	-	20%

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

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) *Cash and cash equivalents*

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

c) *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 to at least one-third of the Company's share capital.

d) *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 end of service benefits is made in accordance with Omani Labour Law for the accumulated year of service at reporting date. The provision is non-funded.

e) *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.

CLARION SHIPPING SERVICES LLC

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

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

f) 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 into 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.

g) Revenue recognition

Revenue represents gross billings relating to freight forwarding, logistics, cargo handling and related services to third party customers net of reimbursable costs.

Revenue is recognised in accordance with the terms of contract upon completion of the respective freight forwarding, logistics, cargo handling and related services. No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due.

h) Taxation

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 reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the 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 reporting 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.

i) Financial instruments

Financial assets and financial liabilities are recognized when a Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value. Transaction cost directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss. They are subsequently measured at fair value, amortized cost etc. as the case may be.

CLARION SHIPPING SERVICES LLC

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

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

De-recognition

Financial assets

All financial assets are de-recognized when the rights to receive cash flows have expired or have been transferred and either (a) the Company has transferred substantially all risks and rewards of ownership or (b) the Company has neither transferred nor retained substantially all risks and rewards of the asset, but has transferred the control of the asset.

Financial liabilities

The Company derecognizes the financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

j) Offsetting of financial assets and liabilities

A financial asset and a financial liability is offset and the net amount reported in the statement of financial position, if the Company has a legal enforceable right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

k) Impairment

The carrying amounts of the Company's assets are reviewed at each reporting 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.

l) Estimates

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

	2015	2014
	RO	RO
3 Revenue, net		
Gross billings	4,206,943	3,810,539
Less: Reimbursable cost	(1,554,742)	(993,336)
	<u>2,652,201</u>	<u>2,817,203</u>
	=====	=====
4 Direct cost, net		
Gross costs	3,656,681	3,270,126
Less: Reimbursable cost	(1,554,742)	(993,336)
	<u>2,101,939</u>	<u>2,276,790</u>
	=====	=====

CLARION SHIPPING SERVICES LLC

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

	2015	2014
	RO	RO
5		
Selling, general and administrative expenses		
Employee cost (<i>Refer note 6</i>)	307,966	276,418
Office rent	11,220	10,920
Electricity and water charges	1,399	1,468
Telephone, internet and postage	15,132	10,623
Subscription and renewals	4,104	1,929
Office expenses	13,922	12,800
Printing and stationery	315	1,843
Repairs and maintenance	7,665	8,720
Business promotion	5,435	2,529
Insurance charges	3,202	3,721
Fuel expenses	9,335	5,852
Professional charges	3,650	3,900
Miscellaneous expenses	8,804	6,588
	<u>392,149</u>	<u>347,311</u>
	=====	=====
6		
Employee cost		
Salary and allowances	220,402	198,486
Bonus to staff	25,000	24,200
Air passage	6,897	9,033
Leave salary	19,869	19,017
Contribution to social insurance	7,379	4,846
Gratuity	6,732	8,652
Other benefits	7,928	6,811
Visa and immigration expenses	2,664	2,197
Temporary staff	11,095	3,176
	<u>307,966</u>	<u>276,418</u>
	=====	=====
7		
Other income		
Foreign exchange gain	6,977	3,444
Profit on disposal of property, plant and equipment	-	8,190
Miscellaneous income	226	-
	<u>7,203</u>	<u>11,634</u>
	=====	=====
8		
Taxation		
<i>Statement of comprehensive income</i>		
Current year's tax expense	14,793	17,955
Prior year's tax	-	(499)
Deferred tax expense / (reversal)	(1,087)	599
	<u>13,706</u>	<u>18,055</u>
	=====	=====
<i>Statement of financial position</i>		
Deferred tax liability – Non-current liability	495	1,130
	=====	=====
Provision for taxation-Current liability	14,341	17,955
	=====	=====

CLARION SHIPPING SERVICES LLC

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

8 Taxation (Cont'd...)

- 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 is attributed to taxable differences arising from tax effect of accelerated tax depreciation of RO 4,129 (2013: RO 9,416)
- c) The Company's tax assessments 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	2014
	RO	RO
9 Accounts receivable		
Accounts receivable	1,042,392	1,063,381
Receivables from agents	3,015	3,382
	<u>1,045,407</u>	<u>1,066,763</u>
	=====	=====

- (a) The balances of 16 customers (2014: 13 customers) account for 57% (2014: 61%) of total trade receivables at reporting date.
- (b) Accounts receivable are non-interest bearing and are generally 90 days credit terms.
- (c) Included in the Company's accounts receivable are balances with carrying amount aggregating to RO 497,575 (2014: RO 403,915) which are past due at reporting date and for which the Company has not made provision for impairment as management believes that the amounts are still recoverable. The Company does not hold any collateral over these balances.

	2015	2014
	RO	RO
The ageing of past due but not impaired		
90 to 180 days	329,908	204,005
More than 180 days	167,667	199,910
	<u>497,575</u>	<u>403,915</u>
	=====	=====

10 Related party transactions and balances

The Company entered into transactions with parties, which fall within the definition of a related party as defined by International Accounting Standard 24. Related parties comprise the following:

- (i) Parent Company - Clarion Shipping Services LLC, UAE
- (ii) Non-controlling shareholder
- (iii) Entities controlled by minority shareholder

CLARION SHIPPING SERVICES LLC

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

10 Related party transactions and balances (Cont'd...)

(iv) Entities under common control of parent company

- Clarion Shipping Services LLC, Bahrain
- Clarion Ahmadah Shipping Services Co. WLL , Kuwait
- Clarion International Shipping & Logistic Integrators Ltd, Kenya
- Clarion Logistic & Travels SPRL-Congo
- Clarion Logistics (I) Pvt Ltd, Kochi
- Clarion Logistics India Pvt Ltd, Chennai
- Clarion Logistics Ltd, Nigeria
- Clarion Shipping & Logistics – China
- Clarion Shipping Services LLC, Abu Dhabi
- Clarion Shipping Services LLC, Sharjah
- Clarion Shipping & Logistics Saudi Arabia Ltd
- Clarion Shipping Services WLL, Doha
- Clarion Logistics Holding Singapore Ltd
- Clarion Logistics India Pvt. Ltd, Mumbai
- Clarion Logistics (India) Private Ltd (Bangalore)
- Clarion Shipping & Logistics, Uganda
- Clarion Logistics India Pvt. Ltd, New Delhi
- Clarion Logistics India Pvt. Ltd, Hyderabad
- Clarion Shipping & Logistics (M) SdnBhd-Selangor-Malaysia
- Clarion Shipping Services Co. Ltd, Thailand
- Clarion Logistic Middle East, Jea
- Clarion Shipping and Logistics Shenzhen Ltd

The Company along with its parent and companies under common control of parent are collectively referred to as the "Group". The Group is engaged in the business of freight forwarding, logistics, cargo handling and related services for third party customers across the world.

As a part of its normal business activity the Company enters into regular contracts with other companies in the Group to handle inward and outward movement of third party customers' cargo at pre-agreed rates which in the Company's opinion are at an arm's length basis.

(a) The nature of significant related party transactions and the amounts involved are as follows:

	2015	2014
	RO	RO
Clarion Shipping Services LLC, UAE (Parent Company)		
Services rendered to the Parent Company	28,074	-
Services received from the Parent Company	(80,578)	(103,470)
Expenses incurred for the Company	(3,291)	(7,891)
Expenses incurred by the Company	7,770	24,498
Funds received from the Parent Company	(87,641)	(100,053)
Funds remitted to the Parent Company	217,008	159,251
Dividend declared and paid to the Parent Company	(70,000)	-
	=====	=====
Non-controlling shareholder		
Advance received from shareholder	-	(4,000)
Advance paid to shareholder	-	19,000
Dividend declared and paid	(30,000)	-
	=====	=====

CLARION SHIPPING SERVICES LLC

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

	2015	2014
	RO	RO
10 Related party transactions and balances (Cont'd...)		
Entities controlled by non-controlling shareholder		
Al Fayha Shipping Agencies LLC		
Services received from related party	(918)	(3,296)
Services rendered by the Company to related party	-	549
Fund transferred by the Company to related party	908	-
Expenses incurred for the Company	(448)	-
	===	====
Al Fayha Transport LLC		
Services received from related party	(1,115)	-
Funds remitted to the related party	92,175	192,804
Fund received from related party	(131,134)	(223,000)
Net expenses incurred by the Company	4,400	17,852
	=====	=====
Oasis Shipping Services LLC		
Services received from related party	(5,732)	(3,726)
Service rendered by the Company to related party	268	-
Funds received from related party	-	(2,570)
Funds remitted to the related party	4,458	2,152
Net expenses paid by the Company	86	(124)
	===	===
Anchor Shipping Services LLC		
Services rendered by the Company to related party	78	-
Services received from related party	(4,663)	(6,904)
Funds received from related party	(10,966)	(3,256)
Funds remitted by the Company to related party	9,360	3,685
Net expenses paid for the Company	1,967	(832)
	=====	=====
Al-Taie Technical & Commercial		
Services received from related party	(2,817)	(3,461)
Funds remitted to the related party	3,060	3,834
	=====	=====

Entities under common control of parent company

The Company is a subsidiary of Clarion Shipping services LLC, a Company based in the UAE which is present and which has operations in several countries across the globe. The group is engaged in the business of freight forwarding, logistics and cargo handling for third party customers in those countries. As a part of its normal business activity the Company enters into regular contracts with other companies in the Group to handle inward and outward movement of third party (customers) cargo and share the related revenues and costs with the other companies in the group at pre-agreed rates which in the Company's opinion are at an arm's length basis.

As these transactions are voluminous in nature and with several multinational entities, management believes that it is neither practicable nor useful to provide a detailed list of such transactions as required by IAS 24.

CLARION SHIPPING SERVICES LLC

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

10	Related party transactions and balances (Cont'd...)	2015	2014
		RO	RO
b)	Due from related parties		
	Due from director	15,900	15,900
	Due from parent company (<i>See note (c)</i>)	26,748	15,406
	Due from non-controlling shareholder (<i>See note (c)</i>)	22,642	52,642
	Due from entities under common control of parent company	90,530	88,227
		<u>155,820</u>	<u>172,175</u>
		=====	=====
(c)	The amounts due from parent company and non-controlling shareholder are interest free with no determinable term of repayment.		
(d)	Due to related parties		
	Due to entities under common control of parent company	768	13,385
	Al Taie Technical and Commercial Services	199	442
	Al Fayha Shipping Agencies LLC	458	-
	Al Fayha Transport LLC	61,555	25,879
	Anchor Shipping Services	28,182	23,958
	Oasis Shipping Services	4,868	3,948
		<u>96,030</u>	<u>67,612</u>
		=====	=====
11	Prepayments, advances and other receivables		
	Prepayments (<i>See note below</i>)	11,556	106,209
	Staff advances	12,037	13,535
	Deposits, loans and other receivables	21,194	23,185
		<u>44,787</u>	<u>142,929</u>
		=====	=====

Prepayments include work in progress. During the last reporting period, the work in progress was significantly higher due to shifting of all clearing of goods from Muscat port to Sohar port which resulted in increased lead time between deliveries of goods to customers. Accordingly, the recognition of revenue on those jobs was also delayed to current reporting period.

12	Cash and cash equivalents	2015	2014
		RO	RO
	Cash in hand	629	1,327
	Bank balances		
	- in local currency accounts	176,723	68,182
	- in foreign currency accounts	2,289	6,694
	- restricted cash balance	4,500	4,500
		<u>184,141</u>	<u>80,703</u>
		=====	=====

CLARION SHIPPING SERVICES LLC

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

	2015 RO	2014 RO
13		
End of service benefits		
Balance, beginning of year	40,691	32,039
Provision for the year	4,811	8,652
	<u>45,502</u>	<u>40,691</u>
	=====	=====
14		
Trade and other payables		
Trade payables	140,203	199,126
Accrued expenses	12,087	49,631
Provision for employee benefits	34,465	38,633
Other payables	45,638	49,913
	<u>232,393</u>	<u>337,302</u>
	=====	=====
15		
Short term borrowings		

The Company has short term borrowings in the form of American express corporate cards issued to the Company by Amex Al Omania LLC. These are interest free borrowings if repaid within the due date. In the event of late payment or any defaults in payment interest is charged on a daily basis at the prevailing interest rate i.e. 21.60% per annum.

16 **Contingencies and commitments**

Except for ongoing purchase commitments in the normal course of business against which no loss is expected and the contingent liabilities disclosed below, there are no other known contingent liabilities.

	2015 RO	2014 RO
Bank guarantees	4,500	4,500
	=====	=====

The Company has not entered into any capital commitments at the reporting date.

17 **Fair value of financial instruments**

Financial assets of the Company include cash and bank balances, accounts receivables, amounts due from shareholder and related parties. Financial liabilities include trade payables and due to related parties. Exposure to interest rate, credit and currency risk arises in the normal course of business.

Interest risk

The Company has no exposure to interest rate fluctuation risks.

Credit risk

Bank balances are maintained with accredited banks. Credit risk in respect of accounts receivable is managed through continuous monitoring of the age of customer balances and follow up for recovery. Confirmations from shareholders with balances at reporting have been received; the amount would be made available as needed.

CLARION SHIPPING SERVICES LLC

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

17 Fair value of financial instruments (Cont'd...)

Exchange risk

Majority of foreign currency transactions are either in US Dollars or in Euros. The rate of exchange between US Dollar and Rial Omani has remained unchanged since 1986. In respect of transactions in Euro, the company is susceptible to the risk of loss due to exchange rate fluctuations.

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 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.

18 Dividend

During the year ended 31 December 2015, the Company has declared interim dividend amounting to RO 100,000 which was credited to the respective shareholders accounts in proportion to their contribution towards share capital.

19 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.

CLARION SHIPPING SERVICES LLC

Schedule 1

Property, plant and equipment

As at 31 December 2015

	Furniture and fixtures	Office equipment	Motor vehicles	Total
Year ended 31 December 2015	RO	RO	RO	RO
Cost				
Balance, beginning of year	18,441	26,703	101,380	146,524
Additions during the year	-	2,674	-	2,674
Balance, end of year	18,441	29,377	101,380	149,198
	=====	=====	=====	=====
Accumulated depreciation				
Balance, beginning of year	18,021	18,311	60,343	96,675
Charge for the year	338	3,448	13,542	17,328
Balance, end of year	18,359	21,759	73,885	114,003
	=====	=====	=====	=====
Net book value				
As at 31 December 2015	82	7,618	27,495	35,195
	====	=====	=====	=====

(Cont'd...)

CLARION SHIPPING SERVICES LLC**Schedule 1****Property, plant and equipment**

As at 31 December 2015 (Cont'd...)

	Furniture and fixtures	Office equipment	Motor vehicles	Total
Year ended 31 December 2014				
	RO	RO	RO	RO
Cost				
Balance, beginning of year	18,441	20,983	88,730	128,154
Additions during the year	-	5,720	29,150	34,870
Disposal during the year	-	-	(16,500)	(16,500)
Balance, end of year	<u>18,441</u>	<u>26,703</u>	<u>101,380</u>	<u>146,524</u>
	=====	=====	=====	=====
Accumulated depreciation				
Balance, beginning of year	17,533	15,524	59,793	92,850
Charge for the year	488	2,787	16,840	20,115
Reversal on disposal	-	-	(16,290)	(16,290)
Balance, end of year	<u>18,021</u>	<u>18,311</u>	<u>60,343</u>	<u>96,675</u>
	=====	=====	=====	=====
Net book value				
As at 31 December 2014	<u>420</u>	<u>8,392</u>	<u>41,037</u>	<u>49,849</u>
	=====	=====	=====	=====