

**Initial Public Offering of 18,000,000 existing shares, equivalent to 20% of
APM Terminals Bahrain B.S.C.(c)'s issued share capital, at an Offer Price of BHD 0.660 per share**



APM TERMINALS

APM Terminals Bahrain B.S.C.(c)

A closed joint stock company incorporated under the laws of the Kingdom of Bahrain with Commercial Registration number: 60982

Offering Period: 8 November 2018 to 24 November 2018

APM Terminals Bahrain B.S.C.(c) ("APMT Bahrain" or the "Company" or the "Issuer"), was founded as a closed joint stock company in the Kingdom of Bahrain with commercial registration number 60982 on 11 May 2006. The current issued share capital of the Company is BHD 9,000,000 divided into 90,000,000 shares of BHD 0.100 each (the "Shares"). Under the laws of the Kingdom of Bahrain, ordinary shares in a closed joint stock company may not be sold in a public offering and therefore the Company has applied to the Ministry of Industry, Commerce & Tourism to convert to a public joint stock company ("Conversion"). Upon Conversion, any reference to "APMT Bahrain" or the "Company" herein will refer to the Company as a public joint stock company and any reference to "Shares" will be to the ordinary shares of APMT Bahrain as a public joint stock company. Pursuant to a resolution of an extraordinary general meeting of the Company held on 11 June 2018, it was resolved to undertake an initial public offering of 18,000,000 of the existing issued Shares (the "Offer Shares"). The initial public offering of the Offer Shares with a nominal value of BHD 0.100 each and at a price of BHD 0.660 per Share (the "Offer Price"), which is equivalent to 20% of the Company's issued share capital, is offered in Bahrain and directed at Bahraini and non-Bahraini corporate and individual investors.

The Net Proceeds (as defined in section 1), will be paid to the Company's current shareholders pro-rata to their shareholding (see "Use of Proceeds" in section 3). The Underwriter has committed to fully underwrite the Offering (see section 16.8, "The Underwriting Agreement").

The Offering will commence on Thursday 8 November 2018 and will remain open for a period of 17 Calendar Days up to and including Saturday 24 November 2018 (the "Offering Period"). The Offer Shares may be subscribed to through branches ("Approved Branches") of the Receiving Bank (as defined in section 1) as well as at Participating Brokers (as defined in section 1) during the Offering Period (see section 18, "Application Terms and Conditions").

An Applicant (each an "Applicant" and collectively the "Applicants") is deemed to be an Institutional Applicant if it subscribes for a minimum of 100,001 ordinary Shares. An Applicant is deemed to be a Retail Applicant if it subscribes for less than or equal to 100,000 ordinary Shares. If the total number of ordinary Shares applied for by Eligible Applicants (see section 3, "Eligible Applicants") is less than or equal to the number of Offer Shares offered, all Eligible Applicants will be allotted the number of ordinary Shares they have applied for. If the total number of ordinary Shares applied for by Eligible Applicants exceeds the number of Offer Shares offered then an Eligible Applicant may be allotted less than the number of ordinary Shares it applied for (see "Applicant categories" and "Allotment basis" in section 3). Excess application monies, if any, will be refunded to the Applicants net of any banking, wire and transfer processing charges. Notification of the final allotment will be made on Thursday 29 November 2018 and refund of application monies, if any, will be made by Monday 3 December 2018 (see section 18, "Application Terms and Conditions"). NO EQUITY SECURITIES SHALL BE ALLOTTED ON THE BASIS OF THE PROSPECTUS LATER THAN 6 MONTHS AFTER THE DATE OF REGISTRATION OF THE PROSPECTUS BY THE CENTRAL BANK OF BAHRAIN ("CBB").

The Company has one class of shares. Each Share entitles the holder to one vote, and each shareholder (a "Shareholder") has the right to attend and vote at a General Assembly. No Shareholder benefits from any preferential voting rights. The Offer Shares will entitle holders to receive dividends declared by the Company after the approval of the Offering by the CBB for the financial years ending 31 December 2018 onwards (see section 14.6 "Distributions and Dividends"). Currently, no public market exists for the ordinary Shares. The Company has applied to the CBB for all of the ordinary Shares in the Offering to be admitted to trading on Bahrain Bourse under the symbol APMTB. The ordinary Shares shall be registered under ISIN code BH0006Y11350.

A COPY OF THIS PROSPECTUS HAS BEEN SUBMITTED AND REGISTERED BY THE CBB. REGISTRATION OF THE PROSPECTUS BY THE CBB DOES NOT IMPLY THAT THE CBB LAW, OR ANY OTHER LEGAL OR REGULATORY REQUIREMENT, HAS BEEN COMPLIED WITH. THE CBB HAS NOT, IN ANY WAY, CONSIDERED THE MERITS OF THE EQUITY SECURITIES BEING OFFERED FOR INVESTMENT. THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR LEGAL, FINANCIAL, TAX, OR OTHER PROFESSIONAL ADVISOR. AN INVESTMENT IN THE ORDINARY SHARES INVOLVES RISKS. SEE "RISK FACTORS AND INVESTMENT CONSIDERATIONS" IN SECTION 17.

The Offering does not constitute an offer to sell or issue, or solicitation of an offer to buy, securities in any jurisdiction in which such offer or solicitation would be unlawful. For a description of these and certain further restrictions on transfers of the Offer Shares, see section 18, "Application Terms and Conditions".

Lead Manager, Underwriter and Market Maker



Receiving Bank



Financial Due Diligence Advisor



Legal Advisors



Listing Exchange



Allotment Agent and Share Registrar



Participating Brokers

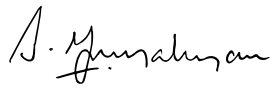


THE CENTRAL BANK OF BAHRAIN AND THE BAHRAIN BOURSE ASSUME NO RESPONSIBILITY FOR THE ACCURACY AND COMPLETENESS OF THE STATEMENTS AND INFORMATION CONTAINED IN THIS DOCUMENT AND EXPRESSLY DISCLAIM ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS DOCUMENT.

The date of registration of this Prospectus is 29 October 2018

Directors' Responsibility Statement

THE DIRECTORS OF THE COMPANY, WHOSE NAMES APPEAR HEREIN, ACCEPT RESPONSIBILITY FOR THE INFORMATION CONTAINED IN THIS DOCUMENT. TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE DIRECTORS, WHO HAVE TAKEN ALL REASONABLE CARE TO ENSURE THAT SUCH IS THE CASE, THE INFORMATION CONTAINED IN THIS DOCUMENT IS IN ACCORDANCE WITH THE FACTS AND CONTAINS NO OMISSIONS LIKELY TO AFFECT THE IMPORTANCE AND COMPLETENESS OF THE DOCUMENT.

Director	Title	Signature
David Skov	Chairman	
Fawzi Ahmed Ali Kanoo	Vice Chairman	
Søren Sjøstrand Jakobsen	Director	
Ahmed Hassan	Director	
Steven Yoogalingam	Director	

Important Notice

This Prospectus is delivered on behalf of APMT Bahrain by SICO B.S.C.(c), referred to in this Prospectus as the “Lead Manager”.

No person has been authorised to make any representations or give any information with respect to APMT Bahrain or the Offering except the information contained in this Prospectus. Any representation or information not contained in this Prospectus with respect to APMT Bahrain or the Offering must not be relied upon as having been authorised by the Directors or the Lead Manager. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy the equity securities in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction.

This Prospectus includes details given in compliance with the CBB Law, rules and regulations. The Directors, whose names appear in this Prospectus, collectively and individually confirm, having made all reasonable enquiries, that to the best of their knowledge and belief the information contained in this Prospectus is accurate and complete and that there are no other facts or omissions which, if disclosed, would render any statement in this Prospectus materially misleading. Substantial portions of the market and industry information in this Prospectus are derived from management analysis as well as external sources. The market and industry information contained in this Prospectus has not been independently verified and no representation is made with respect to the accuracy or completeness of any of this information.

This Prospectus is provided in both English and Arabic. In the event of any discrepancies between the English and Arabic versions of this Prospectus, the English language version shall prevail.

While APMT Bahrain and the Directors have made all reasonable enquiries as to the accuracy and completeness of the information contained in this Prospectus, such information is subject to change. In particular, the actual financial position of APMT Bahrain and the value of the equity securities may be adversely affected by future developments in inflation, interest rates, taxation, trade, or other economic, political and other factors, over which APMT Bahrain and the Directors have no control. Neither the delivery of this Prospectus, nor any oral, written, or printed communication in relation to the equity securities offered is intended to be, or should be construed as or relied upon in any way, as a promise or representation as to future earnings, results or events.

A supplementary or replacement prospectus will be submitted for registration to the CBB as soon as practicable if, after publication of this Prospectus but before the Commencement of Trading of the Shares on Bahrain Bourse, the Company becomes aware that this Prospectus is deficient or outdated in that: (a) it contains a material statement that is false or misleading; (b) there is a material omission from it; (c) there has been a significant change affecting information in it; or (d) a significant new matter has arisen and the Prospectus content requirements would have required information on that matter to have been included in this Prospectus if the matter had arisen when this Prospectus was being prepared. Any supplementary or replacement prospectus, upon approval by the CBB, will be published in accordance with applicable laws and regulations, including on the website of Bahrain Bourse and in two daily local newspapers, one in Arabic and the other in English. It is the sole responsibility of Eligible Applicants to ensure that they are informed of the existence and contents of any such supplementary or replacement prospectus, and the Company, the Lead Manager and the Directors accept no liability in this regard.

In addition to the Lead Manager, the Directors appointed Trowers & Hamblins and Hassan Radhi & Associates to carry out legal due diligence on APMT Bahrain.

The Directors also appointed KPMG to carry out financial due diligence on APMT Bahrain. In relation to KPMG's appointment as financial due diligence advisor, it should be noted that on 7 June 2018 the CBB granted its approval to KPMG's appointment in this capacity as an exceptional conditional exemption to the requirement of rule OFS-3.2.19(c), which requires an appointed advisor to be independent of the issuer. In this context, it is noted that KPMG has audited the Company's financial statements since its incorporation and so is considered to have provided services to the Company in the previous 2 years pursuant to rule OFS-3.2.19(c). In respect of the conditions to the CBB's exemption, it should be noted that in compliance with the CBB's letter dated 7 June 2018 (reference CMS/L302/18), addressed to the Lead Manager and pertaining to the conditional exemption from the independence rules (in particular with reference to rule OFS-3.2.19(c)), KPMG has consented to the provision of its financial due diligence reports to be included within the documents available for public inspection by potential Applicants in the IPO. Furthermore, KPMG has declared that no conflicts of interest arose during the preparation of the financial due

diligence reports and it undertook the following steps to mitigate potential conflicts of interest and ensure compliance with the conditional exemption requirements:

- a. The financial due diligence engagement undertaken by KPMG, as with all other engagements carried out by it, applied the principle of independence as mandated by KPMG's firm ethics. The engagement for the financial due diligence was carried out by a team of KPMG advisory professionals who are distinct from the audit team for the Issuer. All the information required for the execution of the engagement for the financial due diligence, including the Audited Financial Statements and the underlying documentation for the periods ended 31 December 2015, 2016 and 2017 were provided by the Company through a virtual data room or through other electronic means. No information or views on items being analysed in the course of this engagement, or subsequent analysis thereof, were shared by, discussed or reviewed by the Issuer's audit team;
- b. KPMG's report adequately covers all the scope of work entrusted to it, and agreed with the Company, and all relevant issues have been fully disclosed in its report; and
- c. The engagement was in complete adherence to KPMG's strict global risk management guidelines, whereby each of their engagements with clients are examined closely to ensure that no potential for conflict of interest or reputation risk arises from the same. Only upon clearance from their risk management team, were KPMG allowed to commence on any engagement. Accordingly, the details of this engagement by the Company were also referred to KPMG's global risk management team and full disclosure of the nature of work undertaken with the Company in the past was made, and requisite risk management approvals were obtained prior to commencing on the engagement for the Company.

In addition to the above steps taken to mitigate potential conflicts of interest, in compliance with the OFS and the conditional exemption granted by the CBB through its letter dated 7 June 2018 (reference CMS/L302/18), the Lead Manager has undertaken detailed due diligence on the Issuer, with in-depth reviews of a significant amount of information including, but not limited to, constitutional documents, material legal contracts (including the financial implications pertaining to those contracts), audited financial statements, management accounts, business plans, management reports, board minutes and resolutions, regulatory communications, financial and legal due diligence undertaken by third parties, as well as requesting and participating in regulatory meetings, management meetings, various queries and site visits, and assessing the macro-economic factors that may impact the Issuer's business model and its expected budgets.

None of the Directors, the Company's officers, agents or employees, the Lead Manager, or other advisors assume any liability for any representation or warranty (expressed or implied) enclosed within, or omitted from this Prospectus, or any other written or verbal information transmitted to the recipient (or any of their advisors), in the course of the recipient's assessment of any proposed investment.

Each Applicant may, prior to the submission of its Application Form, ask questions and seek clarification from the Lead Manager concerning APMT Bahrain and the Offering. Answers to such questions and clarification will be provided by the Lead Manager to the extent that the Lead Manager possesses or can acquire the requisite information without unreasonable effort or expense. The contents of this Prospectus should not be treated by an Applicant as investment, tax, or legal advice. All Applicants should make their own investigation and evaluation of the opportunity to invest in APMT Bahrain, and should seek to consult their own advisors concerning the evaluation of the risks of the investment and its suitability for their individual financial and risk preferences. Prior to making an investment decision, each recipient of this Prospectus is responsible for obtaining independent professional advice in relation to the Offering and for considering the appropriateness of the information contained in this Prospectus with regard to individual objectives, financial situations and needs.

This Prospectus is not to be regarded as a recommendation on the part of APMT Bahrain, the Directors or any of their advisors to participate in the Offering. Moreover, information provided in this Prospectus is of a general nature and has been prepared without taking into account individual investment objectives, financial situation or particular investment needs.

The Offering is only being made to, and is only capable of acceptance by, Bahraini and non-Bahraini Applicants who are not US Persons and are not citizens of countries sanctioned by the Kingdom of Bahrain and who fulfil the application requirements. The distribution of this Prospectus and the sale of equity securities offered in a jurisdiction may be restricted by law and therefore persons into whose possession this Prospectus comes should inform themselves about, and observe all such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities law of that jurisdiction. This Prospectus does not constitute an offer to sell or issue or to solicit an offer to buy or for the supply of equity securities in any jurisdiction in which such offer or solicitation is unlawful.

APMT Bahrain, the Directors, the Lead Manager and other advisors require recipients of this Prospectus to inform themselves about and observe all such restrictions. APMT Bahrain and the Directors reserve the right to terminate at any time, the further participation of any party in the Offering.

Forward Looking Statements

The statements contained in this Prospectus that are not historical facts are “forward-looking statements”. The word “plans”, “estimates”, “believes”, “expects”, “may”, “will”, “should”, “are expected”, “will be”, “anticipates” or the negative or other variation of such terms or comparable terminology are intended to identify a number of these forward-looking statements.

These forward-looking statements reflect the current views of APMT Bahrain and the Directors with respect to prospective events, and are not a guarantee of future performance. Many factors could cause the actual performance, achievements, or results of APMT Bahrain to be significantly different from any prospective performance, achievements or results that may be expressed or implied by such forward-looking statements. Some of the risks and factors that could have such an effect are described in more detail in other sections of this Prospectus (see section 17 “Risk Factors and Investment Considerations”).

Should any one or more of the risks or uncertainties materialise or any underlying assumptions prove to be inaccurate or incorrect, actual results may vary materially from those described in this Prospectus as anticipated, believed, estimated or expected. As a result of these and other risks, the forward looking events and circumstances discussed in this Prospectus might not occur in the way APMT Bahrain expects, or at all. Applicants should consider all forward-looking statements in light of these explanations and should not place undue reliance on forward-looking statements.

Copies of this Prospectus may be obtained from the Issuer, Lead Manager/Underwriter, the Receiving Bank, the Allotment Agent/Registrar, Participating Brokers and/or Bahrain Bourse. Electronic copies may be downloaded from the website of the Issuer, Lead Manager or Bahrain Bourse.

Preliminary Prospectus

In accordance with rule OFS-4.4.1 the Preliminary Prospectus was made available to the public on the website of the Lead Manager for any comments and complaints from 9 August 2018 to 28 August 2018. No comments or complaints were received from the public on the Preliminary Prospectus during this time.

General Risk Statement

An investment in equity securities involves risk. Prospective investors should consider carefully, together with all other information contained in this Prospectus, the principal risk factors in section 17, “Risk Factors and Investment Considerations”, before deciding to invest in equity securities.

Prospective investors should not place undue reliance on any information contained in advertisements or published news reports, in particular, any financial projections, valuations or other forward-looking information. Prospective investors should not only rely on the information included in this Prospectus and the documents referred to in it or available for inspection to make their investment decision.

While the Company believes that it has all the necessary regulatory licences and operating agreements that it needs to operate its present businesses, failure to hold or to continue to hold or obtain the necessary licences, concessions and other operating agreements required to operate its business could have a material adverse effect on the Company's business, financial condition and future prospects, including in relation to the continuing of its business in particular in the case of the Concession (as defined in section 1).

Prospective investors should seek professional advice from their relevant advisors regarding their prospective investment in the context of their particular circumstances.

For more information about the risks involved in an investment in the Offer Shares, see section 17, “Risk Factors and Investment Considerations”. Various factors could cause the Company’s actual results, performance or achievement to differ materially from plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements.

These factors also include, but are not limited to:

- Inflation, interest rate, and exchange rate fluctuations;
- The effects of, and changes in, the policies of the Government of Bahrain;
- The effects of competition in the business areas in which the Company operates;
- The effects of changes in laws, regulations, taxation or accounting standards or practices;
- Changes in import and export volumes in Bahrain and the wider GCC region;
- The Company’s ability to maintain market share for its services and to control expenses;
- The Company’s ability to leverage the support of APM Terminals B.V. (Netherlands) in the management and operations of the Company as well as access to APM Terminals B.V. (Netherlands) intellectual property;
- Changes in the efficiency and effectiveness of the technology utilised by the Company;
- The general risks associated with the port operation industry;
- Country risks associated with operations in the Kingdom of Bahrain; and
- The Company’s success at managing the risks of the aforementioned factors.

Applicants Identification and Anti-Money Laundering Requirements

APMT Bahrain, the Lead Manager, Participating Brokers and the Receiving Bank reserve the absolute right to require further verification of the identity of each Applicant, or that of the person or entity on whose behalf the Applicant is applying for the purchase of equity securities.

Each Applicant will provide satisfactory evidence of identity and, if so required, the source of its funds within a reasonable time period determined by APMT Bahrain.

If an Applicant fails to provide satisfactory evidence within the time specified, or if an Applicant provides evidence which is not to the Lead Manager's satisfaction, the Application Form may be rejected immediately, in which event any money received from the Applicant will be returned to the Applicant, without any addition or charges (other than wire, cheque issuance, or other such transfer processing charges) and at the risk and expense of the Applicant.

In respect of any Bahraini investors, the Issuer will comply with Bahrain Legislative Decree No. (4) of 2001 with respect to Prohibition and Combating of Money Laundering and various Ministerial Orders issued thereunder including, but not limited to, Ministerial Orders No. (7) of 2001 with respect to Institutions Obligation Concerning the Prohibition and Combating of Money Laundering, in addition to complying with Anti Money Laundering and Combating Financial Crime Module of the CBB Rulebook Volume 6.

APMT Bahrain will also comply with international anti-money laundering requirements, as existing from time-to-time. Under the above regulatory requirements, APMT Bahrain may be obliged to report certain information to regulatory agencies.

Notices to Investors

Each Applicant must comply with all applicable laws and regulations in force in each jurisdiction in which it purchases, offers or sells such Shares or possesses this Prospectus, and it must obtain any consent, approval or permission required for the purchase, offer or sale by it of such Shares under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales. The Company and the Lead Manager are not responsible for ensuring that Applicants comply with all applicable laws and regulations or the obtaining of any consents, approvals or permissions. A prospective purchaser may not deliver or distribute this Prospectus to any other person in any form.

Notice to Prospective Investors in the Dubai International Financial Centre ("DIFC") and the UAE

No action has been taken or will be taken in the United Arab Emirates that would permit a public subscription of the Offer Shares pursuant to this Prospectus or the possession, circulation or distribution of this Prospectus. Accordingly, the Offer Shares may not be offered or sold, directly or indirectly, nor may this Prospectus or any other offering material or advertisement or other document or information in connection with the Offer Shares be distributed or published, in or from the United Arab Emirates except in compliance with any applicable rules and regulations of the United Arab Emirates.

No action has been taken or will be taken in the Dubai International Financial Centre that would permit a public subscription of the Offer Shares pursuant to this Prospectus or the possession, circulation or distribution of this Prospectus. Accordingly, the Offer Shares may not be offered or sold, directly or indirectly, nor may this Prospectus or any other offering material or advertisement or other document or information in connection with the Offer Shares be distributed or published, in or from the Dubai International Financial Centre except in compliance with any applicable rules and regulations of the Dubai International Financial Centre.

The Dubai Financial Services Authority does not accept any responsibility for the content of the information included in the Prospectus, including the accuracy or completeness of such information. The liability for the content of the Prospectus lies with the Issuer of the Prospectus and other persons, such as experts, whose opinions are included in the Prospectus with their consent. The Dubai Financial Services Authority has also not assessed the suitability of the Offer Shares to which this Prospectus relates to any particular investor or type of investor. If you do not understand the contents of this Prospectus or are unsure whether the Offer Shares to which this Prospectus relates are suitable for your individual investment objectives and circumstances, you should consult an authorised financial advisor.

Notice to Prospective Investors in the State of Qatar

By receiving this Prospectus, the person or entity to whom it has been provided understands, acknowledges and agrees that: (i) neither this Prospectus nor the Offer Shares have been registered, considered, authorised or approved by the Qatar Central Bank, the Qatar Financial Markets Authority, the Qatar Financial Centre Regulatory Authority or any other authority or agency in the State of Qatar; and (ii) none of the Company or the Lead Manager has been authorised or licensed by the Qatar Central Bank, the Qatar Financial Markets Authority, the Qatar Financial Centre Regulatory Authority, or any other authority or agency in the State of Qatar, to market, issue or sell the Offer Shares within the State of Qatar. The Qatar Central Bank, the Qatar Financial Markets Authority and the Qatar Financial Centre Regulatory Authority assume no responsibility for the contents of this Prospectus, make no representation as to the accuracy or completeness of the information included in this Prospectus, and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon any part of the content of this Prospectus.

The Company, the Lead Manager, Participating Brokers and the Receiving Bank are not, by distributing this Prospectus, advising individuals resident in the State of Qatar as to the appropriateness of investing in or purchasing or selling securities or other financial products. Nothing contained in this Prospectus is intended to constitute investment, legal, tax, accounting or other professional advice in, or in respect of, the State of Qatar.

The Offer Shares may not be, have not been and are not being issued, sold, subscribed for, transferred or delivered directly or indirectly to any person in the State of Qatar other than in compliance with the laws of the State of Qatar governing the issue, sale, subscription for, transfer and delivery of securities.

Persons into whose possession this Prospectus comes are advised to consult with their own legal advisors with respect to any applicable law. In making an investment decision regarding the Shares, investors must rely on their own examination of the terms of the offering, including without limitation the merits and the risks involved.

Notice to Prospective Investors in the Kingdom of Saudi Arabia

This document may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority of the Kingdom of Saudi Arabia.

The Capital Market Authority of the Kingdom of Saudi Arabia does not make any representation as to the accuracy or completeness of this document, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of this document, you should consult an authorised financial advisor.

Notice to Prospective Investors in the Sultanate of Oman

- (a) This Prospectus has not been and will not be filed with or registered as a prospectus with the Capital Market Authority of Oman, or any other regulatory authority in Oman and the Capital Market Authority of Oman does not assume responsibility for the accuracy and adequacy of the statements and information contained in this Prospectus and shall not have any liability to any person for damage or loss resulting from reliance on any statements or information contained herein; and
- (b) The Offer Shares have not been and will not be offered, sold or delivered, and no invitation to subscribe for or to purchase the Offer Shares has been or will be made, directly or indirectly, nor may any document or other material in connection therewith be distributed in Oman to any person in Oman other than by an entity duly licensed by the Capital Market Authority of Oman to market non-Omani securities in Oman and then only in accordance with all applicable laws and regulations, including Article 139 of the Executive Regulations of the Capital Markets Law (Decision No. 1/2009, as amended).

The Company, the Lead Manager, Participating Brokers and the Receiving Bank are not, by distributing this Prospectus, advising individuals resident in Oman as to the appropriateness of investing in or purchasing or selling securities or other financial products. Nothing contained in this Prospectus is intended to constitute investment, legal, tax, accounting or other professional advice in, or in respect of, Oman.

Selling Restrictions

No action has been taken or will be taken in any jurisdiction, other than in the Kingdom of Bahrain, that would permit a public offering of the Offer Shares in any country or jurisdiction where action for that purpose is required.

United States

The Offer Shares have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the “**U.S. Securities Act**”) and may not be issued, offered or sold within the United States or to, or for the account or benefit of, US Persons except in certain transactions exempt from the registration requirements of the U.S. Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the U.S. Securities Act.

The Lead Manager has agreed that it will not offer or sell the Offer Shares (i) as part of its distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the Offer and the closing date of the Offer, within the United States. Nor will it offer or sell the Offer Shares to, or for the account or benefit of, US Persons. The Lead Manager will send to each dealer responsible for selling Offer Shares during the distribution compliance period, a confirmation or other notice, setting out the restrictions on offers and sales of the Offer Shares within the United States or to, or for the account or benefit of, US Persons. Terms used in this paragraph have the meanings given to them by Regulation S of the U.S. Securities Act.

The Offer Shares are being issued, offered and sold outside of the United States to non-US Persons in reliance on Regulation S of the U.S. Securities Act.

DIFC and the UAE

The Offer Shares may not be, have not been and are not being issued, sold, subscribed for, transferred or delivered in the UAE or the DIFC other than in compliance with the laws of the UAE and the DIFC governing the issue, sale, subscription for, transfer and delivery of securities.

The State of Kuwait

The marketing and sale of the Offer Shares have not been licensed for offering in Kuwait by the Capital Markets Authority. The offering of the Offer Shares in Kuwait on the basis of a private placement or public offering is, therefore, restricted in accordance with Law No. 7 of 2010 (as amended), its executive regulations and the various resolutions and announcements issued pursuant thereto or in connection therewith. No private or public offering of the Offer Shares is being made in Kuwait, and no agreement relating to the sale of the Offer Shares will be concluded in Kuwait. No marketing or solicitation or inducement activities are being used to offer or market the Offer Shares in Kuwait.

With regards to the contents of this Prospectus, investors should read and understand this Prospectus. If in doubt, please seek the advice of a person licenced in accordance with the law who is specialised in giving advice on making an investment decision to participate in the Offering.

The Sultanate of Oman

The Offer Shares may not be, have not been and are not being issued, sold, subscribed for, transferred or delivered in the Sultanate of Oman other than in compliance with the laws of the Sultanate of Oman governing the issue, sale, subscription for, transfer and delivery of securities.

The State of Qatar

The Offer Shares have not been offered, issued, sold or delivered, and will not be offered, issued, sold or delivered at any time, directly or indirectly, in the State of Qatar in a manner that would constitute a public offering. This Prospectus has not been reviewed, approved or registered with the Qatari Central Bank, the Qatar Financial Markets Authority, the Qatar Financial Centre Regulatory Authority or any other relevant Qatari regulatory body, whether under Law No. 25/2002 concerning investment funds, Central Bank Resolution No. 15/1997, as amended, or any associated laws and regulations.

The Kingdom of Saudi Arabia

Any investor in the Kingdom of Saudi Arabia (a “**Saudi Investor**”) who acquires Offer Shares pursuant to this Offering should note that the offer of Offer Shares is a ‘limited offer’ as per Article 10 of the Rules of Offering Securities and Continuing Obligations as issued by the Board of the Capital Market Authority of the Kingdom of Saudi Arabia pursuant to its Resolution Number 3-123-2017 dated 9/4/1439H corresponding to 27/12/2017G based on the Capital Market Law issued by Royal Decree No. M/30 dated 2/6/1424H (the “**KSA Regulations**”). The offer of Offer Shares will not be directed at more than 100 Saudi Investors (excluding “Sophisticated Investors” (as defined in Article 10 of the KSA Regulations)) and the minimum amount payable per Saudi Investor will be not less than Saudi Riyal (“**SR**”) 1 million or an equivalent amount.

The offer of Offer Shares shall not therefore constitute a “public offer”, and thus is subject to the restrictions on secondary market activity under Article 15 of the KSA Regulations. Any Saudi Investor who has acquired Offer Shares pursuant to a ‘limited offer’ may not by way of private placement offer or sell those Offer Shares to any person unless the offer or sale is made through an authorised person duly licensed by the Capital Market Authority of the Kingdom of Saudi Arabia and where one of the following requirements is met:

- 1) The price to be paid for the Offer Shares in any one transaction is equal to or exceeds one million SR or an equivalent amount;
- 2) The Offer Shares are sold to a sophisticated investor; or
- 3) The offer or sale is otherwise in compliance with Article 15 of the KSA Regulations.

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Section 1: Glossary of Defined Terms and Abbreviations

AGM	Annual General Meeting
Ahli United Bank or AUB	Ahli United Bank B.S.C., a bank registered in Bahrain with commercial registration number 46348 and regulated by the CBB as a conventional retail bank
Allotment	The distribution of the Offer Shares to the accepted Applicants as per the allotment basis described in this Prospectus
Allotment Agent	Bahrain Clear B.S.C.(c)
Allotment Date	Thursday 29 November 2018
Allotment Notice(s)	Means notices informing the Applicants of their respective Allotments of Offer Shares pursuant to the Offering which shall be made available to the Applicants for collection from Bahrain Clear or the Applicants' designated brokerages or the Participating Broker at which they submitted their Application Form by no later than the Distribution of Refunds Date
APM Terminals or APM Terminals B.V.	Means APM Terminals B.V. incorporated under the laws of the Netherlands on 10 August 2007 with commercial registration number 27303900, an indirect subsidiary of A.P. Moller Maersk
APMT Bahrain	APM Terminals Bahrain B.S.C.(c)
Applicant(s)	A prospective investor who applies for Offer Shares in this Offering
Application Closing Date	Saturday 24 November 2018, which is the last day upon which Application Forms for Offer Shares pursuant to the Offer will be received by Participating Brokers or the Receiving Bank
Application Form(s)	The form of application set out in Appendix A of this Prospectus through which Applicants apply for the Offer Shares offered pursuant to the Offering
Application Funds	The total amount of monies received by the Receiving Bank during the Offering Period, pursuant to the Offering
Application Monies Bank Account	The bank account at the Receiving Bank where all the Application Funds will be held until the Distribution of Refunds Date
Application Opening Date	Thursday 8 November 2018, which is the first day upon which Application Forms for Offer Shares pursuant to the Offer will be received by Participating Brokers or the Receiving Bank
Application Terms and Conditions	The Application Terms and Conditions shall have the meaning as defined in section 18
Approved Branch(es)	Designated branch(es) of the Receiving Bank appointed to receive the completed Application Forms. These are the Receiving Bank's branches set out in section 18.16
Arabian Gulf or Gulf	The gulf pertaining to the geographic area around the Mediterranean Sea engulfed by Iraq, Kuwait, Saudi Arabia, Qatar, Bahrain, United Arab Emirates, Iraq and Oman (exclave of Musandam)
ARC Committee	Audit, Risk and Compliance Committee of the Board
Audited Financial Statements	Financial statements for the last five financial years ended 31 December 2013, 31 December 2014, 31 December 2015, 31 December 2016 and 31 December 2017
Bahrain	The Kingdom of Bahrain
Bahrain Bourse	Bahrain Bourse, a self-regulated organisation established pursuant to Law No. 60 of 2010 to replace the Bahrain Stock Exchange that was established in 1989
Bahrain Clear	Bahrain Clear B.S.C.(c)

BHD or BD or Bahraini Dinars	Bahraini Dinars, the lawful currency of the Kingdom of Bahrain
Board	Board of Directors of the Issuer
Broker Participation Agreement	An agreement whereby each Participating Broker has been bilaterally appointed by the Company or the Lead Manager setting out the terms and conditions upon which each Participating Broker agrees to provide brokerage services in relation to the Offering
BSC or B.S.C.	Bahraini Shareholding Company
BSC(c) or B.S.C.(c)	Bahraini Shareholding Company (closed)
Business Day	Any day in the year that is not a Friday, Saturday or a public holiday in Bahrain
CAGR	Compound Annual Growth Rate
Calendar Day	Any day in the year including all weekends and public holidays
CBB	Central Bank of Bahrain
CBB Law	The Central Bank of Bahrain and Financial Institutions Law of 2006, promulgated on 6 September 2006 with the issuance of Decree No. (64) of 2006, as amended
CBB Rulebook	A seven-volume book of regulations published by the Central Bank of Bahrain, covering capital markets, banking licences, investment undertaking amongst other items, as amended
CEO	Chief Executive Officer
Chairman	Chairman of the Board of the Issuer
CMSD	Capital Markets Supervision Directorate of the CBB
Code of Corporate Governance	The Corporate Governance Charter issued under Ministerial Decree 19 of 2018 and which will be effective and applicable to all joint stock companies in Bahrain from October 2018
Commencement of Trading	Commencement of trading of the Shares on Bahrain Bourse
Commencement of Trading Date	Saturday 9 December 2018 or any such other date announced by Bahrain Bourse, on which the trading in the Shares will commence
Commercial Companies Law	The Commercial Companies Law 2001 of the Kingdom of Bahrain promulgated by Legislative Decree No. 21/2001, as amended
Company	APM Terminals Bahrain B.S.C.(c)
Corporate Governance Charter	The Corporate Governance Charter issued by the Ministry of Industry, Commerce and Tourism under Ministerial Decree 19 of 2018 in April 2018
Concession	The Khalifa Bin Salman Port Concession Agreement entered into between APM Terminals Bahrain B.S.C.(c) and the Government of the Kingdom of Bahrain dated 8 November 2006
Constitutive General Assembly	The first general assembly of shareholders to be held following the Conversion of the Issuer
Contractor	Svitzer Bahrain S.P.C. (previously known as SvitzerWijsmuller Bahrain S.P.C.)
Conversion	The conversion of the Issuer from a closed joint stock company to a public joint stock company

DIFC	Dubai International Financial Centre
Director(s)	Members of the Board of Directors of the Issuer
Distribution of Refunds Date	Monday 3 December 2018, the date by which any Application Funds that are in excess of the Gross Proceeds (or those Application Funds pertaining to rejected Applications) are refunded to the Applicants, together with any applicable Investor Number Fees and excess Participating Broker Fee paid, in BHD net of any banking, wire and transfer processing charges
EBITDA	Earnings before interest, taxes, depreciation and amortisation
EGM	Extraordinary General Meeting
Eligible Applicant(s)	An Applicant (whether corporate or individual) that satisfies the Application Terms and Conditions and who are not US Persons and are not citizens of countries sanctioned by the Kingdom of Bahrain, provided that the legislation of the country of the Applicant's citizenship, residence or domicile permits the Applicant to do so. For the avoidance of doubt, the Founders, including their subsidiaries, associates, affiliates, substantial shareholders (being those who own five percent or more of the issued shares of the Founders and their spouses and children), parent companies or APMT Bahrain's related parties are not allowed to apply in this Offering. Such restriction shall not apply to such of APMT Bahrain's employees who are qualified to subscribe for the Offer Shares in accordance with the terms and conditions of the Offering
Excluded Defaults	Has the meaning given to it in section 10.1.41
EXIM	Export Import
FCL	Full container load
fiIs	The one thousand unit sub-division of each Bahraini Dinar
Final Retail Allocation	Has the meaning given to it in section 3 under the heading "Allotment basis"
Founders	All Shareholders of the Issuer prior to this Offering comprised of: a) APM Terminals B.V. (80%); and b) Yusuf Bin Ahmed Kanoo (Holdings) Co. W.L.L. (20%)
FY	Fiscal year
G&A expenses	General and administrative expenses
GCC	The Gulf Co-operation Council comprising the Kingdom of Bahrain, the State of Kuwait, the Sultanate of Oman, the State of Qatar, the Kingdom of Saudi Arabia, and the United Arab Emirates
GDP	Gross Domestic Product
General Assembly or General Meeting	An annual, ordinary or extraordinary general meeting of the Shareholders
Government	The Government of the Kingdom of Bahrain
Gross Proceeds	An amount equal to the Offer Price multiplied by the number of Offer Shares allotted to Applicants
H1'17 or H1'2017 or H1 2017	The six (6) month period from 1 January 2017 to 30 June 2017
H1'18 or H1'2018 or H1 2018	The six (6) month period from 1 January 2018 to 30 June 2018
HC Module	The High Level Controls Module of Volume 6 of the CBB Rulebook

HSE	Health, safety and environment
IAS	International Accounting Standards
IBAN	International Bank Account Number
IFRS	International Financial Reporting Standards
IFRIC	International Financial Reporting Interpretations Committee
IMF	International Monetary Fund
IMO	International Maritime Organization
IN	Investor Number
Initial Minimum Retail Allocation	Has the meaning given to it in section 3 under the heading “Allotment basis”
Initial Public Offering	The initial public offering of 18,000,000 Offer Shares, equivalent to 20% of the Company’s issued share capital.
Institutional Allocation	Has the meaning given to it in section 3 under the heading “Allotment basis”
Institutional Applicant(s)	An Applicant which subscribes for a minimum of 100,001 Offer Shares
Investor Account	A securities depository account held by an investor at Bahrain Clear
Investor Number	A unique number issued by Bahrain Clear for any investor who opens an Investor Account
Investor Number Fee	A fee of BD 4.000 levied by Bahrain Clear for the opening of an Investor Account and assigning an Investor Number to an investor
IPO	Initial Public Offering
ISO	International Organization for Standardization
ISPS Code	International Ship and Port Facility Security Code as adopted by the International Convention for the Safety of Life at Sea (SOLAS) 1974
ISIN	International Securities Identification Number
Issuer	APM Terminals Bahrain B.S.C.(c)
k	immediately following a number, denotes numbers in thousands, rounded to the nearest digit
KBSP	Khalifa Bin Salman Port, a multiport facility located in the Kingdom of Bahrain and operated/managed by the Company under a 25 year concession granted by the Government of Bahrain
KBSP Commercial Operation Date	1 April 2009
KPI	Key performance indicator
KPMG	KPMG Fakhro
KSA Regulations	Has the meaning given to it in the Applicants Identification and Anti-Money Laundering Requirements section of this Prospectus under the heading “The Kingdom of Saudi Arabia”
Lashing or Unlashing	To secure or remove the lashing (cord) secured to containers or cargo
LCL	Less than container load
Lead Manager	SICO B.S.C.(c)

Legal Adviser(s)	Trowers & Hamlins as lead international counsel and Hassan Radhi & Associates as Bahraini counsel to the Company
LIBOR	London Interbank Offered Rate
Lock-in Period	A period of one year beginning on the Commencement of Trading Date, during which the Shares that do not form part of the Offering shall be restricted from being transferred
Maersk Group	A.P. Moller – Maersk, a global business headquartered in Copenhagen, Denmark, with activities in the transport, logistics and energy sectors and the largest global container ship and supply vessel operator. A.P. Moller – Maersk is the ultimate indirect controlling shareholder of the Company.
Manual	The Corporate Governance Manual of the Company
Market Maker	SICO B.S.C.(c)
Memorandum and Articles of Association	The memorandum and articles of association (and its amendments) of the Company
MENA	Middle East and North Africa
Minor(s)	A person who is below 21 years of age
MoICT	Ministry of Industry, Commerce & Tourism of the Kingdom of Bahrain
MOTT	Ministry of Transport and Telecommunications of the Kingdom of Bahrain
MMETCO	Modern Mechanical, Electrical and Transport Co. W.L.L
MSP	Mina Salman Port
MT	Metric Ton
MTEUs	Million Twenty Foot Equivalent Units
Net Proceeds	The proceeds from the Offering, after deducting: (a) any refunds; (b) the Offering expenses depicted in section 16.11 of this Prospectus; (c) any Investor Number Fees and Participating Broker Fees (and any excess in relation thereto); and (d) the expenses pertaining to previous IPO and private placement activities of the Shares since 2015 which were not executed and which expenses were the subject of the EGM resolution referred to in section 2.3
Nominated Percentage	Has the meaning given in section 10.1.20 of this Prospectus
Northern Gulf	The Upper Gulf
NRG Committee	Nominating, Remuneration and Governance Committee of the Board
Offer or Offering	The IPO of the Offer Shares
Offer(ing) Period	The period starting on the Application Opening Date and ending on the Application Closing Date (inclusive), during which Application Forms and Application Funds for Offer Shares pursuant to the Offering will be received by Participating Brokers or the Receiving Bank
Offer Price	The price of BHD 0.660 for each of the Offer Shares
Offer Share(s)	18,000,000 existing Shares of the Issuer which form the whole of this Offering
OFS	The Offering of Securities Module of Volume 6 of the CBB Rulebook
P/E	Price-to-earnings
Participating Broker Fee	Has the meaning given to it in section 3 under the heading “Participating Broker Fee”

Participating Brokers	The brokerage units of any of SICO B.S.C.(c), Ahli United Bank B.S.C., BBK B.S.C., and Global Investment House B.S.C.(c)
PMA	The Ports and Maritime Affairs at the Ministry of Transport and Telecommunications of Bahrain (formerly the General Organisation of Sea Ports)
PP&E	Property, Plant and Equipment
Preliminary Broker Fee Payment	Has the meaning given to it in section 3 under the heading “Participating Broker Fee”
Preliminary Prospectus	The draft red herring / preliminary prospectus in relation to the Offering made available to the public in accordance with rule OFS-4.4.1 between 9 August 2018 and 28 August 2018 on the website of the Lead Manager
Ports Law	Bahrain law number 61 of 2006 promulgating the Law of the General Organisation of Sea Ports, including its amendment via Legislative Decree Number 46 of 2012
Post-Conversion Memorandum and Articles of Association	The new memorandum and articles of association to be adopted by the Issuer following the Conversion, drafts of which are set out in Appendix B
Prospectus	This document prepared by the Issuer in relation to this Offering in accordance with the applicable laws, rules and regulations of Bahrain
r	Has the meaning given in section 10.1.19 of this Prospectus in the context of the Revenue Charge
Receiving Bank	Ahli United Bank B.S.C.
Reefer	A container used for the transportation of refrigerated cargo
Registrar	Bahrain Clear B.S.C.(c)
Retail Allocation	Has the meaning given to it in section 3 under the heading “Allotment basis”
Retail Allotment Basis	Has the meaning given to it in section 3 under the heading “Allotment basis”
Retail Applicant(s)	An Applicant which subscribes for less than or equal to 100,000 Shares.
Revenue Charge	Has the meaning given in section 10.1.17 of this Prospectus
RO-RO	Roll On Roll Off pertaining to ships or vessels designed to carry wheeled cargo such as automobiles and trucks that are driven on or off the ship or vessel on their own wheels
Saudi Investor	An investor in the Kingdom of Saudi Arabia
Second Pro-Rata Retail Allocation	Has the meaning given to it in section 3 under the heading “Allotment basis”
Securities Account	An account with a brokerage firm authorised by Bahrain Bourse
Securities Account Fee	A fee of BD 1.000 charged by Bahrain Clear for the assignment of an Applicant's Investor Number to a brokerage firm authorised by Bahrain Bourse
Selling Shareholders	APM Terminals B.V. and Yusuf Bin Ahmed Kanoo (Holdings) Co. W.L.L.
Shareholder	Any registered shareholder of the Issuer
Shareholders' Agreement	Has the meaning given to it in section 10.4.1
Share(s)	Pre-Offering: 90,000,000 issued and fully paid up ordinary shares of the Issuer with a par value of BHD 0.100 each

Post-Offering: 90,000,000 issued and fully paid up ordinary shares of the Issuer with a par value of BHD 0.100 each

SOP	Standard operating procedure
SR	Saudi Riyals
Stakeholder	Has the meaning given to it in section 7.17
Svitzer	Svitzer Bahrain S.P.C. (previously known as SvitzerWijsmuller Bahrain S.P.C.)
TEUs	Twenty Foot Equivalent Units
Underwriter	SICO B.S.C.(c)
Underwriting Agreement	An agreement entered into between the Issuer and the Underwriter on 16 September 2018, setting out the terms and conditions upon which the Underwriter has provided an irrevocable binding commitment to underwrite the Offering subject to the terms and conditions of the agreement
UAE	United Arab Emirates
Upper Gulf	The Kingdom of Bahrain, the Kingdom of Saudi Arabia, the State of Kuwait, Qatar, and the Republic of Iraq
US Person	Has the meaning set out in Regulation S under the United States Securities Act of 1933, as amended
U.S. Securities Act	U.S. Securities Act of 1933, as amended
USD or US\$	United States Dollar, the lawful currency of the United States of America
VAT	Value Added Tax
VTMS	Vessel tracking management system

Section 2: Resolutions and Approvals

2 Resolutions and Approvals

The Issuer has received the resolutions and approvals set out below:

2.1 PMA

The terms of the Concession specify that within 5 years of the KBSP Commercial Operation Date APMT Bahrain shall convert from a closed joint stock company to a public joint stock company by either offering new shares to the public or by the shareholders of APMT Bahrain offering at least 20% of their existing shares through an offer for sale to the public. The timeline for this would have expired on 31 March 2014 and the Company has pursued various options since 2014 to satisfy this obligation, including through preparations for a potential IPO in 2015 and subsequently through other potential share sale activity, in continued correspondence with the regulatory authorities in Bahrain. In a letter from the PMA dated 7 February 2018 the PMA confirmed it would be reasonable to extend the timeframe to October 2018 and the Offer is proceeding accordingly.

2.2 Board Resolutions

The Board resolved, during a Board meeting held on 11 June 2018, to refer the resolutions listed in section 2.3 below to the Shareholders for approval at an EGM. These resolutions were put forward to allow for the conversion of the Company to a public joint stock company, to have the Shares admitted for trading on Bahrain Bourse and to pass any other resolution required to allow for the IPO of eighteen million (18,000,000) Shares.

Furthermore, the Board resolved during a subsequent Board meeting held on 17 September 2018 to, among other things, approve the information contained in this Prospectus and arrange for the price of the Shares offered pursuant to the IPO to be set.

2.3 Shareholder Resolutions

The Founders unanimously passed the following resolutions, among others, during the EGM held on 11 June 2018:

- To convert the Company from a closed joint stock company to a public joint stock company;
- To undertake an IPO of the Offer Shares to suitably qualified Applicants with such shares to be transferred to successful Applicants from the Founders on a pro-rata basis;
- To waive any pre-emption rights the Founders may have in relation to the Offer;
- That the Company take all necessary and desirable steps for the IPO including appointment of all advisors for the successful completion of the IPO, the Conversion and subsequent listing;
- That all of the Shares be listed on Bahrain Bourse after completion of the IPO and requisite formalities including the execution of appropriate agreements, including the listing agreement, with Bahrain Bourse;
- That the costs and expenses associated with the IPO, including earlier attempts at initial public offerings and private placements since and including the year 2015, shall be payable from the proceeds of sale of the Offer Shares; and
- That the Board, the Chairman and any other person to whom such authority may be delegated by the Board be authorised to take all steps and do all things they shall determine to be necessary or appropriate to give effect to the above resolutions including updating the Memorandum and Articles of Association, filing all necessary applications and offering documentation for relevant approvals, publication of the Offer and associated documentation on behalf of the Company and setting the terms and conditions of the IPO, including but not limited to the Offer Price.

2.4 CBB

The Company has obtained a no-objection letter from the Central Bank of Bahrain's Capital Markets Supervision Directorate dated 29 October 2018 stating that it has no objection to the use of this Prospectus for the Offering.

Please also refer to the eighth paragraph of the Important Notice section of this Prospectus for a description of the CBB's approval to KPMG's appointment in its capacity as financial due diligence advisor as an exceptional conditional exemption to the requirement of rule OFS-3.2.19(c), which requires an appointed advisor to be independent of the Issuer.

2.5 MoICT

The Company submitted an application to the MoICT for the conversion of the Company into a public joint stock company and the MoICT approved the Post-Conversion Memorandum and Articles of Association set out in Appendix B. The Company has applied for the publication of notice of the Conversion and this notice has been published in a local Arabic newspaper on 17 October 2018 and in the Official Gazette on 18 October 2018. Under the Commercial Companies Law there is a period of fifteen working days from the notice during which objections to the Conversion can be raised by the Company's shareholders or creditors. Given the shareholders have unanimously approved the conversion at the EGM held on 11 June 2018, it is not anticipated that any such objections will be raised from shareholders within the time allowed for such objections. Consequently, it is expected that the final approval for the Conversion process will be granted by the decision of the MoICT effecting approval no. CR 2018-14782 following the fifteen working days notice period.

2.6 Bahrain Bourse

The Company has made an application to Bahrain Bourse to list all the Shares of the Company on Bahrain Bourse. Bahrain Bourse issued its approval letter to list the Company on 29 October 2018.

Trading in the Shares of the Company on Bahrain Bourse is expected to commence on Sunday 9 December 2018 through an official announcement and/or resolution issued by Bahrain Bourse.

Section 3: Summary of the Offering

Each potential investor should note that this section of this Prospectus represents a summary of the Offering only and is not intended to be a full presentation of the Offering, further details of which can be found in other sections of this Prospectus.

Offering terms	The IPO consists of an offer for the sale of eighteen million (18,000,000) existing Shares equivalent to twenty per cent (20%) of the Company's issued share capital. Each Share has a nominal value of BHD 0.100 and is offered at a price of BHD 0.660 per Share. The Offer is directed at individual and corporate investors under the terms and subject to the conditions contained in this Prospectus.
Issuer	APMT Bahrain is a Bahraini closed joint stock company registered under commercial registration number 60982, incorporated on 11 May 2006, and registered under the laws of the Kingdom of Bahrain with the MoICT. Prior to listing, the Company shall convert from a closed joint stock company into a public joint stock company.
Number of equity securities being offered	Eighteen million (18,000,000) existing Shares representing twenty percent (20%) of the Company's issued share capital which is being offered for sale as part of the Offering.
Selling Shareholders	APM Terminals B.V., a company incorporated under the laws of the Netherlands, owns 80% of the Company's issued share capital, and Yusuf Bin Ahmed Kanoo (Holdings) Co. W.L.L., incorporated under the laws of the Kingdom of Bahrain, owns the remaining 20% of the issued share capital. The Selling Shareholders intend to sell their proportionate share in the Offer Shares pro-rata to their equity ownership of the Company.
Type of offer	Offer for sale of eighteen million (18,000,000) Shares to the public, representing twenty per cent (20%) of the total issued share capital of the Company, through an IPO.
Eligible Applicants	The Offering is open to Bahraini and non-Bahraini individuals and companies ("Applicants") which satisfy the Application Terms and Conditions, provided that the legislation of the country of the Applicant's citizenship, residence or domicile permits the Applicant to do so. US Persons and citizens of countries sanctioned by the Kingdom of Bahrain are not eligible to participate in the Offering. Only Eligible Applicants with the ability to evaluate and bear the risk of buying shares in the Company should subscribe. It is the responsibility of each Applicant to establish his/her suitability to purchase Shares through this Offering. The Founders, including their subsidiaries, associates, affiliates, substantial shareholders (being those who own five percent or more of the issued shares of the Founders and their spouses and children), parent companies or APMT Bahrain's related parties are not allowed to apply in this Offering. Such restriction shall not apply to such of APMT Bahrain's employees who are qualified to subscribe for the Offer Shares in accordance with the terms and conditions of the Offering. The employees of the Company will be subject to the requirements and restrictions imposed by Bahrain Bourse and the CBB including the requirement, pursuant to rule OFS-1.6.1(b), that such employees and the Company's associated persons shall not be considered part of the 100 minimum number of Shareholders required for the listing of the Company on Bahrain Bourse.
Issued, fully paid and authorised share capital of the Company	BHD nine million (BHD 9,000,000) comprising of ninety million (90,000,000) ordinary Shares each with a nominal value of BHD 0.100.
Issued and fully paid-up equity securities capital of the Issuer post this Offering	BHD nine million (BHD 9,000,000) comprising of ninety million (90,000,000) ordinary Shares each with a nominal value of BHD 0.100.

Offer price	Each Offer Share will be offered for sale at an Offer Price of BHD 0.660.
Nominal Value	The nominal value per Share is BHD 0.100.
Total proceeds pending allotment	Pending allotment and any refunds, the Application Funds will be held in the Application Monies Bank Account maintained by the Receiving Bank.
Offer Shares ranking	The Company has one class of Shares, and all Shares (including the Offer Shares) carry equal rights and obligations. The Shares are indivisible but two or more persons may jointly hold title to one or several Shares provided that they shall be represented in relation to the Shares by one person. Joint owners of Shares shall be jointly responsible for liabilities arising from such ownership. The Offer Shares to be transferred as part of the Offer will rank in all regards pari passu with the existing Shares, which means that they will share in the dividends, if declared, of the Company and have the rights of enjoyment and voting which match the rights of each currently issued Share. In respect of dividends, the Offer Shares will entitle holders to receive dividends declared by the Company after the approval of the Offering by the CBB for the financial years ending 31 December 2018 onwards.
Application currency	Bahraini Dinars and fils.
Price methodology	The Lead Manager determined the Offer Price through a valuation exercise. Details are set out in section 16.1 "Pricing of the Offering".
Minimum application	The minimum allowable application is for one (1) Offer Share.
Use of proceeds	The Company will distribute the Net Proceeds from the Offering to the Selling Shareholders pro-rata to their shareholdings in consideration for their sale of the Offer Shares.
Application Opening Date	Thursday 8 November 2018
Application Closing Date	Saturday 24 November 2018
Allotment Date	Thursday 29 November 2018
Commencement of Trading Date	Sunday 9 December 2018
Applicant categories	An Applicant will be categorised as either an Institutional Applicant or a Retail Applicant based on the criteria set out below: • Institutional Applicant: An Applicant is deemed to be an Institutional Applicant if it subscribes for a minimum of one hundred thousand and one (100,001) Shares; and • Retail Applicant: An Applicant is deemed to be a Retail Applicant if it subscribes for less than or equal to one hundred thousand (100,000) Shares.

Allotment basis

If the total number of Offer Shares applied for by Eligible Applicants exceeds the number of Offer Shares offered, the Company shall, in consultation with the Lead Manager, establish an Allotment basis in which the Offer Shares will be allocated as set out below:

- If the total number of Offer Shares applied for by Institutional Applicants is equal to or less than 12,600,000 Offer Shares (70% of the Offer Shares) (the “**Institutional Allocation**”), all Institutional Applicants will be allotted the number of Offer Shares they have applied for. Any remaining Offer Shares from the Institutional Allocation, after allocation to Institutional Applicants, will be allotted to Retail Applicants on the Retail Allotment Basis (as defined below);
- If the total number of Offer Shares applied for by Retail Applicants is equal to or less than 5,400,000 Offer Shares (30% of the Offer Shares) (the “**Retail Allocation**”), all Retail Applicants will be allotted the number of Offer Shares they have applied for. Any remaining Offer Shares from the Retail Allocation, after allocation to Retail Applicants, will be allotted pro-rata to Institutional Applicants who were not allotted the full number of Offer Shares they applied for based on the number of Offer Shares each Institutional Applicant applied for; and
- If the total number of Offer Shares applied for by Retail Applicants exceeds the Retail Allocation (i.e., 5,400,000 Offer Shares being 30% of the Offer Shares), then:
 - each Retail Applicant shall first receive an equal allocation from the Retail Allocation, and only up to the total Retail Allocation available, until such allotment of Offer Shares is equal to the lower of the amount applied for by such Retail Applicant and 15,000 Offer Shares (the “**Initial Minimum Retail Allocation**”); then
 - once each Retail Applicant is allotted the Initial Minimum Retail Allocation, any excess Offer Shares from within the Retail Allocation shall be allotted to Retail Applicants who were not allotted the full number of Offer Shares they applied for on a pro rata basis to the Offer Shares applied for by such Retail Applicants (the “**Second Pro-Rata Retail Allocation**”); then
 - once Retail Applicants are allotted the Initial Minimum Retail Allocation and the Second Pro-Rata Retail Allocation, and if the number of Offer Shares applied for by Institutional Applicants is less than the Institutional Allocation (i.e., 12,600,000 Offer Shares being 70% of the Offer Shares), Retail Applicants who were not allotted the full number of Offer Shares they applied for will be allotted any Offer Shares from the Institutional Allocation that was not applied for by Institutional Applicants on a pro rata basis to the Offer Shares applied for by such Retail Applicants (the “**Final Retail Allocation**”).

The “**Retail Allotment Basis**” shall comprise of the Initial Minimum Retail Allocation, the Second Pro-Rata Retail Allocation, and the Final Retail Allocation.

If the total number of Offer Shares applied for by Eligible Applicants is less than or equal to the number of Offer Shares offered, all Eligible Applicants will be allotted the number of Offer Shares they have applied for.

Other allotment and sale conditions are set out below:

- Any Share allotment amounts that result in fractions will be rounded down to the nearest integer;

- The results of the application and confirmation of the basis of allotment will be published in a minimum of two (2) local newspapers in Bahrain, one in Arabic and the other in English, within two (2) Calendar Days of the Application Closing Date. The decision of the Lead Manager on the basis of allotment and on each individual Allotment shall be final;
- Minor Applicants should make their applications through their legal guardian;
- Allotment of the Offer Shares is expected to be completed on the Allotment Date; and
- No Offer Shares shall be distributed pursuant to this Prospectus on any date falling six (6) months after the date of the registration of this Prospectus with the CBB.

All Eligible Applicants will be required to pay their Application Funds (together with the Investor Number Fee and the Preliminary Broker Fee Payment, if required and applicable) at the time that they submit an Application Form, and such funds will be held in the Application Monies Bank Account maintained by the Receiving Bank. For the avoidance of doubt, no Participating Broker Fee or Preliminary Broker Fee Payment applies to Applicants submitting an Application Form directly at the Receiving Bank rather than through a Participating Broker. On the Distribution of Refunds Date, Applicants' deposits in the Application Monies Bank Account will be transferred to the Selling Shareholders, net of any refunds, all Offering expenses, any Investor Number Fees and Participating Broker Fees (and any excess in relation thereto), and net of the expenses pertaining to previous IPO and private placement activities of the Shares since 2015 which were not executed and which expenses were the subject of the EGM resolution referred to in section 2.3, in accordance with the terms of the Offer.

The Company does not provide any Applicant with any assurance, representation, warranty, covenant or other statement to the effect that it will receive the full allotment of Offer Shares requested by the Applicant in the Application Form.

Allotment results

The results of the Offering, along with the Share Allotment basis, will be published in at least two (2) local newspapers, one in Arabic and one in English, within two (2) Calendar Days from the Application Closing Date

Participating Broker Fee

A fee may be charged to an Applicant by the Participating Broker through which an Applicant makes an application for Offer Shares, if agreed between an Applicant and its Participating Broker, of up to 0.2% of the aggregate Offer Price of the Offer Shares allotted to an Applicant pursuant to an application through its Participating Broker (the “**Participating Broker Fee**”).

Where a Participating Broker Fee is agreed between an Applicant and its Participating Broker, the Applicant shall pay as part of its application for Offer Shares the agreed fee percentage (being no greater than 0.2%) of the aggregate Offer Price of the Offer Shares applied for by the Applicant (the “**Preliminary Broker Fee Payment**”).

For the avoidance of doubt, no Participating Broker Fee or Preliminary Broker Fee Payment applies to Applicants submitting an Application Form directly at the Receiving Bank rather than through a Participating Broker.

On the Distribution of Refunds Date, the Receiving Bank shall: (a) pay to the relevant Participating Broker the relevant Participating Broker Fee in respect of the relevant Applicant; and (b) where an Applicant does not receive the full number of Offer Shares for which it applied through its Participating Broker, refund to the relevant Applicant, as further detailed in section 18.21 herein, the difference between the Participating Broker Fee and the Preliminary Broker Fee Payment.

**Transfer and Refunds
Notification to Applicants**

Following the Allotment of the Offer Shares and by no later than the Distribution of Refunds Date, Allotment Notices informing the Applicants of their respective allotments of Offer Shares pursuant to the IPO shall be made available to the Applicants for collection from Bahrain Clear or the Applicants' designated brokerages or the Participating Broker at which they submitted their Application Form, and excess Application Funds, if any, shall be refunded. For Applicants who have paid their Application Funds by means of manager's cheques/demand drafts, such refunds (if any) shall be made through refund cheques that will be made available for collection by the relevant Applicants from the particular Approved Branches of the Receiving Bank where the applications were submitted. For Applicants who have paid their Application Funds by means of telegraphic transfers, refunds (if any) shall be made through telegraphic transfers. The bank charges for telegraphic transfers and refund cheque issuances shall be borne by the Applicants. For Applicants who have paid their Application Funds by means of internal transfers from bank accounts held with the Receiving Bank, the refund amounts (if any) will be credited to their bank accounts with the Receiving Bank. For Applicants who have paid their Application Funds through a Participating Broker, refunds shall be credited to the Applicant's account with the relevant Participating Broker.

The Shares will be in a dematerialised form, and there will be no physical certificates representing the Shares. Issuance of the Allotment Notices shall not constitute proof of ownership of the Shares.

**Listing of Shares on
Bahrain Bourse**

The Company has applied to the CBB and Bahrain Bourse to admit all of the Shares for trading on Bahrain Bourse under the symbol APMTB. The Shares shall be registered under ISIN code BH0006Y11350.

Lock-in Period

Under the laws of the Kingdom of Bahrain, the Founders shall be restricted from transferring their Shares for a period of one (1) year beginning on the Commencement of Trading Date.

Additionally, the Concession requires that APMT Bahrain is required to procure that APM Terminals B.V. will at all times own not less than 51% of the issued share capital and not less than 51% of the votes at the General Meeting of APMT Bahrain throughout the Concession term.

The Underwriter has also committed not to transfer any Shares purchased pursuant to the Underwriting Agreement for a minimum period of six months from the Commencement of Trading Date.

**Commencement of Trading
Date**

Trading of the Shares on Bahrain Bourse is expected to commence on Sunday 9 December 2018.

**Rights and obligations of
Shareholders**

The rights and obligations of the Shareholders are set out in section 19 ("**Additional Information**"), under the heading "Post-Conversion Memorandum and Articles of Association".

Dividend

Each Share shall entitle the holder to participate in the dividends, if declared, by the Company on a pro-rata basis. Each Share allotted will participate in any dividend due to be paid to Shareholders in respect of the financial years ending 31 December 2018 onwards.

Application Forms

Application Forms will be made available to Applicants at Participating Brokers and the Approved Branches of the Receiving Bank.

Each Applicant is permitted to submit only one (1) Application Form. Submission of multiple Application Forms by an Applicant may void all Application Forms except for the Application Form first submitted to a Participating Broker or the Receiving Bank (as applicable) or the Application Form seeking the purchase of the highest number of Shares, at the sole discretion of the Lead Manager.

Once an Application Form has been accepted by a Participating Broker or the Receiving Bank and Application Funds have been transferred to the Participating Broker or the Receiving Bank by an Applicant, the Application Form cannot be withdrawn and Application Funds will not be returned except under the circumstances described in this Prospectus.

A web-based electronic IPO application process (E-IPO) may be made available to prospective Applicants during the Offering Period by Bahrain Clear as an alternative application process to those described in this Prospectus. Details of the E-IPO process and requirements for such an application may be made available on the website of the Bahrain Bourse at www.bahrainbourse.com.

Mode of payment

Applicants must remit to the Receiving Bank (either directly or through a Participating Broker) their cleared Application Funds (together with the Investor Number Fee and the Preliminary Broker Fee Payment, if required and applicable) in Bahraini Dinars using one of the methods set out below:

- by way of internal transfer from an account held with the Receiving Bank;
- by way of manager's cheque/demand draft (to be drawn in Bahraini Dinars for the Receiving Bank); or
- by way of telegraphic transfer to the Application Monies Bank Account with the Receiving Bank (either directly or through the Participating Broker) (payment instructions to clearly mention the related Application Form number and the amount of funds that are payable, net of any bank charges).

For the avoidance of doubt, one of the Application Terms and Conditions that each Applicant must satisfy is that each Applicant remits its Application Funds to the Application Monies Bank Account. Therefore, where an Applicant remits their Application Funds to a Participating Broker, it is the sole responsibility of that Applicant to ensure that the Application Funds are then remitted from the Participating Broker to the Application Monies Bank Account with the Receiving Bank before the end of the Offering Period. Failure of an Applicant's Application Funds to arrive in the Application Monies Bank Account before the end of the Offering Period may result in the Applicant's application for Offer Shares being rejected.

Cash deposits or personal cheques will not be accepted.

Applicants who do not already have an Investor Number (IN) with Bahrain Clear must include with their Application Funds the Investor Number Fee.

Applicants who already have an IN must state the IN on the Application Form and provide documentary evidence of such account.

Applicants must make their payments net of any bank charges, at the same time as submitting their Application Forms.

For the avoidance of doubt, no Participating Broker Fee or Preliminary Broker Fee Payment applies to Applicants submitting an Application Form directly at the Receiving Bank rather than through a Participating Broker.

Lead Manager

SICO B.S.C.(c)

Participating Brokers

The brokerage units of each of SICO B.S.C.(c), Ahli United Bank B.S.C., BBK B.S.C. and Global Investment House B.S.C.(c)

Receiving Bank

Ahli United Bank B.S.C., a CBB-licensed bank. For details concerning the Approved Branches, please refer to the section entitled "The Participating Brokers and the Receiving Bank" in section 18.

Underwriting Arrangement	The Underwriter has, subject to the customary terms and conditions included in the Underwriting Agreement entered into with the Company, agreed to underwrite eighteen million (18,000,000) existing Offer Shares as offered for sale to the public pursuant to the Offering and at the Offer Price.
Depository arrangements	All Applicants are required to have an Investor Number with Bahrain Clear. Applicants who do not have an Investor Number with Bahrain Clear will be required to pay the Investor Number Fee at the time of application. Initially, all Shares purchased in the Offering will be held in Applicants' Investor Accounts. Refer to the section entitled "The Securities Market in Bahrain" in section 19, which also provides an overview of the roles of Bahrain Bourse and Bahrain Clear. Application Funds collected from Applicants will be deposited in the Application Monies Bank Account held by the Receiving Bank. Following the Allotment, the Application Funds of the Offering will be held in the Application Monies Bank Account until the Distribution of Refunds Date. On the Distribution of Refunds Date, Application Funds that are in excess of the Gross Proceeds (or those Application Funds pertaining to rejected Applications) are refunded to the Applicants, as further detailed in section 18.21 herein, together with any applicable Investor Number Fees and excess Participating Broker Fee paid, and the Net Proceeds shall be transferred to the Selling Shareholders.
Risk factors	There are certain risks relating to an investment in the Company. Some of these risks are described in section 17, "Risk Factors and Investment Considerations", which should be considered carefully by all Applicants prior to making a decision to invest in the offered Shares.

Section 4: Offering Statistics and Expected Timetable

4 Offering Statistics

The Offering consists of an offer for sale of 18,000,000 existing Shares, equivalent to BHD 11,880,000, which represents 20% of the Company's issued share capital. Each Share has a nominal value of BHD 0.100 and is offered at a price of BHD 0.660 per Share.

4.1 Method and Expected Timetable

Invitation Announcement Date	Wednesday 31 October 2018
Offering Period	Thursday 8 November 2018 to Saturday 24 November 2018
Opening Date of the Offering Period	Thursday 8 November 2018
Closing Date of the Offering Period	Saturday 24 November 2018
Results of Applications and Allotment basis announcement date	Monday 26 November 2018
CBB approval on Allotment statement and Shareholders list	Tuesday 27 November 2018
Allotment Date	Thursday 29 November 2018
Distribution of Refunds Date	Monday 3 December 2018
Signing of listing agreement with Bahrain Bourse	Tuesday 4 December 2018
Commencement of Trading Date	Sunday 9 December 2018
Constitutive General Assembly	Thursday 13 December 2018

- 4.2** The Offer Shares may be subscribed to through Participating Brokers or Approved Branches of the Receiving Bank during the Offer Period. The Participating Brokers and/or the Receiving Bank may extend their respective collection hours or days during the Offer Period after obtaining the necessary approvals. The Offer Period may be extended by the Issuer after obtaining all necessary approvals for such extension. Any extension to the Offer Period will be announced in a minimum of two (2) local daily newspapers, one in Arabic and one in English.
- 4.3** The Application Funds shall be payable in full at the time of the application for the Offer Shares at any time during the Offer Period and prior to the Participating Brokers' and the Receiving Bank's closing time on the Application Closing Date. For further information relating to the process for applying for the Offer Shares and the times during which the Participating Brokers and the Approved Branches of the Receiving Bank will be open during the Offer Period please refer to section 18 ("Application Terms and Conditions") of this Prospectus.
- 4.4** The results of the Offer and confirmation of the basis of Allotment will be published in a minimum of two (2) local newspapers in the Kingdom of Bahrain within two (2) Calendar Days of the Application Closing Date. The decision of the Lead Manager on the basis of Allotment and on each individual Allotment, after the approval or rejection of specific allotments as noted in section 3 "Summary of the Offering", shall be final.
- 4.5** On the Distribution of Refunds Date, the Receiving Bank will return, in Bahraini Dinars, the Application Funds, net of any wire or refund cheque/draft issuance costs, paid by Applicants in respect of Offer Shares they applied for and were not allotted. No profit or interest shall be payable to Applicants in respect of Application Funds collected by the Receiving Bank or a Participating Broker regardless of whether such funds are returned to the Applicant in whole or in part.

Section 5: Information on the Issuer

5 Background and History of the Issuer

APM Terminals Bahrain B.S.C.(c) is a Bahraini closed joint stock company incorporated in the Kingdom of Bahrain on 11 May 2006 with commercial registration number 60982. The Company forms part of the Netherlands based APM Terminals B.V., a global leader in the management and operation of ports and inland services and part of the Maersk Group which amongst other things is active in the transport and logistics industry. APMT Bahrain has been operating for 12 years in Bahrain, commencing with the initial management of Mina Salman Port and, since April 2009, has been the exclusive port operator of KBSP in Bahrain.

On 8 November 2006, the Company signed a 25 year Concession with the Government of Bahrain, providing the Company with numerous rights (subject to the Concession's terms), including:

- an exclusive right and privilege to operate KBSP;
- an exclusive right and privilege to provide marine services (meaning marine based services including pilotage and towage services) to KBSP and Mina Salman;
- an exclusive right and privilege to provide certain pilotage services within Khawr Al Qulay'ah, Sitrah anchorage and the approach channel to certain private jetties requiring such a service;
- an exclusive right and privilege to operate and provide the vessel tracking management system within Khawr Al Qulay'ah, Sitrah anchorage and the approach channel to certain private jetties requiring such a service;
- a non-exclusive right to provide certain marine services outside KBSP and Mina Salman within the territorial waters of Bahrain; and
- the right to grant certain exclusive and non-exclusive concessions and/or licences to third parties.

5.1 The Exclusive Operator of KBSP

KBSP is the only general commercial port facility in Bahrain¹ and is well positioned to be a hub for the Upper Gulf. Located on 900,000 square metres of reclaimed land, the port has a 1,800 metre quay which includes a container terminal served by four 61 metre post-panamax cranes, as well as general cargo, RO-RO and passenger facilities. The facility currently features four ship-to-shore (STS) cranes with a container outreach of 18 rows, capable of handling vessels of up to 14,000 TEU capacity, and operates with a productivity level averaging 34 gross moves per hour per crane.

KBSP is one of the multi-purpose deep water facilities located in the Middle East. Through its diverse service offering, KBSP is capable of handling the following:

- (a) **Containers** – Used in the import and export of packaged cargo carried by container ships. Container dimensions range from 20, 40, 45 foot and are measured in Twenty Foot Equivalent Units (TEU). These can be broken down into two broad sub-categories:
 - i **Local** – EXIM of TEUs with origin or destination being local; and
 - ii **Transshipment** – a TEU which is transferred from one ship to another at some point during the journey without leaving the port where the transfer is taking place is said to be transhipped.
- (b) **General Cargo** – consists typically of commodity goods bulk or break-bulk including livestock, steel, sugar, construction materials and RO-RO, passengers etc.

¹ Certain private jetties in Bahrain operate outside the mandate of the Company for the sole use of the entities that own them. These jetties include but are not limited to Aluminium Bahrain B.S.C. (ALBA), Bahrain Petroleum Company B.S.C.(c). (BAPCO), Bahrain Steel BSCC E.C. (formerly known as GILC), Gulf Petrochemical Industries Company B.S.C.(c) (GPIC)

KBSP's port facilities and its operating parameters are set out below.

Exhibit 1: KBSP General Highlights

Parameters	Description
Terminal operator	APMT Bahrain
Location	Hidd industrial area, Kingdom of Bahrain
Total TEU throughput capacity (current)	1 million per annum
Built up TEU capacity	2.5 million per annum
Coordinates	Latitude: 26 deg 12' North, Longitude: 050 deg 37' East
Time zone	GMT+3 hrs
UN Locator number	BHKBS
IMO ID Number	219377/ 3
Port Operator shareholding pattern	• APM Terminals B.V. (Netherlands): 80% • Yusuf Bin Ahmed Kanoo (Holdings) Co. W.L.L. (Bahrain): 20%

Source: The Company

Exhibit 2: KBSP Facilities/Area

Area	Size
Total land cover	90 hectares
Container terminal area/General cargo area	900,000 square metres
Total warehouse area	63,500 square metres
Shed 1	16,500 square metres
Shed 2	24,000 square metres
Shed 3	11,500 square metres
Shed 4	11,500 square metres
Terminal storage capacity	10,800 ground slots
Passenger Terminal Building	2,772 square metres

Source: The Company

5.2 Services Provided by APMT Bahrain

As one of the most modern ports in the Upper Gulf, the Company strives to provide multiport services to all the markets in the GCC. The Company deploys modern equipment and a trained workforce resulting in high levels of productivity.

The Company provides the following services at KBSP:

- Container and General Cargo Services;
- Stevedoring Services;
- Marine Services;
- Passenger Terminal Services and Navy Vessels Services; and
- Other Services.

KBSP is the only general commercial port in Bahrain. Its revenue can be mainly categorised into the following three areas:

- General cargo services- BD 13,329k for the year ending 31 December 2017;
- Container services- BD 16,691k for the year ending 31 December 2017; and
- Marine services- BD 6,325k for the year ending 31 December 2017.

5.2.1 Container and General Cargo Services

These include, among others, the following services:

- (a) Receiving containers and non-containerised cargo from or for loading onboard ships berthed at wharves at KBSP;
- (b) Transferring containers and non-containerised cargo to or from the container yard;
- (c) Receiving and delivering containers and non-containerised cargo from and to container and cargo transporters;
- (d) Transferring non-containerised cargo to or from the container freight station or LCL warehouse and/or customs authority examination areas;
- (e) Moving empty containers and other equipment to and from storage yards;
- (f) Stuffing and unstuffing containers and non-containerised cargo;
- (g) Providing and maintaining adequate facilities for the embarking and disembarking of passengers on passenger or non-cargo carrying ships; and
- (h) Reefer electricity supply and monitoring, together with any other services which may be agreed with the customer.

The Company's containerised cargo customers generally constitute major shipping lines and non-vessel operating container carriers. General cargo customers generally constitute agents acting on behalf of the beneficial cargo owners. These cargo owners generally constitute various industries and manufacturing units located in Bahrain.

5.2.2 Stevedoring Services

These include, among others, the following services:

- (a) Unloading from and loading onto ships carrying containers, livestock, bulk and general cargo;
- (b) Acceptance into and removal from the port, of containers by means of shore based cranes including Lashing and Unlashing of containers on a container ship; and
- (c) Acceptance into and removal from the port of non-containerised cargo by means of ship and/or shore based cranes of non-containerised cargo from ships.

The Company currently manages its stevedoring services at KBSP through an appointed Bahrain-based third party, MMETCO.

5.2.3 Marine Services

The Company provides a number of marine services predominantly including pilotage, towage and mooring services for ships utilising marine facilities at KBSP. These services are also provided by the Company to private jetties, outside of KBSP. The jetties in and around the Concession area do not form part of the infrastructure and the Company is not responsible for them. The Company has exclusive rights in Bahrain to provide marine services to KBSP and MSP and a further exclusive right to provide pilotage services within Khawr Al Qulay'ah, Sitrah anchorage and the approach channel to all private

jetties excluding the Arab Shipbuilding and Repair Yard Co. (ASRY) throughout the Concession term. The Company has granted a sub-concession to Svitzer Bahrain S.P.C. (“**Svitzer**”), an affiliate of its shareholder, Maersk Group, to provide the marine service/activities at KBSP. The Company does not own any ships or vessels. Svitzer has operated marine services since 1833, and is a global market leader in towage and emergency response services and adheres to the core values and business practices that are prescribed by the Maersk Group.

5.2.4 Passenger Terminal Services and Navy Vessels Services

The Company currently handles all calls from cruise ships to Bahrain and some navy vessels at KBSP. The passenger terminal is seasonal (generally in the cooler winter months, between October and March) and has been gaining ground recently as the Middle East and Bahrain increase marketing efforts to attract cruise lines and works closely with the tourism authorities to enhance the tourist experience in Bahrain.

5.2.5 Other Services

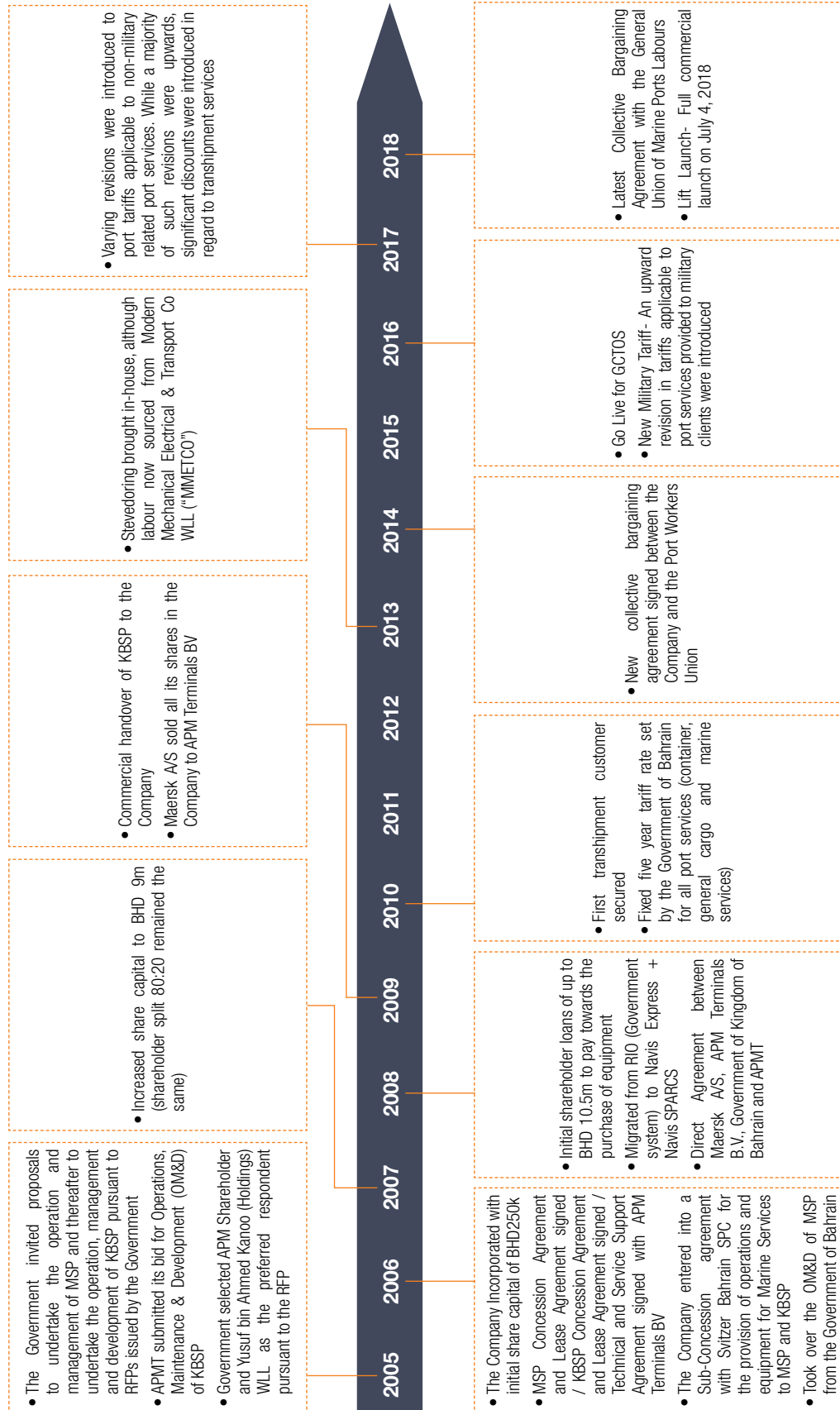
In addition to the handling of cargo, the Company also offers storage and warehousing facilities allowing for the consolidation and de-consolidation of goods within the confines of a bonded area thereby saving time and cost while improving efficiencies in the supply chain process for the end user. APMT Bahrain provides additional services at KBSP including leasing out space to Bahrain Duty Free; providing a Seafarers recreational centre; as well as various value added services to navy ships including services to aircraft carriers.

LIFT (APMT Bahrain’s e-commerce portal) has been implemented which provides APMT Bahrain’s customers with the ability to order port services and make payment online. The Company provides its services through an advanced terminal operating system which includes Navis N4 which is specialised for container terminal services and GC TOS which is specialised for general cargo and marine services.

5.3 The contact details and summary information on APMT Bahrain are as follows:

Indicator	Description
Name	APM Terminals Bahrain B.S.C.(c)
Domicile	Kingdom of Bahrain
Address of Principal Office	Khalifa Bin Salman Port Building 107, Avenue 13, Block 115, Hidd PO Box 50490 Kingdom of Bahrain
Telephone Number	(+973) 1736 5500
Facsimile Number	(+973) 1736 5505
Web Address	www.apmterminals.com/Bahrain
Primary Areas of Business	The management and operation of KBSP
Date of Incorporation	11 May 2006
Operating Period	25 years from the KBSP Commercial Operation Date, being 1 April 2009
Commercial Registration Number	60982
Concession Period	25 years from 1 April 2009
End Date of Concession	31 March 2034
Changes of Name	None
No. of Direct Employees	486 (as of 30 June 2018)

5.4 The following timeline sets out some of the key developments in the Company's business:



5.5 APMT Bahrain - Vision and Strategy

“To provide the foundation for national and regional commerce”.

In line with APM Terminals' group philosophy of *“Lifting global trade”*, and the Maersk Group's vision *“to become the global integrator of container logistics aiming to connect and simplify our customers' supply chain”* APMT Bahrain strives to provide the right infrastructure and expertise to realise this vision by focusing on the following four core areas:

- **Services** – KBSP is designed to provide multiport facilities to users in the Northern Gulf. Customers include shipping lines, import agencies, export agencies, private jetties, military beneficial cargo owners and traders. Services are provided with world class productivity, excellent infrastructure, operational scalability and flexibility in the range of services provided to customers. The Company strives to constantly improve the quality and range of services provided to customers. The Company actively collaborates with the PMA and the Economic Development Board of Bahrain to facilitate new investments into Bahrain, attracted by the capabilities of the KBSP's facilities and service offering;
- **Customers** – The Company strives to continuously enhance its customers' experience by providing high levels of (1) products and services, (2) operational performance, (3) personal contact points and (4) customer responsiveness. The Company has put in place a dedicated customer services team to address customer requirements and periodically survey customer satisfaction. Towards this goal, the Company has implemented the ISO 9001:2015 quality assurance system throughout the organisation;
- **Sustainability** – The Company aims to provide the safest possible environment for the people and goods within its facility with a minimum adverse impact to the environment. This strategy is covered in greater detail in the 'Corporate Social Responsibility' section below; and
- **Employees** – The Company actively invests in hiring, training and developing the best talent with a special focus on Bahrainisation. The current level of Bahrainisation stands at 64% as of 30 June 2018. Furthermore, the Company has in place a collective bargaining agreement with the General Union of Marine Ports Labours to address various issues including the training, development, insurance and compensation needs of its frontline employees. Progress made on the various aspects of employee satisfaction are measured in the employee engagement survey annually. Moreover, an annual employee performance appraisal is carried out for effective performance management and career growth.

Growth Initiatives

While APMT Bahrain continues to focus on its core service offerings within the Bahraini EXIM segment, the Company expects to benefit from a number of internal and external initiatives, including:

- Establishing feeder lines through ongoing discussions with feeder vessels to service the areas of Upper Gulf region out of KBSP;
- Developing preferred transshipment access to Upper Gulf states including Iraq and Kuwait;
- Seeking commercial opportunities to provide sea and land connectivity from and to Bahrain and from and to Saudi Arabia;
- Securing project cargo imports for the various new projects underway, including the modernisation project by the Bahrain Petroleum Company B.S.C.(c) (BAPCO), the light rail (metro) initiative, the new Bahrain-Saudi causeway, airport expansion and various new industrial projects being streamlined by the Economic Development Board and the MoICT;
- Enhancing customer experience with recently launched initiatives such as the Company's online customer service portal 'LIFT';
- Competitive tariffs and comprehensive services to shipping lines that opt for KBSP as their preferred regional transshipment hub;

- Continuing to attract international cruise lines to call at KBSP and including Bahrain as a destination on their itineraries together with the tourism authorities;
- Increasing the bulk cargo offerings that are serviced at KBSP to include aggregate and other bulk building materials through the installation of dust-mitigating equipment at the port;
- Continuing to enhance efficiencies and cost optimisations through global supplier negotiations and expense-reducing initiatives;
- Offering more value adding services to land side customers;
- Enhancing the marketing of the port with shipping lines and other customers through various marketing channels including road shows, social media, press, customer visits, participating in trade shows/conferences etc.; and
- Optimising operational efficiencies internally and with the authorities, including accelerating security checks through newly installed trailer scanners.

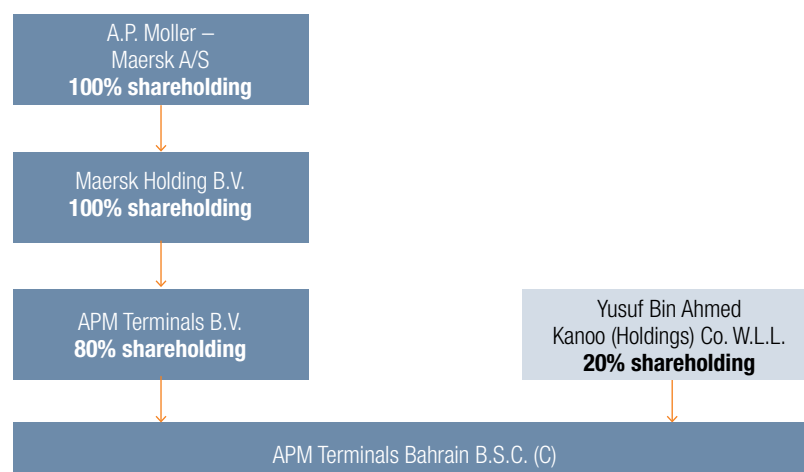
5.6 Competitive Strengths

The Company currently has a number of competitive strengths, namely:

- APMT Bahrain is the sole general commercial port facility operator in Bahrain and has exclusive access to the container and break bulk general cargo market in Bahrain;
- The Company has exclusivity for a period of fifteen years from the KBSP Commercial Operation Date for both containers and general cargo;
- The Company is the exclusive provider of pilotage services in the Khawr Al Qulay'ah;
- As part of the leading global operator, APM Terminals, the Company has access to global best practices, talent, and global purchase agreements; and
- The Company is managed by an experienced and committed management team drawn from a pool of global resources.

5.7 The Founders

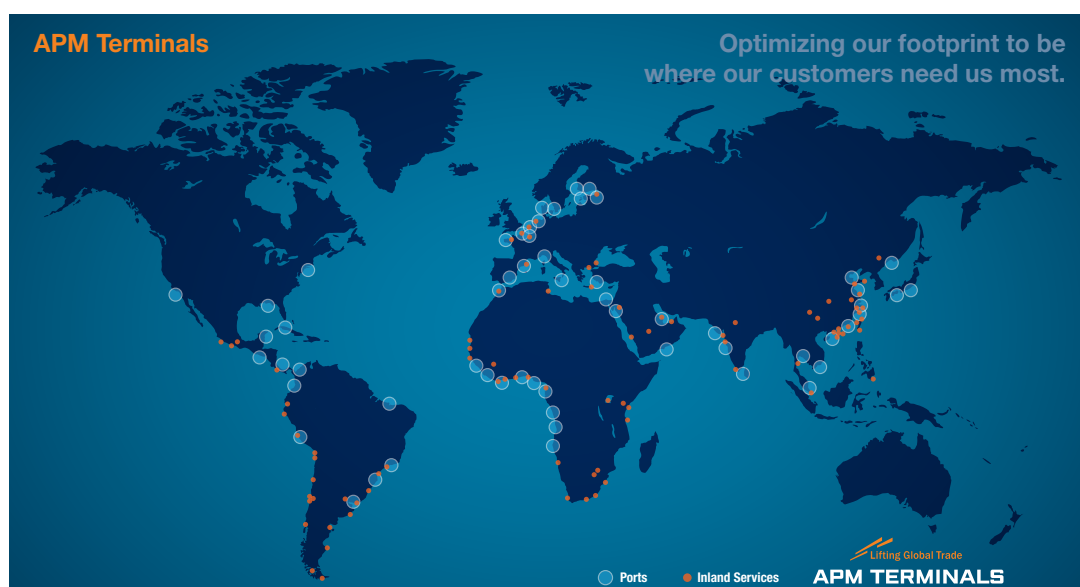
The Company's two Founders, APM Terminals B.V. (Netherlands) and Yusuf Bin Ahmed Kanoo (Holdings) Co. W.L.L. (Bahrain) currently own APMT Bahrain through the following shareholder structure:



5.7.1 APM Terminals B.V. – 80% current shareholding of APMT Bahrain

APM Terminals B.V. designs, manages and operates ports, terminals and inland service facilities and provides essential port infrastructure required for the handling of all seaborne cargo. In operation since 2001, the company operates a global port terminal network employing 22,000 employees in 58 countries with interests in 74 port and terminal facilities and over 180 port and inland services' operations. In 2017, the company handled 39.7 million TEUs (6.5% volume growth over 2016) and generated revenues of US\$ 4 billion (BHD 1.5 million). APM Terminals is part of the Maersk Group, a BBB-rated global business that operates mainly in the shipping/logistics and energy industries. The Maersk Group has recently shifted its strategy towards divesting its energy businesses and focusing further on shipping and logistics. Founded in Denmark in 1904, Maersk Group is currently listed on the Copenhagen stock exchange and employs approximately 75,813 employees, and had a total turnover of US\$ 30 billion (BHD 11.3 billion) in 2017².

The following map shows the location of APM Terminals facilities across the globe, including APMT Bahrain's operations.



5.7.2 Yusuf Bin Ahmed Kanoo (Holdings) Co. W.L.L. – 20% current shareholding of APMT Bahrain

Yusuf Bin Ahmed Kanoo (Holdings) Co. W.L.L. is a 120 year old family owned group of companies with diversified interests in shipping, travel and holidays, machinery, oil and gas, power and industrial projects, security systems, marine services, property, cargo services, exhibition services, consumer products, information technology, and joint ventures, amongst others. The company has an extensive network of offices located throughout the Kingdom of Saudi Arabia, Bahrain, the United Arab Emirates, Oman, Qatar and Yemen with a representative office in the United Kingdom and associates in other countries.

5.8 Corporate Social Responsibility

The Company's sustainability work is based on a long history of prudent behaviour with a view to long-term success, and on its commitment to abide by international standards, including the United Nations Global Compact. The Company continues to incorporate sustainability into its business processes, including leadership key performance indicators, training and investment decisions, in tandem with the global APM Terminals group.

² Maersk Group 2017 Annual Report

As part of this process, the Company has identified the following areas of importance:

- (a) **Climate** – the Company continues to enhance KBSP’s adoption of energy efficient methods to transport goods as well as in promoting energy-efficient supply chains and infrastructure. The ultimate objective is to enable overall trade growth with fewer emissions;
- (b) **Education** – the Company’s increased focus on education, contributing towards educating people in the local community. APMT Bahrain is contributing to maritime education in Bahrain by voluntary lectureship by members of the management team at Bahrain Polytechnic, which includes port familiarisation visits to KBSP; and
- (c) **Trade** – enabling trade contributes to economic development and improved living standards, and the Company actively works with various stakeholders including customs authorities, the PMA, customers and the relevant Government agencies to enhance trade and minimise barriers.

The Corporate Social Responsibility Policy of the Company will set out the Company’s commitment to continuing its efforts to incorporate sustainability into its business process. It will further acknowledge the effects its activities have on the environment and the communities in which it operates. The Company’s approach to corporate social responsibility is led by the executive management, headed by the CEO.

5.9 Operational Procedures, Plans, Guidelines and Practices

The Company has adopted a number of operational procedures, plans, guidelines and similar business practices, including:

- 5.9.1 an incident reporting and investigation procedure, as well as spill prevention and management of dangerous goods standards. In addition, APMT Bahrain conducts quarterly environment audits on waste segregation and disposal and regular inspections are carried out by management at the fuel station, equipment wash bay, leaking container and scrap segregated area. The Company also conducts a number of other environmental and health and safety related initiatives;
- 5.9.2 a standard operating procedure (“SOP”) oil spill response contingency plan in respect of an oil spill at KBSP, which is regarded as complimentary to Bahrain’s national oil spill contingency plan. It notes the most likely scenarios for an oil spill are collision between two vessels, contact between vessels or the grounding or stranding of a vessel as well as any explosion or fire at KBSP. It notes the procedures in respect of response to an oil spill and includes a spill management team;
- 5.9.3 an incident learning and sharing procedure in respect of the minimum requirements for incident reporting, investigation and learning. The procedure details the key persons responsible for enforcement and implementation of the procedure, and is aimed at determining the corrective and/or preventive actions required to lower the risk of an incident occurring. The procedure also includes a risk matrix in relation to incidents;
- 5.9.4 a health, safety and environment (“HSE”) risk assessment procedure which outlines the general guidelines and requirements for the identification, analysis and evaluation of risks associated with identified hazards for the various tasks performed within APMT Bahrain. The procedure details the respective roles and responsibilities of APMT Bahrain’s employees in relation to risk assessment procedures and details the requirement to undertake a risk assessment, including in relation to routine and non-routine activities. The procedure also details the annual review of risk assessments by the risk assessment team with a view to identifying changes in the level of risk and/or the requirements for new or additional hazard controls;
- 5.9.5 a business partner compliance questionnaire which sets out the approach of the Maersk Group to dealing with business partners. In particular, it sets out confirmation questions in relation to a business partner’s commitment to comply with all applicable laws and regulations and the Maersk Group’s commitment to only doing business with those partners who uphold the same high standards and practices in compliance with all applicable laws and regulations;

- 5.9.6** an SOP contingency plan for KBSP in respect of emergencies at KBSP. It notes the reporting responsibilities on the occurrence of an emergency event, provides an overview of the hazardous areas at the port and details the traffic plan, traffic rules and fire plan and contains an overview of the terminal map. The plan details various emergency scenarios and the responsibilities of the respective teams in such instances;
- 5.9.7** an SOP response to shipboard fires in respect of a shipboard fire at KBSP. It notes the procedures to be adhered to in the event of a shipboard fire, the emergency management team structure and lists the emergency contacts; and
- 5.9.8** an SOP man overboard plan in respect of a man overboard occurrence at KBSP and provides a method by which to ensure the safe and efficient means of recovering a man overboard from the water.

In addition, the Company operates an HSE policy and has standard operating procedures in relation to health and safety committee meetings.

In relation to bribery and fraud, the Company has global anti-corruption rules, a code of conduct, anti-fraud commit rules, a third party code of conduct, a mandatory instruction in relation to facilitation payments and guidelines on acceptance of gifts.

Generally, the Company also adopts an enterprise risk management framework, foreign trade control rules and rules on compliance with competition laws from the Maersk Group.

Section 6: Global Market Overview

6 Global Market Overview

6.1 History and Development

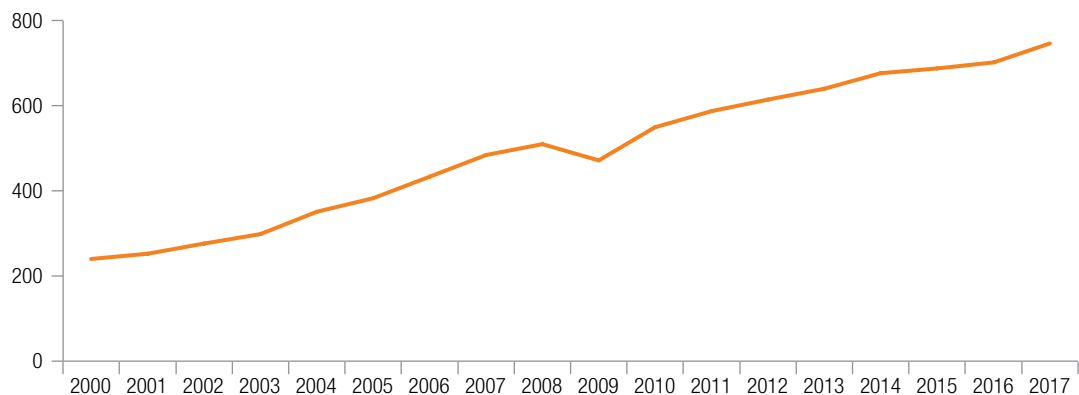
Containerisation as a mode of transportation started in the late 1950s. Due to the convenience and cost effectiveness, both in terms of time and cost, this mode of transportation was widely adopted worldwide in a short span of time. Specialised ports with specialised cargo equipment were built to handle such containers. Both semi-finished as well as finished goods are shipped by these containers via road, rail and sea, without reshuffling the goods inside the containers at transit points between the various modes of transportation, thus saving time and cost.

Coverage of containerisation has expanded to a wide spectrum of products, including industrial products, chemicals, agricultural commodities, raw materials, certain liquids, refrigerated goods and project cargoes. Container trade originated from the general cargo sector. However, it has currently made a presence in some bulk commodities also, as it has an edge over other modes of transportation in terms of convenience, cost, flexibility, efficiency and the productivity of the entire supply chain.

6.1.1 Container Market Development

As illustrated in the exhibit below, global container throughput increased from 240 million TEUs in 2000 to 746 million TEUs in 2017 at a CAGR of 6.9%, the fastest growing sector in international shipping. Until 2008, global container trade grew continuously. The economic downturn in late 2008 and 2009 adversely affected trade, resulting in a 9% year-on-year decline in global container throughput in 2009. Nevertheless, the market recovered in 2010 and global container throughput improved by 15% and 7% over 2009 and 2008, respectively, with volumes continuing to grow since then by a CAGR of 4.5%.

Exhibit 3: Historical trend of global container port throughput 2000-2017 (million TEUs)



Source: Containerisation International Yearbook-2000-10, UNCTADSTAT 2010-16, Drewry Maritime Research-2017

6.1.2 Principal Container Trade Flow

Global container trade volume is classified into two broad groups: inter-regional trade and intra-regional trade (e.g., intra-Asia trade). Depending on the movement of merchandise, interregional trade is further divided into East-West and North-South trade. The East-West trade accounted for 40% of global loaded container movement in 2016. The key trade routes in East-West trade are the Transpacific, Transatlantic, Far EastEurope and Asia-Mediterranean routes. The exhibit below illustrates the principal container trade flows on major East-West trade routes in terms of Million TEUs (MTEUs).

Exhibit 4: Containerised trade on major East–West trade routes (2016-17) in Million TEUs

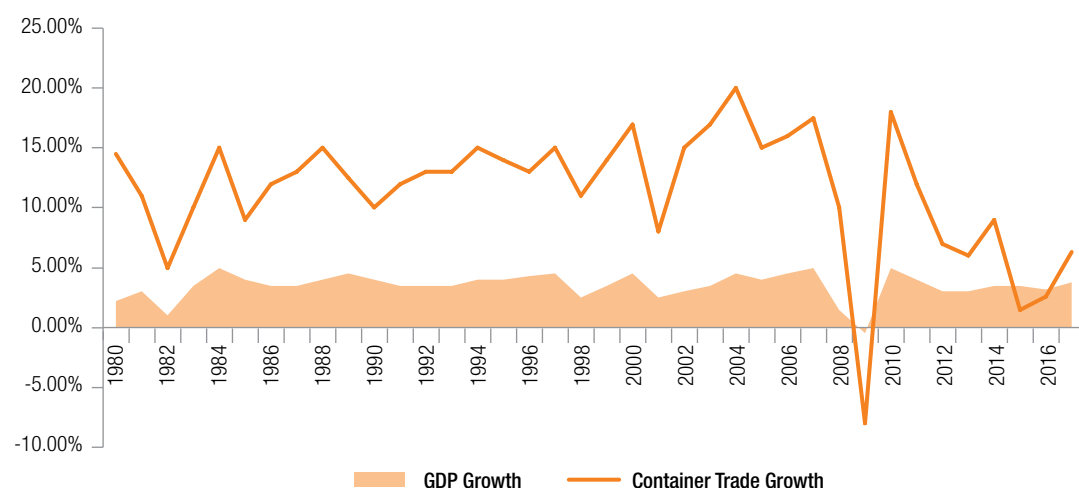
Year	Trans-Pacific		Asia–Europe		Trans-Atlantic	
	Eastern Asia–North America	North America–Eastern Asia	Northern Europe and Mediterranean to Eastern Asia	Eastern Asia to Northern Europe and Mediterranean	North America to Northern Europe & Mediterranean	Northern Europe and Mediterranean to North America
2016	17.7	7.7	7.1	15.3	2.7	4.3
2017	17.9	8.2	7.6	15.5	2.9	4.5

Source: Review of Maritime Transport 2017

6.1.3 Drivers of Container Trade

A strong relationship exists between economic growth and the container trade. Changes in economic activity alter the volume and spatial distribution of the global container trade. The exhibit below illustrates the historical relationship between GDP at current prices and global container shipping volumes.

Exhibit 5: Historical and forecast world GDP growth and container trade growth (% change year-on-year)



Source: International Monetary Fund (IMF) and Drewry Maritime Advisors

The exhibit below highlights the historical key drivers for container trade.

Exhibit 6: Key drivers for container trade

Period	Key Drivers	Impact on Container Trade
1980-90	Trade liberalisation (general agreement on tariffs and trade); Container trades predominantly between developed nations	CAGR 8%
1990-2000	Greater global integration in container trade; new and emerging markets	CAGR 10%
2000-2008	China becomes member of World Trade Organisation in 2001	CAGR 11%
2009	Global financial crisis	Container trade declined 9%
2010-17	Recovery in container volume increase in several regions and major ports	CAGR 5%

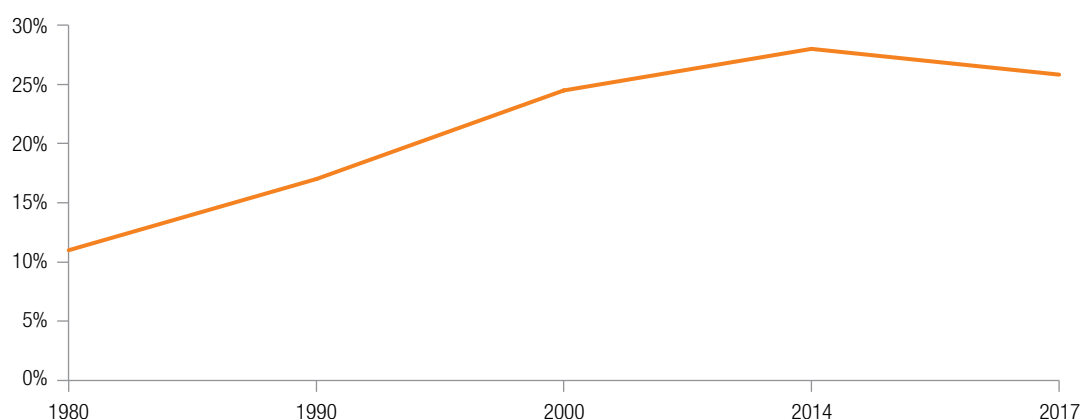
Source: Drewry Maritime Advisors

6.1.4 Types of Container Traffic

Container terminals handle two categories of traffic. The first involves containers originating from and destined to the ports' hinterland; this type of cargo is termed "local", "Import/Export" or "gateway" traffic as the port/terminal acts as a gateway, interfacing between the container market abroad and the domestic hinterland.

The second type of traffic is transshipment cargo. In this type of cargo, the port/terminal becomes a transit point between the origin and destination ports located either in the same country or abroad. This cargo is transhipped from one vessel to another vessel in order to reach its destination. Transshipment was initially used as a means of serving small ports at which main-line vessels were unable to call; feeder vessels were used to carry containers to the regional hub port from where main-line vessels carried the containers to destination ports or to another hub port in the destination region. In order to increase the markets served and to reduce overall network costs, shipping lines have increased the use of transshipment since the 1990s. The share of global transshipments increased from 18% in 1990 to 26% of the total container port throughput in 2017. However, there has been a slight decline in the transshipment volume over the last few years due to the associated extra handling cost and longer transit times. Over the next few years, the share of transshipment in total container trade is expected to remain more or less at the current level.

Exhibit 7: Trends in container transshipment (% of total container throughput)

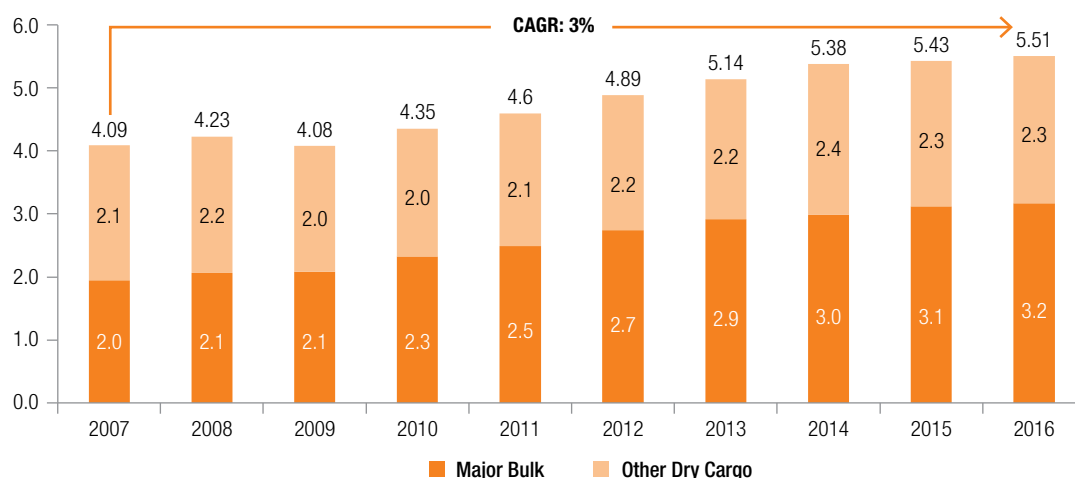


Source: Drewry Maritime Advisors

6.1.5 General Cargo Trends

Global trade in dry-bulk commodities or general cargo has been growing consistently over the past few years, primarily due to growing demand from emerging markets in Asia. In 2016, global general cargo shipments reached 5.5³ billion tons from 4.1 billion tons in 2007, a CAGR of 4.35%. In 2016, the five major dry bulks – iron ore, grains, coal, bauxite/alumina, and phosphate rock – totalled about 3.2 billion tons, accounting for 57.5% of the total general cargo trade. Trade in other minor dry bulks, mainly metals and minerals (cement, nickel ore, anthracite); agro-bulk (sugars) and manufactured goods (steel products) reached 3.2 billion tons in 2016.

Exhibit 8: Global general cargo trade- 2007-16 (Billion Tons)



Source: UNCTAD-Review of Maritime Transport-2017

Major Bulk include Iron ore, grains, coal, bauxite/alumina and phosphate rock

In 2016, the global demand for dry bulk cargos grew moderately primarily because of the positive impact of the stimulus measures introduced during the year in China. An increased infrastructure and housing market investment resulted in increased demand for commodities and steel. However, these trends were offset by reduced import volumes in Latin America and the Caribbean, North America and India.

Australia and Brazil are the leading exporters of iron ore who together accounted for 83% of world iron-ore shipments in 2016⁴. Australia and Indonesia accounted for 65% of global shipments in 2016 of coal. The US, was the leading world grain exporter with a share of 22% in 2016.

6.1.6 Market Dynamics

Most ports in the world are built and operated by a mechanism that involves both public and private players. A public authority invites expressions of interest from private investors to build and operate the container terminal for a fixed time. Various statutory/regulatory requirements must then be met before any operator starts construction of and operation at the terminals, which include environmental clearances, security clearances, and so forth.

Apart from statutory/regulatory barriers, container terminal operators also need to consider the potential and connectivity of the port's hinterland, if the goal is to create a gateway port. For a transshipment terminal, the location matters the most; proximity to the main trade lane is beneficial. Case in point could be KBSP, which due to its location can potentially benefit in terms of transshipment volume, especially to the Upper Gulf markets of Jubail, Dammam, Kuwait, Iran and Iraq.

6.1.7 Container Port Operators and Shipping Lines

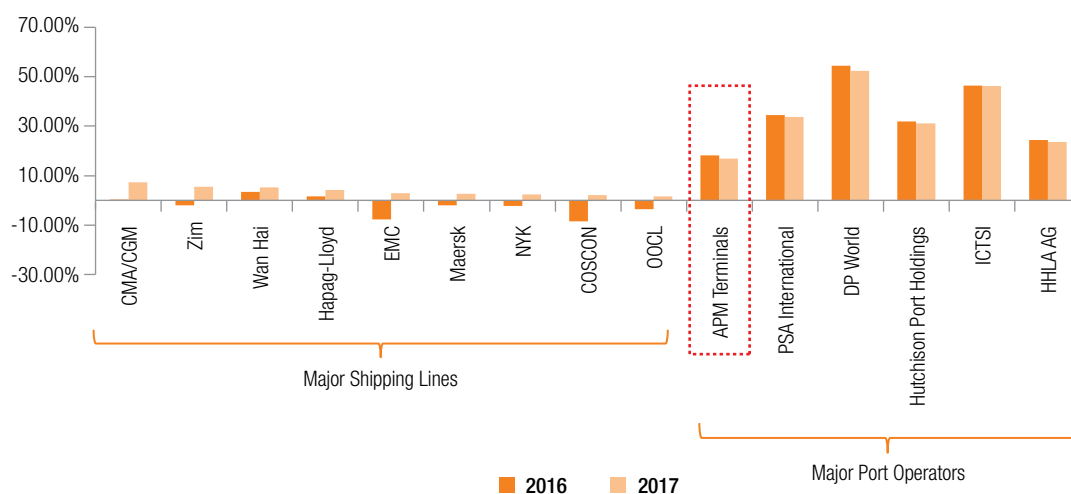
Container ports and shipping lines share the same containers as part of their respective operations, but are structurally different. Shipping lines offer the service of transporting goods by means of high capacity vessels, such as ocean-going ships that transit regular routes on a fixed schedule. On the other hand, container terminals are facilities where cargo containers are imported, exported or transhipped between different modes for onward transportation.

⁴ UNCTAD Review of Marine Transport report2017-Clarkson Research Services, 2017

In terms of market structure, shipping lines operate in an integrated market spread across the globe. Therefore, factors in one local/regional market would affect the overall shipping market. On the other hand, as container terminal operators operate in a more consolidated region, factors in one local/regional market have less of an impact on their operations in each market (if operating in multiple locations within or outside the country). Consequently, shipping lines operate in a highly competitive environment whereas container terminal operators operate in a less competitive one due to immobility of resources.

Operating profit margins of shipping lines are highly correlated to the prevailing charter market. For example, vessels chartered by shipping lines during a normal or high market, especially on long-term charters, will result in very low or negative profit margins for shipping lines during bearish markets or a recession when the demand for shipment/goods decreases. During the 2009 global financial crisis, when container trade volumes dropped 9%, shipping lines incurred losses estimated at USD 15 billion (BHD 5.7 billion) in aggregate. However, global container port operators were still able to maintain their profitability. This is because container terminal operators have greater flexibility in managing their operational costs compared to shipping lines due to the longer term contracts in the shipping industry. While the profitability of shipping lines has been low, port operators have enjoyed healthy operating margins over the years. In comparison to 2016, 2017 was better for the majority of the shipping lines, wherein many of them returned to positive operating margins vis-à-vis 2016. Nevertheless, all major container terminal operators generated robust profit during the same period.

Exhibit 9: Operating margin of selected shipping lines and port operators (2016-17)



Source: Alphaliners weekly newsletter – April 2017 & April 2018, Annual Reports of Port Operators
 Note: operating margin for port operators are the EBIDTA margins

6.1.8 Key Container Ports and Their Operators

In 2000, only 7 of the world's top 15 container ports were in Asia. However, as of 2017, 14 of the top 16 global container ports were in Asia. 9 of the Asian ports in this list are in China. This shows that over the past decade, container activity has increased substantially in the Asian region.

Exhibit 10: Top 16 container ports worldwide (2014-2017) (ranked based on 2016 throughput)

Rank	Port	Country	2014 Throughput (MTEUs)	2015 Throughput (MTEUs)	2016 Throughput (MTEUs)	2017 Throughput (MTEUs)
1	Shanghai	China	35.29	36.54	37.13	40.23
2	Singapore	Singapore	33.87	30.92	30.9	33.67
3	Shenzhen	China	24.03	24.2	23.97	25.21
4	Ningbo-Zhoushan,	China	19.45	20.63	21.6	24.61
5	Busan, South Korea	South Korea	18.65	19.45	19.85	20.49
6	Hong Kong, S.A.R.	China	22.23	20.07	19.81	20.77
7	Guangzhou Harbor	China	16.16	17.22	18.85	20.36
8	Qingdao	China	16.62	17.47	18.01	18.31
9	Jebel Ali, Dubai	UAE	15.25	15.60	15.73	15.40
10	Tianjin	China	14.05	14.11	14.49	NA
11	Port Klang	Malaysia	10.95	11.89	13.20	11.98
12	Rotterdam	Netherlands	12.30	12.23	12.38	13.70
13	Kaohsiung	Taiwan, China	10.59	10.26	10.46	10.27
14	Antwerp	Belgium	8.98	9.65	10.04	10.45
15	Dalian	China	10.13	9.45	9.61	NA
16	Xiamen	China	8.57	9.18	9.61	10
	KBSP	Bahrain	0.33	0.37	0.37	0.40

Source: World Shipping Council, Alphaliners, Port Authorities, Marine Department- Government of Hong Kong

The port in focus, KBSP, is strategically located in the middle of the Arabian Gulf. Currently, KBSP's capacity is 1 million TEUs, which can be augmented to 2.5 million TEUs.

A large proportion of top container ports are operated by international port operators. The top four international container terminal operators accounted for 25% of global throughput in 2016. APM Terminals B.V. is ranked 4th amongst the top terminal operators worldwide and had containers volume of 37.4 million TEUs in 2016. APM Terminals B.V. is an affiliate of the Maersk Group.

Exhibit 11: Top 4 global container port operators (2013-2016)

TEU millions	Domicile	2013		2014		2015		2016	
		Volumes	Market Share	Volumes	Market Share	Volumes	Market Share	Volumes	Market Share
PSA	Singapore	52.9	8.2%	54.4	8.0%	53.1	7.8%	52.4	7.5%
Hutchison	Hong Kong	45	7.0%	47.6	7.0%	47	6.9%	45.6	6.5%
DP World	UAE	32.8	5.1%	34.6	5.1%	37	5.4%	40	5.7%
APM Terminals	Netherlands	35	5.4%	38.3	5.6%	35.8	5.2%	37.3	5.3%
Total top 4 operators		165.7	25.7%	174.9	25.7%	172.9	25.3%	175.3	25%
All other operators		479.9	74.3%	504.5	74.3%	511.7	74.7%	526.8	75%
Total		645.6	100%	679.4	100%	684.6	100%	702.1	100%

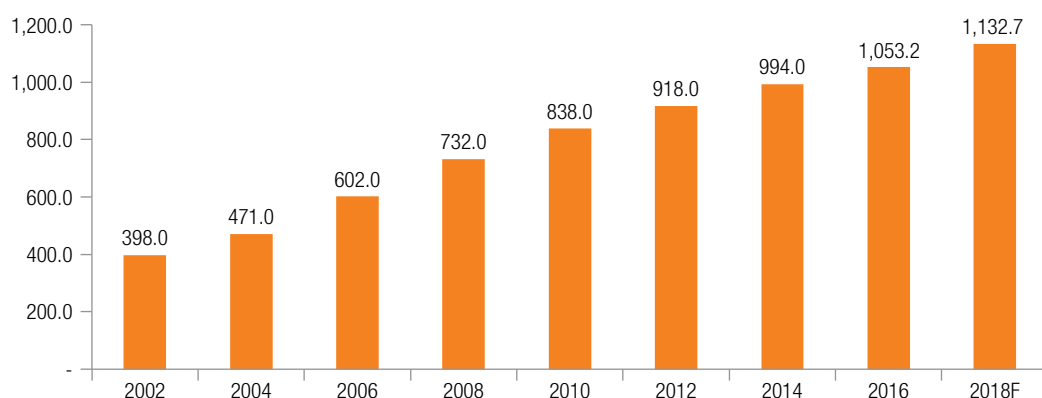
Source: Drewry-Global Container Terminal Operators – Annual Review 2017, Drewry Container forecaster-1Q18

Geography influences the competitiveness of global port operators greatly, as operators increasingly compete based on the size and diversification of their portfolios. This enables them to offer global networks to their shipping line customers, who themselves are consolidating and becoming increasingly large.

6.1.9 Global Supply Scenario

Global container port capacity has been growing significantly over the past decade. Container port capacity rose from 389 million TEUs in 2002 to 1,053 million TEUs in 2016 at a CAGR of 7.2%. Container port capacity is forecasted to be 1,133 million TEUs at the end of 2018.

Exhibit 12: Increasing global container port capacity (million TEUs), (2002-2018)



Source: Drewry Maritime Research and Forecast

6.1.10 Trends in Container Shipping and the Impact on Container Ports

The growth of international trade in merchandise demands larger vessels to maintain economies of scale and curb unit costs. With constant technology upgrades, vessel sizes are increasing – the average size of a container vessel has tripled over the past two decades, with design capacities of over 18,000 TEUs now in operation.

In an effort to drive down slot costs through economies of scale and use of efficient engines, shipping lines are ordering larger vessels. With this change, ports too have had to cater to these larger container ships. To do so, a port or terminal requires cranes with sufficient outreach, berth lengths, berth draft, approach channel draft and a yard and landside operation capable of supporting such vessels. The exhibit below shows the number of new container ships on order (by size) as of January 2018.

Exhibit 13: Containership order book (by size) and scheduled delivery year ('000 TEUs, 1 January 2018)

Size Range, TEUs	2018		2019		2020		2021		2022	
	No. of Vessels	TEUs	No. of Vessels	TEUs	No. of Vessels	TEUs	No. of Vessels	TEUs	No. of Vessels	TEUs
100-2,000	69	70	50	62	10	18	2	4	0	0
2,000-3,000	58	149	29	75	7	17	2	4	1	2
3,000-5,300	22	78	0	0	2	7	0	0	0	0
5,300-10,000	6	40	0	0	0	0	0	0	0	0
10,000-12,500	23	257	2	24	0	0	0	0	0	0
12,500-14,500	9	124	7	96	1	14	0	0	0	0
13,000-18,000	18	259	8	112	4	56	2	28	0	0
18,000+	24	485	18	374	21	426	0	0	0	0
Total	229	1,462	114	742	45	538	6	36	1	2

Source: Drewry Maritime Research-Quarterly Forecasts Container Market 1Q18

6.2 Middle East Shipping Industry

6.2.1 Shipping Industry and Growth Drivers

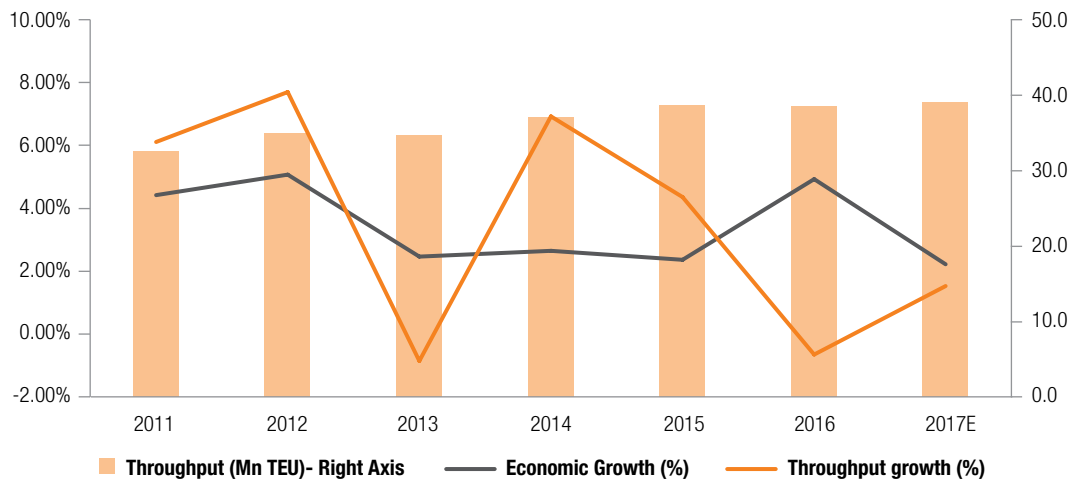
The maritime industry in the Middle East is growing robustly, driven by increasing trade, strong demand, healthy tourism, the leisure segment and a recovering oil and gas sector. The Middle East has positioned itself as a dynamic maritime hub for the entire shipping industry value chain, with activities ranging from ship building and repairs to port and shipping. In addition, because of the strategic locations of the Middle East ports, the region also is a major transshipment hub.

Maritime development is led by the United Arab Emirates (particularly Dubai and Abu Dhabi) and Saudi Arabia, which host the region's major shipping infrastructure. Dubai's Jebel Ali Port is one of the world's busiest ports. It handled 15.4 million TEUs or approximately 39.4% of the Middle East's throughput and volumes in 2017. Dubai's free trade zone also attracts additional volumes, especially Asian cargo that is repackaged and sent on to East Africa. Other than Jebel Ali, some other leading ports in the region are Khor al Fakkan, UAE; Jeddah Islamic Port, KSA; King Abdulaziz Port, Dammam; Jubail Industrial and Commercial Port, KSA; Salalah Port, Oman; Doha Port, Qatar; and KBSP, Bahrain. Increasing logistical activities in the region, along with strong investments in infrastructure development, are expected to drive the container and cargo exchange at the region's ports.

The International Monetary Fund estimated real economic growth of the Middle East⁵ region at 2.21% in 2017. In comparison, the container throughput at the ports in the region grew to 39.1 MTEUs, demonstrating a CAGR of 3.1% during 2011-17.

⁵ Economic growth forecast is for the MENA region

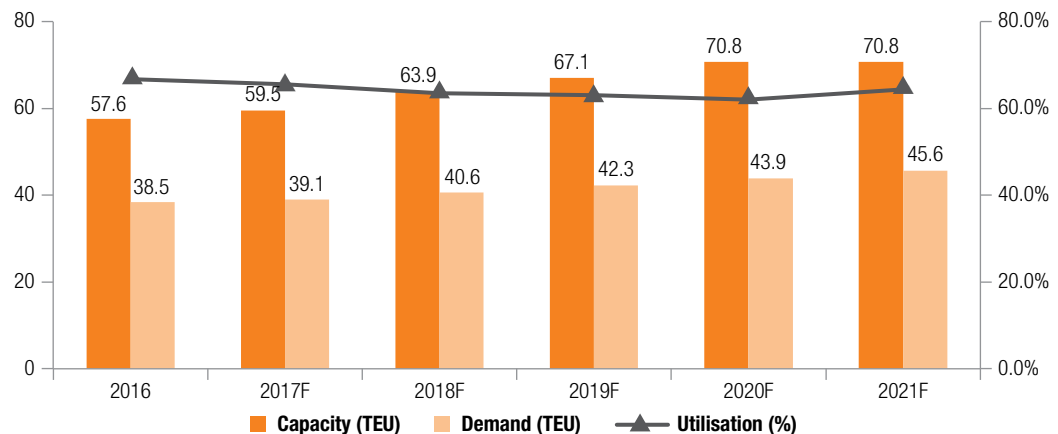
Exhibit 14: Growth in the Middle East economy and container throughput (%), 2011-17



Source: IMF estimates-Economic growth and Drewry Maritime Research-Quarterly Forecasts Container Market 1Q18

Total container port capacity in the Middle East was estimated at about 57.6 MTEUs⁶ in 2016. The ports utilised about 66.8% of the available capacity, with a total throughput of 38.5 MTEUs in 2016. The region's port capacity is forecasted to grow to 70.8 MTEUs, with throughput reaching 45.6 MTEUs and a capacity utilisation rate of 64.4% in 2021.

Exhibit 15: Historical and forecast throughput and capacity utilisation in the Middle East, 2016-2021



Source: Drewry- Global Container Terminal Operators – 2017

6.2.2 Arabian Gulf Ports' Capacity and Throughput

Jebel Ali is the largest and busiest port in the Arabian Gulf. It handled 15.4 million TEUs in 2017 as against its capacity of 19 MTEUs, achieving utilisation of approximately 81%. Other leading ports in the region are located in Dammam (capacity: 4 MTEUs), Bahrain (1 MTEUs) and Jubail (1 MTEUs).

Exhibit 16: Port capacity and throughput at major Arabian Gulf ports

Parameters	Capacity (TEUs)	Throughput (2017) (TEUs)
Jebel Ali Port, Dubai, UAE	19.3 million	15.4 million
King Abdul Aziz Port, Dammam, KSA	3.54 million currently (4 million targeted for 2019)	1.58 million
ShahidRajaei Port, Iran (Bandar Abbas)	3 million	1.62 million (first eight months of 2017-18)
Hamad Port, Qatar	2 million	~1 million
Jubail Commercial, KSA	1 million	674,061
Khalifa Bin Salman, Bahrain	1 million	400,307

Source: DP World, Port Authorities-KSA, Financial Tribune, gulfnews.com, ADT, APM Terminals, GulfTainer, Milaha, Gulf times

6.2.3 Outlook

Many ports in the Gulf are undergoing expansion or have expansion plans. The Jebel Ali Port in Dubai plans to increase its container handling capacity to 22.1 million TEUs by 2018. Qatar – until recently was struggling to cope with growing economic needs due to its vast infrastructure projects, especially to host the Football World Cup in 2022 – has invested US\$ 7.4 billion (BHD 2.8 billion) on a new port-Hamad Port located south of Doha. Hamad Port started operations in December 2016. The capacity of the port is expected to reach 6 MTEUs by 2030 from its current 2 MTEUs.

To ease congestion pressure due to the increased volumes at the Dammam port, Saudi Arabia inaugurated a 2nd container terminal at King Abdul Aziz Port in 2015 – a joint venture between PSA International and the Saudi Public Investment Fund. The King Abdul Aziz Port currently has a capacity of 3.5 MTEUs and the Saudi port authority has plans to further expand the port's capacity to approximately 4 MTEUs by 2019.

KBSP is the main gateway to Bahrain's EXIM. Accordingly, any capacity expansion at nearby regional ports does not pose a major threat to the KBSP, as it primarily focuses on EXIM cargo for the local market. However, such increases will put pressure on Bahrain's transshipment aspiration.

KBSP's current capacity is 1 MTEUs. With utilisation of around 40% of KBSP in 2017, there appears to be no immediate need for an increase in the current capacity of the port. There is a provision, however, to increase it to 2.5 MTEUs depending on future demand.

6.3 Macroeconomic Overview: Bahrain

6.3.1 Overview

Bahrain, officially the Kingdom of Bahrain, is an archipelago of islands situated near the western shores of the Arabian Gulf. The country is situated at about 24 kilometres from the east coast of Saudi Arabia and 28 kilometres from Qatar. Manama is the capital of Bahrain. Bahrain's total land area is 767 square kilometres and has a 161 kilometre coastline. Oil sector revenues accounted for 75% of Bahrain's Government revenue⁷ in 2017. As of July 2017, Bahrain's population stood at 1.4 million with expatriates accounting for approximately 48%⁸.

⁷ Bahrain Ministry of Finance: Consolidated final account report for the year ended 31 December 2017

⁸ CIA The World Fact book-Updated July 2018

Exhibit 17: Geography of Bahrain



Note: not to scale

Exhibit 18: Bahrain snapshot and macro-economic review

Capital	Manama
Area	767sq km
Coastline	161 km
Population (2017)	1.4 million
Population Density (2014)	1,825 people per sq. km
Language	Arabic
Currency	BHD 1 = US\$ 2.659 (July 2018)
GDP (Current Price)	US\$ 34.9 billion (BHD 13.2 billion) (2017)
GDP Growth Rate	3.15% (2017)
GDP Purchasing Power Parity	US\$ 70.3 billion (BHD 26.5 billion) (2017 est.)
GDP Per Capita (PPP)	US\$ 51,800 (BHD 19,529) (2017 est.)
Current account (Percentage of GDP)	-3.92% (2017 est.)
Inflation (consumer price)	0.9% (2017 est.)
Foreign Exchange and Gold Reserves	US\$ 2.17 billion (BHD 0.82 billion) (2017 est.)
Commercial Bank Prime Rate	5.7% (31 December 2017 est.)
External Debt	US\$ 42.39 billion (BHD 15.98 billion) (31 December 2017 est.)

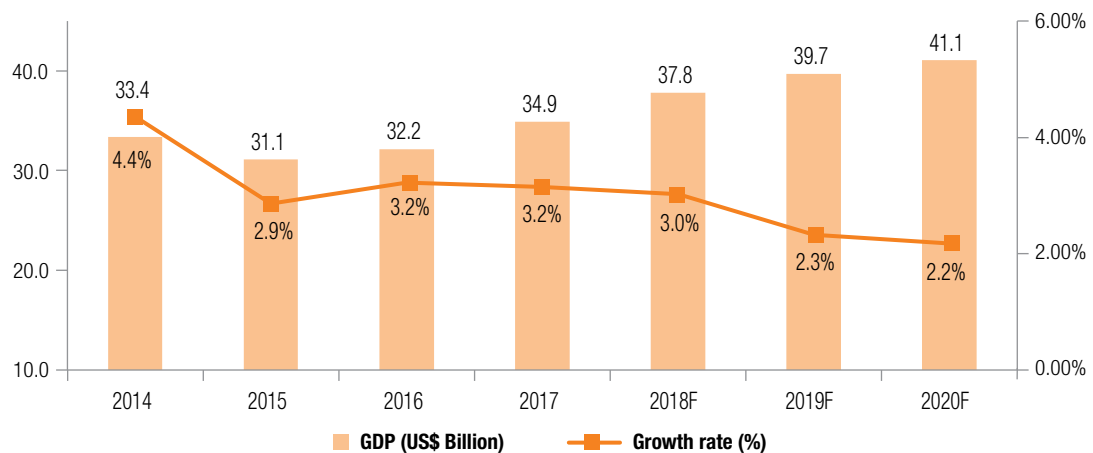
Source: CIA Fact Book -Updated July 2018, Central Informatics Organisation- Bahrain, IMF estimate

6.3.2 Economy and GDP Growth

Bahrain is considered as one of the most open and free economies in the MENA region. Like other GCC countries, the oil sector plays a significant role in Bahrain's economic developments and contributed about 14% of the total GDP in 2017. The Government has made concerted efforts to diversify the economy beyond oil to other primary sectors. With regard to this, the Government signed a free trade agreement with the US in August 2006, thereby becoming the first Gulf state to sign such a deal with the US. At present, with highly developed communications and transportation facilities, Bahrain attracts numerous multinationals to its market.

The service and industry sectors were the biggest contributors to Bahrain's GDP with 61.5% and 38.2%, respectively in 2017⁹. Bahrain's GDP stood at BHD 13.2 billion (US\$ 34.9 billion) in 2017. The IMF estimates indicate that Bahrain's economy is expected to grow at around a year-on-year rate of 2-3% during the period of 2017-20.

Exhibit 19: Bahrain GDP at current price (US\$ Billion) and real GDP growth rate (%), 2014-20

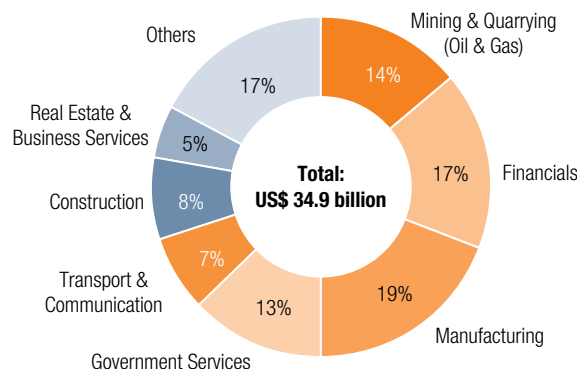


Source: Central Informatics Organisation- Bahrain, IMF estimate for GDP Projections

6.3.3 Key Growth Dynamics

The economy's dependence on the petroleum sector has reduced significantly over the years. The contribution of mining and quarrying to Bahrain's real GDP decreased from 44% in 2010 to 14% in 2017. Despite the volatility of crude oil prices, Bahrain's economy has demonstrated robust growth primarily because of strong performance of the non-oil sectors. The exhibit below depicts the share of different sectors in Bahrain's 2017 GDP.

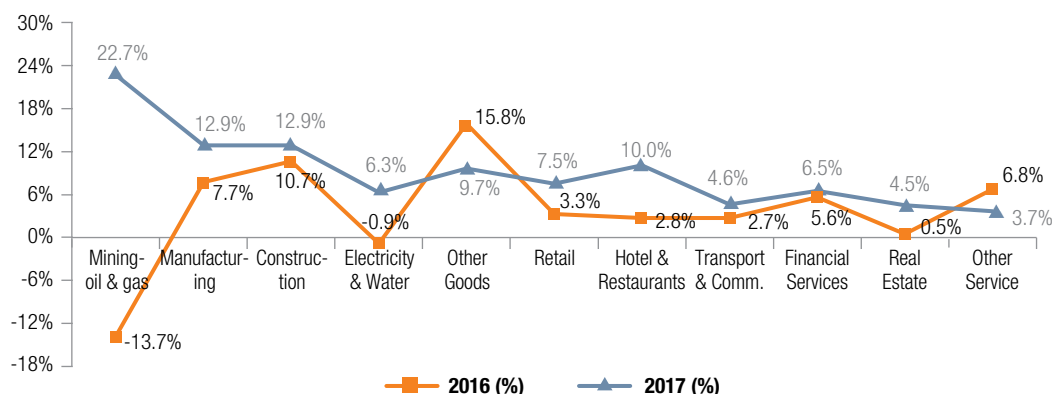
Exhibit 20: GDP by Sector, 2017



Source: Central Informatics Organisation- Bahrain

After a slight downturn in 2016 due to volatile crude oil prices, Bahrain's economy witnessed significant growth in 2017. All sectors including mining, oil & gas, electricity & water, construction, manufacturing, hotels & restaurants, transportation and communications, and other sectors registered robust growth in 2017. The exhibit below compares the economic performance of 2016 to 2017 of Bahrain's different sectors in terms of sectorial growth rates.

Exhibit 21: Bahrain year-on-year real growth of key sectors, 2016–17



Source: Central Informatics Organisation- Bahrain

6.3.4 Investment Scenario

The country has over the years adopted a pro-business stance. Favourable international assessment of the commercial and trading environment in Bahrain has boosted investor confidence in the economy.

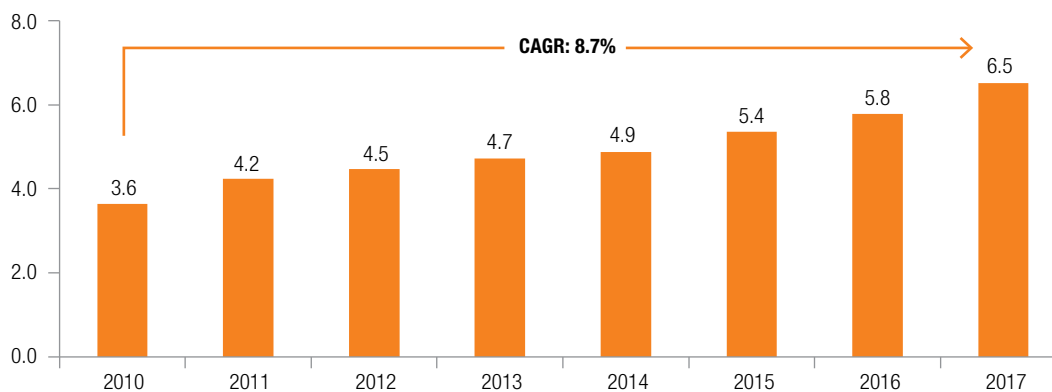
To attract foreign investment to Bahrain, the Government provides several tax benefits and have established several industrial zones. In an effort to make Bahrain more attractive to foreign manufacturers, the Government stepped up its effort to upgrade the infrastructure of Salman Industrial city which includes Bahrain International Investment Park (BIIP), Bahrain Investment Wharf and Hidd Industrial Zone. The industrial zones offer added benefits to investors including 100% foreign ownership to companies engaged in non-oil and gas activities.

BIIP has been central to some of the key foreign investments since its inception in 2004. As of end-2017 there were 118 investment projects at the park and 82% of the land was utilised. Over 80% of the investments came from foreign firms, with 29 countries represented on site with estimated employment of around 8,883¹⁰ employees. Bahrain Logistics Zone (BLZ) is the only dedicated customs-free, value-added logistics park in Bahrain and includes various companies including Almoayed Wilhelmsen, Aramex and Cargo Partners, and Saudi firm Bandar Al Khaleej.

6.3.5 Key Industries and Growth Trends

The manufacturing sector contributed about 18.6% to Bahrain's total GDP in 2017. Manufacturing output stood at BHD 2.5 billion (US\$ 6.5 billion) in the same year. The sector expanded at a CAGR of 8.7% over 2010–17.

Exhibit 22: Growth trend – Bahrain’s manufacturing industry (US\$ Billion), 2010-17



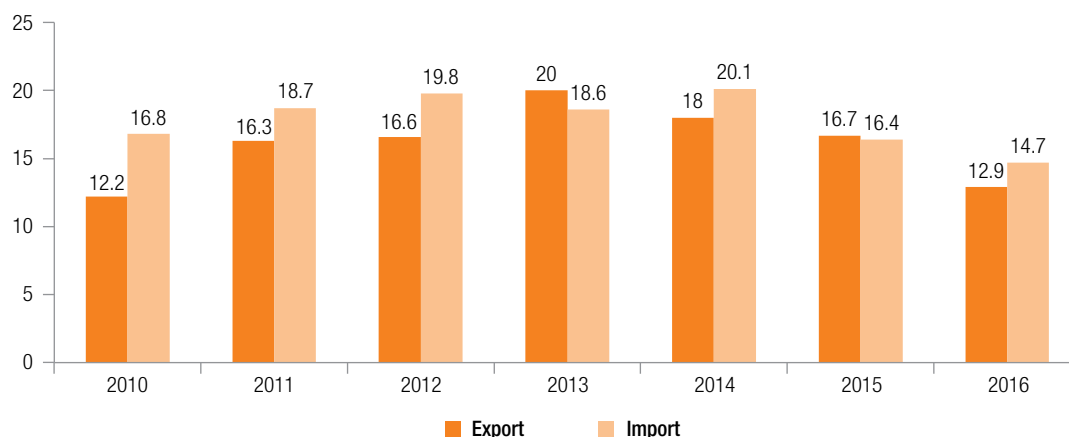
Source: Central Informatics Organisation- Bahrain

6.3.6 Total Export-Import Trends

Oil and mineral fuels constituted 49% of Bahrain’s exports in 2016. Other exports include aluminium, vehicles, transport equipment, electrical equipment, iron and steel. Bahrain’s key export destinations are Saudi Arabia, the United States, the United Arab Emirates, Japan, China, India and Oman.

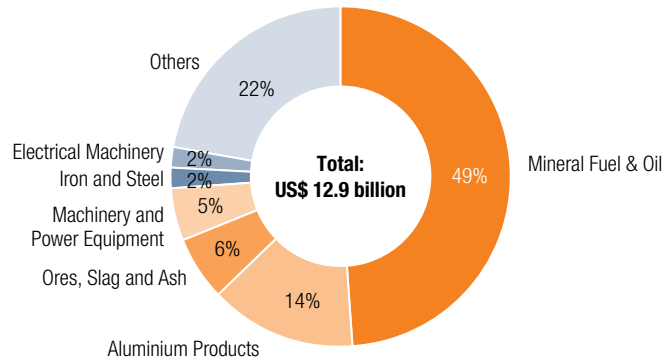
Oil and mineral fuels are the top imported goods, accounting for about 23% of the total volume in 2016. Other imported goods include cars and vehicles; machinery and power equipment; electrical and electronics goods; ships, boats and other floating structures; metals and precious stones; pharmaceutical products etc. Bahrain’s main import partners are Saudi Arabia, China, the United Arab Emirates, Japan, the US, Australia, Germany, India, the UK, Italy and Brazil.

Exhibit 23: Bahrain export-import trend (US\$ Billion), 2010-16



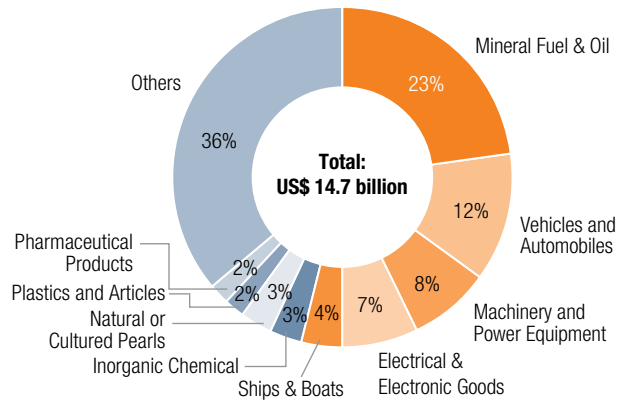
Source: Trademap.org

Exhibit 24: Bahrain major exported products, 2016



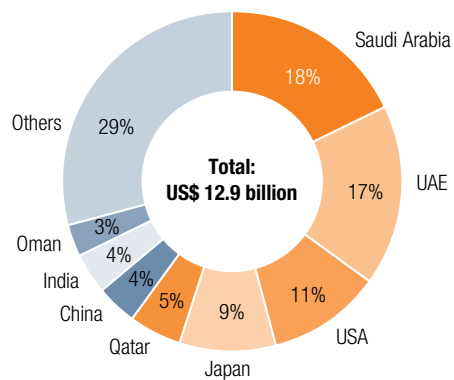
Source: Trademap.org

Exhibit 25: Bahrain major imported products, 2016



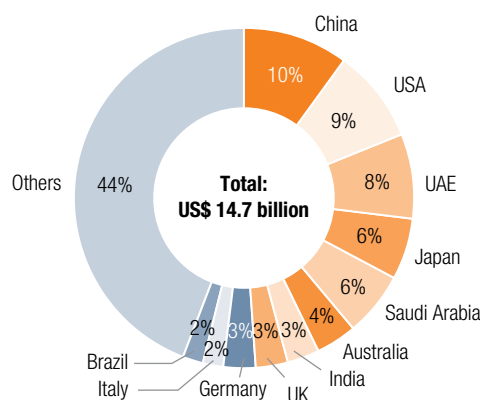
Source: Trademap.org

Exhibit 26: Bahrain major export destinations, 2016



Source: Trademap.org

Exhibit 27: Bahrain major import partners, 2016

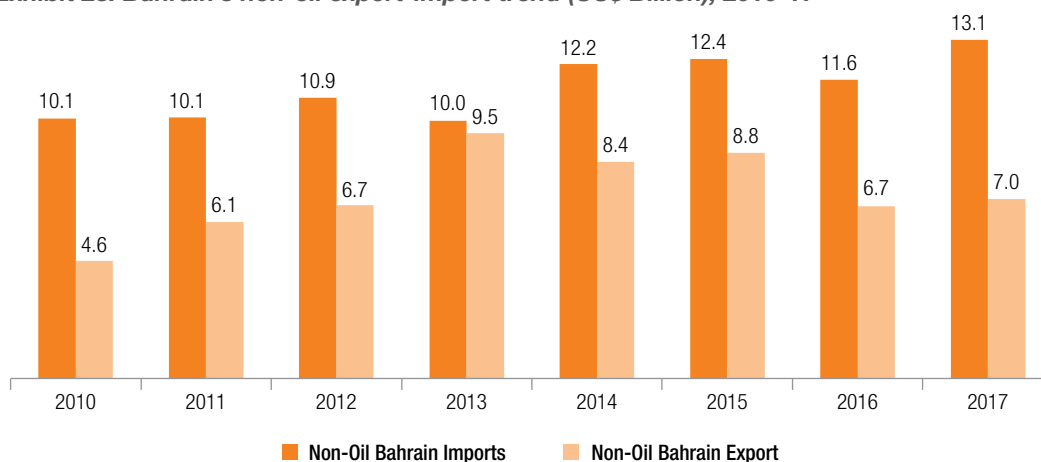


Source: Trademap.org

6.3.7 Non-Oil Export-Import Trends

With the exception of 2013 and 2016, Bahrain's non-oil imports have been increasing over the period 2010-2017 to reach US\$ 13.1 billion (BHD 4.9 billion) in 2017, up from US\$ 10.1 billion (BHD 3.8 billion) in 2010. Similarly, non-oil exports have increased over the same period to reach US\$ 7.0 billion (BHD 2.6 billion) in 2017, up from US\$ 4.6 billion (BHD 1.7 billion) in 2010.

Exhibit 28: Bahrain's non-oil export-import trend (US\$ Billion), 2010-17



Source: Bahrain's Information and eGovernment Authority

6.4 Bahrain Maritime Industry Analysis and Overview

6.4.1 Introduction

KBSP's strategic location in the middle of the Arabian Gulf, and its direct overland links to Saudi Arabia, positions the port as a major regional distribution centre in the region. The operation of KBSP is governed by the Concession which was signed on 8 November 2006 under which the concession period runs for twenty-five (25) years, starting 1 April 2009. The Concession gives APM Terminals Bahrain exclusive rights to manage all of Bahrain's container traffic and to a great extent general cargo traffic (with the exception of MSP in relation to grain and feed, and certain private jetties handling bulk cargo to the extent permitted by or specified in the Concession) for 25 years. Furthermore, the Concession prohibits the Government from building and operating another port facility in Bahrain (other than private jetties or fishing harbours) during the first 15 years of KBSP's concession period (i.e. until 1 April 2024). In addition, in a letter from the MOTT to the Company dated 14 August 2018, the MOTT provided comfort to the Company that it has no plans to construct, operate or grant concession rights to third parties for the purpose of constructing or operating a new container port in the medium and short term.

APM Terminals Bahrain also has exclusive rights to provide marine services (such as pilotage and towage) to KBSP and MSP. Moreover, APM Terminals Bahrain can provide pilotage services within Khawr Al Qulay'ah, Sitra anchorage and approach channel to all private jetties requiring such services, except for Arab Shipbuilding and Repair Yard. APM Terminals Bahrain also has non-exclusive rights to provide marine services outside KBSP and MSP, within the territorial waters of Bahrain. The port currently has a container throughput capacity of 1 million TEUs per annum, which can be augmented to 2.5 million TEUs per annum in the future.

Exhibit 29: Khalifa Bin Salman Port general highlights

Parameters	Description
Terminal operator	APM Terminals Bahrain
Location	Hidd industrial area, Kingdom of Bahrain
Total TEU annual throughput capacity (current)	1 million
Built up TEU capacity	2.5 million
Coordinates	Latitude: 26 deg 12' North, Longitude: 050 deg 37' East
Time zone	GMT+3 hrs
UN Locator number	BHKBS
IMO ID number	219377/ 3
Port operator shareholding pattern	- Yusuf Bin Ahmed Kanoo (Holdings) Co. W.L.L.: 20% - APM Terminals B.V.: 80%

Source: The Company

Established on 90 hectares of reclaimed land, the port complex has a 1,800 metre quay. The container terminal and the general cargo area, cumulatively measuring 900,000 square metres, are served by four numbers of 61 metres post-Panamax ship-to-shore (STS) cranes, as well as general cargo, RO-RO and passenger facilities. The facility has a container outreach of 18 rows, capable of handling vessels of around 14,000 TEUs capacity, and operates with a productivity level averaging 34 gross moves per hour. The KBSP's port facilities and its operating parameters are set out below.

Exhibit 30: Khalifa Bin Salman Port Facilities/Area

Area	Size
Total land cover	90 hectares
Container terminal area/General cargo area	900,000 square metres
Total warehouse area	63,500 square metres
Shed 1	16,500 square metres
Shed 2	24,000 square metres
Shed 3	11,500 square metres
Shed 4	11,500 square metres
Terminal storage capacity	10,800 ground slots
Passenger terminal building	2,772 square metres

Source: The Company

Exhibit 31: Port Operating Parameters

Parameters	Description
Port entrance	One
Turning basin width	900 metres
Turning basin depth	15 metres at chart datum
Allowable vessel length	360 metres
Allowable vessel draft	13.2 metres any time – 14.2 metres at high water
Call sign	Bahrain Port Control
Gate timings	Weekdays (Saturday to Thursday) : 0400hrs - 2200hrs, Friday & Public Holidays: 0800hrs - 1600hrs
ISPS certified	Yes
Port spill response capability	Tier 1 response

Source: The Company

6.4.2 Mina Salman Port

As mentioned above, prior to the commissioning of the KBSP, Mina Salman Port (MSP) was the main port of the Kingdom of Bahrain. However, with the commencement of the KBSP, MSP's operation was focused on limited commercial operations to meet the changing needs of the economy. The long-term plan is to use MSP exclusively as a military port. In April 2018, Britain opened its permanent military base in Middle East at the MSP. The military base can house about 500 Royal Navy personnel, including sailors, soldiers and airmen.

Exhibit 32: Mina Salman Port highlights

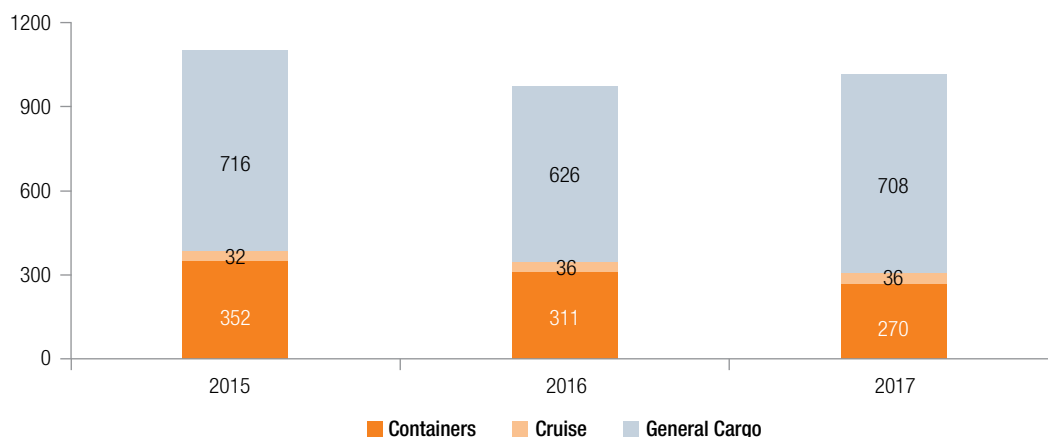
Parameters	Description
Terminal operator	Ports and Maritime Affairs, Ministry of Transportation
Location	North East of the main island
Number of berths	16 (10 berths for vessels between 6-9 metres draught)
Inner approach channel	- width: 150 metres - depth: 9.75 metres - length- six nautical miles
Quay length	2,282 metres.
Allowable vessel draft	13.1 metres any time - 14 metres at high tide
Outer arm quay	285m, alongside a 7m depth draft.
Coordinates	Lat: 26o 12.10' N - Long: 050o 36.90' E
Finger pier	800m long
Storage space	10 sheds plus additional open storage and container storage areas totalling 538,000 square metres
RO-RO ramp	A RO-RO ramp 15.5 metres wide for vessels of up to 5.5 metres draft
Others	3 straddle carriers 1 mobile crane 2 forklift trucks

Source: The Company

6.4.3 Vessel Traffic

Since its launch, KBSP handles Bahrain's entire container and most of the general cargo traffic. MSP now focuses on very limited and specialised commercial operations. Total vessel movement at KBSP stood at 1,014 in 2017. The number of general cargo vessels has grown significantly over the past year, increasing by 13.1% on a year on year basis. However, the container vessel movement at KBSP declined to 270 in 2017 in comparison to 311 in 2016.

Exhibit 33: Total vessel counts at the KBSP, 2015-17

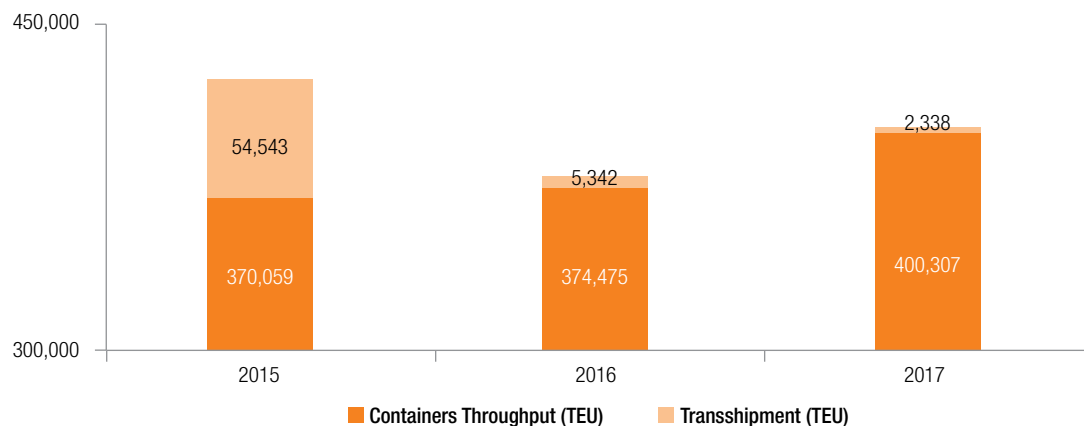


Source: Ministry of Transportation and Telecommunication Bahrain - KBSP annual performance report- 2016 and the Company

6.4.4 Container Throughput

At present, KBSP is only utilising about 40% of its total container throughput capacity of 1 million TEUs. The container throughput (including transshipment volumes) increased by 6% from 379,817 TEUs in 2016 to 402,645 TEUs in 2017. The local container volumes maintained an increasing trend to reach 400,307 TEUs in 2017 up from 370,059 TEUs in 2015. However, the transshipment volumes at the KBSP have witnessed a declining trend in the last couple of years. The transshipment volumes declined to 5,342 TEUs in 2016 and further to 2,338 TEUs in 2017. The primary reason for the declining transshipment volumes is the decision by the Shipping Line APL to stop transshipment through the port due to network changes and cost optimisation. Furthermore, the cost focus in shipping lines forced them to reduce costs by minimising transshipment points. Additionally, the bankruptcy of Hanjin Shipping which accounted for a large share of transshipment volumes at KBSP had an impact on the total transshipment volumes.

Exhibit 34: Container throughput at KBSP (TEUs), 2015-17



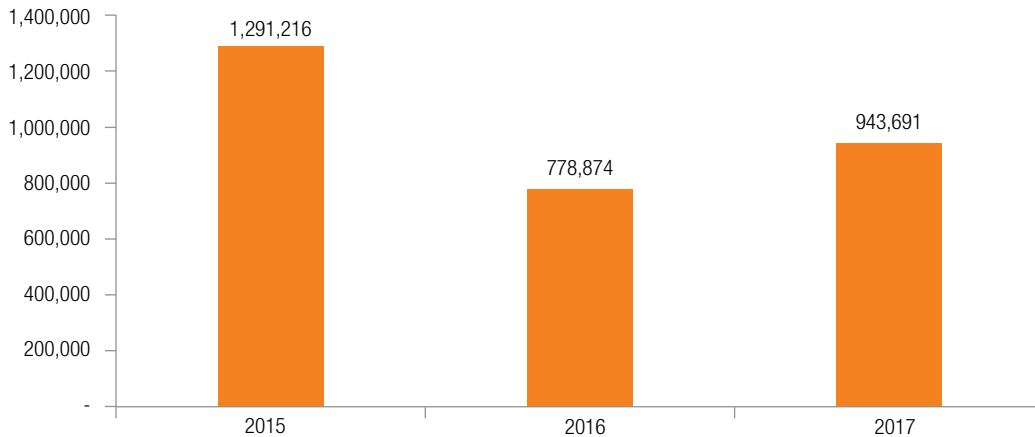
Source: Ministry of Transportation and Telecommunication Bahrain - KBSP annual performance report- 2016 and the Company

During the first six months of 2018, the EXIM container throughput and transshipment volume were 220,173 TEUs and 148 TEUs, respectively.

6.4.5 General Cargo Throughput

After a decline in 2016 due to the downturn in the global maritime economy, the general cargo throughput at the KBSP increased by 21% in 2017 from 778,874 tons in 2016 to 943,691 tons in 2017. The general cargo demand primarily comes from commodities like livestock heads, steel and the construction sector products like cement, sulphur, timber, project cargo etc.

Exhibit 35: General Cargo throughput at KBSP (tons), 2015-17



Source: Ministry of Transportation and Telecommunication Bahrain - KBSP annual performance report- 2016 and the Company

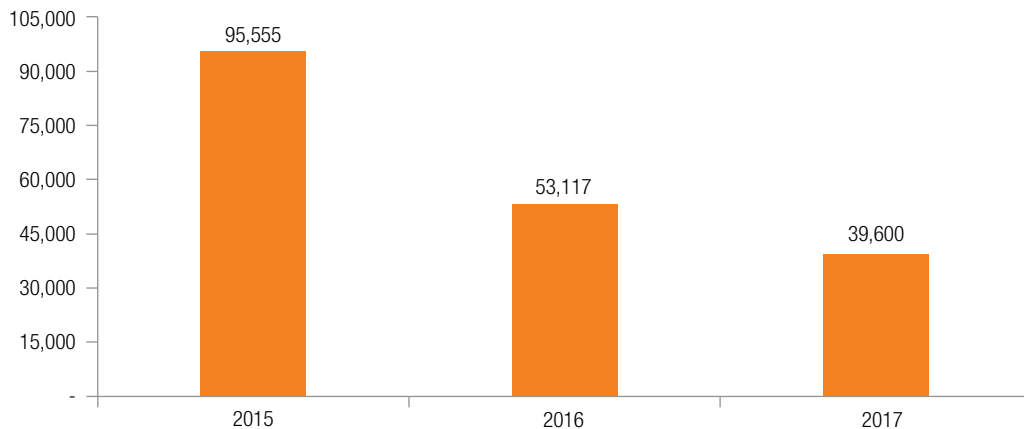
During the first six months of 2018, the general cargo throughput at KBSP was 406,083 freight tons which is 9% growth when compared to the six months figures of 2017.

6.4.6 Vehicle Movements

The number of vehicles imported into Bahrain via the sea-route has been declining over the past few years. The total number of vehicles imported at KBSP decreased from 95,555 units in 2015 to 39,600 units in 2017. This decline is attributed to the loss of car transshipment volume from 2015 due to congestion in Dammam which has since been having excess capacity. There was also a decline in overall demand for cars from the economic slowdown witnessed in the region in 2016.

During the first six months of 2018, vehicle traffic volume recorded at KBSP was 21,241 units which represents a 5% increase over the same period in 2017.

Exhibit 36: Vehicle movement volume at KBSP (units), 2015-2017



Source: Ministry of Transportation and Telecommunication Bahrain - KBSP annual performance report- 2016 and the Company

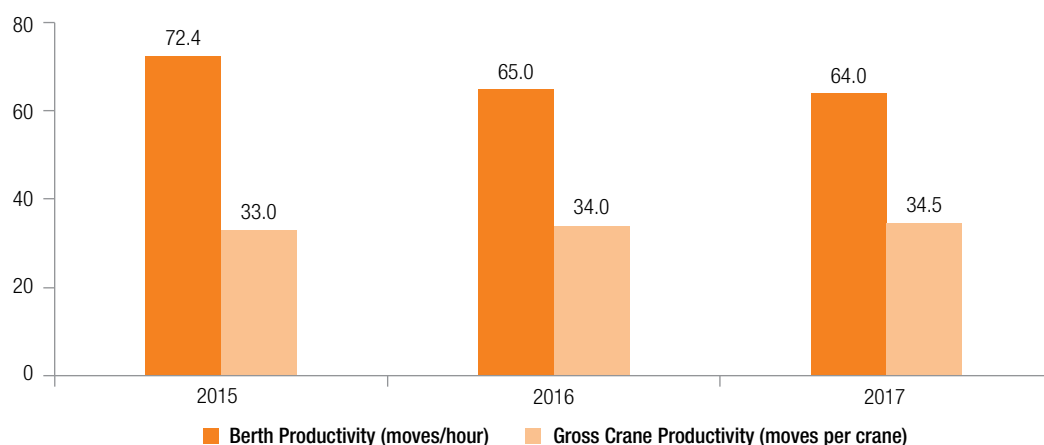
6.4.7 Marine Services

Marine services are port-related activities conducted to ensure the safe and expeditious flow of vessel traffic in port approaches and harbours and a safe stay at berth when at anchor. KBSP's marine services are primarily comprised of services such as pilotage and towage to ships entering / leaving Bahrain ports or jetties. The volume depends on the number of calls received by APM Terminal Bahrain to assist ships into and out of the port areas. One call represents a complete movement (i.e. services into and out of the port areas). Total number of marine calls at KBSP stood at 1,014 in 2017. During the first six months of 2018, the number of calls was 488 compared to 484 during the same period in 2017.

6.4.8 Berth and Crane Productivity

Berth productivity at KBSP has been at an average of about 67 moves per berth during the last three years. Gross crane productivity has been at an average of 34 moves per crane. The increase in the port's gross crane productivity results in faster turnaround of ships and thereby increasing the ability of the port to handle more ships.

Exhibit 37: Gross berth productivity (moves/hour) and Crane productivity (moves/crane) at KBSP, 2015-17



Source: Ministry of Transportation and Telecommunication Bahrain - KBSP annual performance report- 2016 and the Company

6.4.9 Bahrain Outlook

(a) Bahrain Economic Outlook

Bahrain is well positioned to witness a significant improvement in its economic performance in 2018 due to improvement in oil prices since the second half of 2017. In addition, positive spill-overs from the GCC region is likely to increase going ahead, with better liquidity conditions supporting investment activities.

- i **Growth in Oil Sector:** In April 2018, the Government announced the discovery of approximately 80 billion barrels of tight oil and between 10 and 20 trillion cubic feet of deep natural gas. In comparison, Bahrain's existing oil reserves is 125 million barrels. Though the commercial production is expected to take at least five years, the discovery could trigger private investments and contribute significantly to the Government's revenue and towards economic growth.
- ii **Growth in the Non-oil Sector:** Based on the figures provided by Bahrain - Economic Development Board (EDB), the non-oil sector growth in Bahrain is expected to remain resilient and is estimated to grow at around 4.3% and 3.8% in 2018 and 2019, respectively supported majorly by the growing infrastructure spending in the country. Over the recent past, infrastructure spending in Bahrain has received a major push through allocation of funds under the Gulf Development Program. Some of the key areas of activity include the aluminium sector, airport expansion, social housing, utilities, roads, renewable energy and telecoms.

- iii Furthermore, as per the EDB data, the non-oil sector growth is also supported by positive gains in various sectors which have been performing well over the past few years. For instance, hotels and restaurants, social and personal services, transportation and communications, and financial services, all expanded more than 6% year-on-year real growth during the first three quarters of 2017.
- iv **Infrastructure Growth to Continue:** Bahrain is implementing a US\$ 32 billion (BHD 12.1 billion) infrastructure development programme, in order to diversify its economy. This funding would comprise of US\$ 10 billion (BHD 3.8 billion) of government funding, US\$ 7.5 billion (BHD 2.8 billion) under the GCC Development Fund, and US\$ 15 billion (BHD 5.7 billion) worth of investment from private sector. The investment will be focused on six new verticals to primarily move away from energy production. These include
- tourism and hospitality;
 - retail;
 - real estate;
 - finance (especially fintech),
 - infrastructure; and
 - oil and gas services
- v **Hospitality and Tourism:** Tourism development is one of the major focus areas of the Government and is expected to account for US\$ 13 billion (BHD 4.9 billion) of the total allocated funds. The capital would be primarily spent on 14 strategic projects which would further boost growth in Bahrain's tourism and leisure sector.
- vi **Housing:** Over the past few years Bahrain has been witnessing investments in major housing real estate developments. For instance, as per the EDB, the Housing Ministry of Bahrain aims to build 40,000 housing units by 2022, of which 5,000 have been delivered and a further 9,000 will be delivered by the end of 2018.
- vii **Airport Expansion:** As part of the Airport Modernisation Plan, Bahrain will invest around US\$ 1.1 billion (BHD 0.4 billion) in a major overhaul of the Bahrain International Airport. This includes the development of a 220-sq-metre passenger terminal and the overhaul of the existing facilities by 2020. Once completed, the Airport will have a capacity to handle around 13 million passengers per year.
- viii In addition, as part of its plan to develop logistics hub, Bahrain Airport Company in June 2018 invited bids for the design and construction of a cargo express village. The cargo express village will comprise of warehouses and aircraft parking along with their associated infrastructure.
- ix **Public Transport Master Plan 2030:** The Public Transport Master plan 2030 envisages a 184 transit network made up of six lines. As of June 2018, work is currently underway to start development of the first phase of light rail project which will have a total length of 30 kms and 20 stations.
- x **BAPCO Modernisation:** In order to improve its refining capacity Bahrain Petroleum Company (Bapco) awarded a US\$ 4.2 billion (BHD 1.6 billion) contract to a consortium of firms comprising TechnipFMC, Samsung Engineering and Spain's Técnicas Reunidas for the Bapco Modernization Program in December 2017. The project includes the expansion of the Sitra oil refinery capacity from 267,000 barrels per day (BPD) to 360,000 BPD. The project will be executed on engineering, procurement, construction and commissioning (EPCC) lump sum turnkey basis and is slated for completion in 2022.

(b) Bahrain's Shipping Sector Outlook

Building/construction materials like aggregates, clinker and gypsum, as well as livestock, are the major commodities of import into Bahrain and steel and sulphur are the major commodities exported from Bahrain through the sea route. Over the past five years (2012-17) general cargo volume at KBSP has grown at a significant CAGR of 16.4%. In 2017, the general cargo throughput at KBSP stood at 943,691 freight tons. During the first six months of 2018, the general cargo throughput at KBSP stood at 406,083 freight tons. The throughput has been increasing primarily due to the increase in demand for construction-related commodities like project cargo, steel exports, cement imports etc.

The general cargo growth is expected to be driven by steel, sulphur exports, project cargo imports which cumulatively constitute a significant portion of the bulk cargo handled at KBSP. The Government's initiative on affordable housing with an investment of US\$ 1 billion (BHD 0.38 billion) amongst many other infrastructure projects are expected to fuel demand for input materials like steel, aggregates and other raw materials used in the manufacture of cement.

Section 7: Corporate Governance Practices

7 Corporate Governance

7.1 The Issuer is working to ensure that it abides by the applicable fundamental corporate governance principles published in the Corporate Governance Charter issued under Ministerial Decree 19 of 2018 which will come into effect in October 2018 to establish best-practice corporate governance principles in Bahrain, and to provide protection for investors and other company stakeholders. The Company is also subject to the Commercial Companies Law and the High-Level Controls (Corporate Governance) Module of Volume 6 of the CBB Rulebook and the regulatory scrutiny of the MoICT, the CMSD and Bahrain Bourse. The Board will seek to ensure and oversee compliance with applicable laws, rules and regulations.

7.2 The Company intends to adopt a comprehensive corporate governance framework based on which the Board and the Company's executive management will continue to competently manage the Company, in order to achieve:

7.2.1 effectiveness and efficiency in operations;

7.2.2 reliability in financial reporting; and

7.2.3 compliance with the applicable statutory laws and regulations,

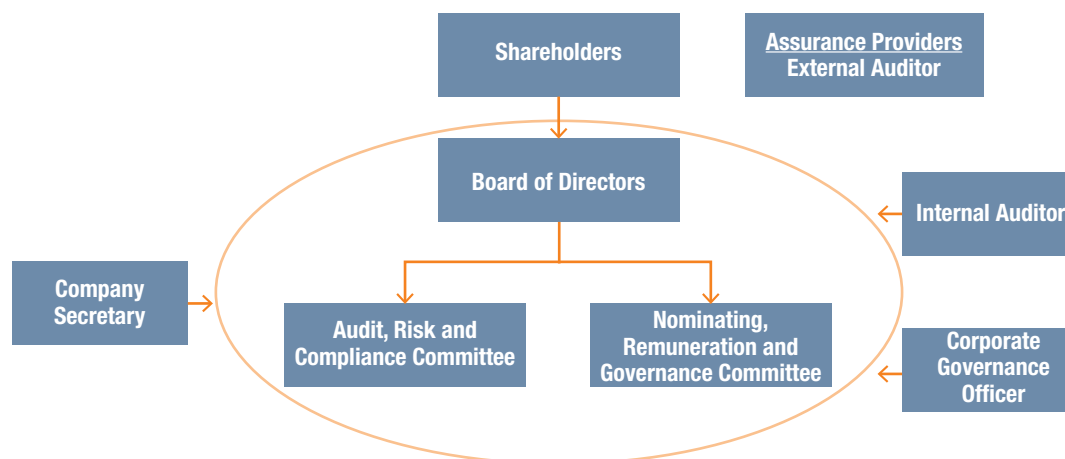
all aimed at providing returns to the Company's shareholders, while conforming to the Company's status as a good corporate citizen, interacting responsibly towards its employees, the environment and the community in which it operates.

7.3 The corporate governance framework of the Company is mainly drawn on the principles and guidelines prescribed by the Bahrain Code of Corporate Governance and the HC Module along with the following laws, rules and regulations:

Name of law/ regulation	Issue date	Issuing authority	Description
Commercial Companies Law	2001, and subsequently amended	MoICT	The Commercial Companies Law is the main source of Bahraini legislation governing the establishment, business and management of corporate entities in Bahrain.
Code of Corporate Governance	April 2018	MoICT	The 2011 Code of Corporate Governance established best practices for corporate governance principles in Bahrain. This has been updated by Ministerial Decree in April 2018 promulgating the Corporate Governance Code to be applied to all joint stock companies effective from October 2018 which has enhanced the Code of Corporate Governance and added additional principles relating to accuracy of financial statements and companies' roles as good citizens.
CBB Rulebook – Volume 6 – Capital Markets	January 2012, as amended	CBB	Volume 6 (Capital Markets) of the CBB Rulebook details the regulations and supervision of Bahrain's capital markets and it applies to all participants in the capital markets of Bahrain. Of particular relevance to ongoing governance requirements is the High Level Controls Module of Volume 6 of the CBB Rulebook (HC Module).

Disclosure Standards	December 2003	CBB	The Disclosure Standards of Bahrain apply to disclosure requirements of publicly listed companies in Bahrain. All listed companies quoted on Bahrain Bourse must comply with these Disclosure Standards to the extent the relevant sections have not been superseded by later legislative developments.
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- 7.4** The current majority Shareholder of the Company – APM Terminals B.V. – is a fully controlled indirect subsidiary of A.P. Moller – Maersk A/S, which is listed on the Copenhagen Stock Exchange.
- 7.5** The corporate governance framework of the Company is mainly based on the broad principles of governance prescribed in the Code of Corporate Governance as supplemented by the HC Module. This framework aims to achieve the following corporate objectives:
- 7.5.1** to ensure that the Company is managed in accordance with best-practices in relation to corporate governance;
 - 7.5.2** to provide Shareholders of the Company with a return on their investment;
 - 7.5.3** to ensure an efficient, effective, competitive and reliable level of service to the Company’s customers;
 - 7.5.4** to provide a safe and environmentally sound work place for employees and vendors; and
 - 7.5.5** to contribute towards the economic growth and development of Bahrain.
- 7.6** The Company will strive to meet these corporate objectives by establishing an appropriate corporate governance structure, as shown below:



- 7.7** The corporate governance structure of the Company is further supported with the formulation of various policies and charters, as listed below, which are available for inspection and which are either currently in place or which it is planned will be adopted as the governance charters, policies and manuals of the Company promptly following Conversion at the constitutive general meeting of the Company:

7.7.1 Corporate Governance Manual (latest version adopted in October 2014 and a further revised version of which is intended to be adopted on Conversion)

- (a) The Corporate Governance Manual (the “**Manual**”) serves as the overall governing document laying out the roles and responsibilities of APMT Bahrain’s Board and executive management. It is aimed to ensure compliance with local laws and requirements and install proper internal controls within APMT Bahrain. The Manual is stipulated to be subject to review and approval by APMT Bahrain’s Board on an annual basis.

- (b) The Manual seeks to set out the framework of internal governance to be adhered to by Shareholders and stakeholders of APMT Bahrain, in addition to setting out the delegation of responsibility, authority and accountability in the day to day workings of the Company. Specifically, in relation to APMT Bahrain's Shareholders, the Manual details the key corporate decisions to be considered at EGMs and AGMs of the Company. Furthermore, the Manual details the role of internal audits to advise the Board on matters pertaining to governance, risk and controls.
- (c) The Manual is a comprehensive overview of the controls in place at the Company, or to be put in place at the Company, and helpfully details the division of responsibility in this regard between the Company's executive management, such as the CEO, and all other employees. In particular the Manual specifies that the executive management of the Company is responsible for the implementation and oversight of the internal controls systems across the Company, and reports directly to the CEO.
- (d) Fundamentally, the Manual aligns with the requirements of the Commercial Companies Law and the CBB Rulebook and specifies the Board's adoption of various policies (noted below) in compliance with the Code of Corporate Governance and the CBB Rulebook;

7.7.2 Corporate Social Responsibility Policy

This accords with the explanation of corporate social responsibility set out in section 5.8 of this Prospectus under the heading "Corporate Social Responsibility".

7.7.3 Whistle Blowing Policy

- (a) The Whistle Blowing Policy was created to comply with the global policies of A.P. Moller - Maersk and the CBB Rulebook. The purpose of this policy is to make it easier for employees to report irregularities in good faith without fear of adverse consequences. It applies to all employees, including temporary and contract employees. All department managers must notify and communicate the existence and contents of the policy and the HR department must ensure that every new employee receives a copy of the policy.
- (b) Whistle blowers can send all concerns face to face, or by email, phone or letter, to the appointed designated officer. Alternatively, complaints may be made to their line manager, any member of the Audit, Risk and Compliance Committee of the Board (the "**ARC Committee**"), APMT Group Compliance or Group Internal Audit. An investigation regarding the complaint will be conducted, after which a report will be produced and submitted to the ARC Committee and the Board, depending on the violation concerned. The designated officer shall maintain a log of complaints and documents produced during the investigation.
- (c) Alternatively, the whistle blower may utilise APM Terminals' whistle blower system by speaking to an operator or making a submission by accessing A.P. Moller - Maersk's website. The whistle blower may be contacted with further questions;

7.7.4 Code of Conduct

The Code of Conduct is currently in place and will be appended to the updated Corporate Governance Manual setting out, among other items: responsibilities of employees in relation to APM Terminals' five core values of (i) constant care, (ii) humbleness, (iii) uprightness, (iv) its employees and (v) its name; and appropriate reporting channels in instances where an employee has concerns or questions in relation to proper business conduct. The Code of Conduct also contains provisions in relation to: confidentiality; conflicts of interest; reporting integrity; protection of company assets; copyright and intellectual property; health, safety, security and environment; media contact; competition law; and hospitality;

7.7.5 Charter of Board of Directors

- (a) This is the Company's overall governing document laying out the roles and responsibilities of the Board as well as the executive management. The charter provides an overview of the responsibilities of the Board and the relationship between the Board and the executive management of the Company. In addition, the charter establishes the duty of the Board to establish standing committees, and sets out the governance and role of such committees. In particular, the charter specifies the establishment of the Audit, Risk and Compliance Committee and the Nominating, Remuneration and Governance Committee.
- (b) The charter provides a detailed overview of the composition of the Board and sets out the criteria to be eligible for Board appointment, the length of term to be served by any Director, remuneration principles to be adhered to in determining the remuneration of Directors, and the procedure in respect of a Director's resignation, termination or otherwise vacation of office.
- (c) The charter also sets out the responsibilities of the Board in relation to the safeguarding of Shareholder interests, the governance and effective management of the Company, and the review of the Company's performance against its objectives. The responsibilities of the Chairman are further detailed in the charter, which notes the Chairman is to be considered "first among equals" in the Board. It is anticipated that following the Offering the Chairman shall continue to be a Director appointed by APM Terminals in order that APM Terminals will be able to deliver on its obligations under the direct agreement it has entered into with the Government in relation to the management and operations of KBSP and the support that APM Terminals is required to provide. This will be disclosed in the annual corporate governance reports prepared by the Company and discussed at General Meetings of the Company following the Offering based on the "commitment or clarification" or "comply or explain" principles enshrined under Bahrain's corporate governance framework which permits exceptions to the typical position to take into account the particular circumstances of the Company, the nature of its activities, the structure of its shareholders, its activities and its risk exposure.
- (d) The charter serves as a concise and understandable summary of the Board's functions and responsibilities. It additionally details the administrative considerations in respect of the Board, including the frequency of Board meetings and the conduct at meetings. Reflective of the Commercial Companies Law, the charter also notes the procedure for a Director's disclosure of personal interest, and the management of conflict of interests. The charter may be amended by the Board so long as any modification is not a violation of any applicable law, rule or regulation;

7.7.6 Audit, Risk and Compliance Committee Charter

- (a) The ARC Committee is a standing committee established by the Board. This charter, stated to be read in conjunction with the Charter of Board of Directors, is the overall governing document laying out the roles and responsibility of the ARC Committee.
- (b) The charter establishes that the ARC Committee serves to assist the Board in fulfilling its oversight responsibilities towards the Company, specifically in relation to various aspects of governance. This includes, reviewing the quality and integrity of the Company's accounting and financial reporting practices, reviewing the Company's compliance with applicable legal and regulatory requirements, reviewing and approving the various policies and procedures of the Company, and recommending the appointment, compensation and oversight of the external auditor. The ARC Committee is required to report regularly to the Board and make recommendations to the Board on any area within its remit.
- (c) The ARC Committee is stated to comprise of at least 3 Directors of which the majority must be independent. In addition, those appointed must not have any conflicts of interest with any other duties they have towards the Company. The charter specifies the CEO is prevented from being a member. The charter proceeds to set out the various specific roles of the ARC Committee in relation to financial reporting, risk management and internal controls, internal audit, compliance, the whistle blower program, and the external auditor.

- (d) The charter further details the authority afforded to the ARC Committee, which includes the authority to procure unrestricted access to the executive management, retain external advisers, and investigate any activities within its terms of reference. The ARC Committee is required to meet a minimum of four times a year, and the charter establishes the procedure in respect of the notice of such meetings and the quorum and voting rights applicable;

7.7.7 Nominating, Remuneration and Governance Committee Charter

- (a) The Nominating, Remuneration and Governance Committee Charter is a further standing committee established by the Board. This charter, stated to be read in conjunction with the Charter of Board of Directors, is the overall governing document laying out the roles and responsibility of the Nominating, Remuneration and Governance Committee of the Board ("**NRG Committee**").
- (b) The charter sets out that the NRG Committee is tasked to identify persons qualified to become members of the Board or executive management of the Company. The NRG Committee is further entrusted to make recommendations to the Board including recommendations for Board membership to be included in the agenda for the next AGM, in addition to reviewing those Board member candidates proposed by Shareholders of the Company.
- (c) In respect of remuneration, the NRG Committee is tasked to review the remuneration policies for the Board and senior management, to be approved by the Shareholders. The charter further explains that the NRG Committee is to make recommendations regarding the amounts for specific persons and recommend Board member remuneration based on their attendance and performance.
- (d) The charter states the NRG Committee is to comprise of at least 3 Directors of which all must be independent Directors or alternatively non-executive Directors with the majority being independent. Attendance at committee meetings is open to any of the Directors of the Company, and the committee's composition and election of members is subject to Board approval.
- (e) The charter further details the specific role and responsibility of the NRG Committee in respect of the maintenance of the Company's corporate governance framework, identification and selection of Board candidates, review of compensation for the Board, review of performance of the Board, Board structure, composition and training, and the general authority to retain outside counsel.
- (f) The charter also sets out the administrative considerations to be adhered to by the NRG Committee in respect of meeting frequency, notice of meetings and quorum and voting rights. The NRG Committee is ultimately required to report regularly to the Board on its activities, and make recommendations to the Board on any area within its remit.

7.7.8 Shareholders' Manual

- (a) This manual serves as the overall governing document laying out the right and obligations of the Shareholders. Together with the Corporate Governance Manual, this manual defines the authority and practices of good governance for the Company and lays out in detail the rights and authorities of the Shareholders as prescribed under the applicable laws, rules, regulations and Memorandum and Articles of Association.
- (b) The manual makes reference to the provisions of the Commercial Companies Law, Code of Corporate Governance and the CBB Rulebook and notes the requirements to be met by the Company in relation to its Shareholders, including the holding of AGMs and EGMS, the issuing of notices in relation to AGMs and EGMS, and the disclosure of material facts to the Shareholders.

- (c) The manual further details the rights and obligations of the Shareholders, including the basic rights to be enjoyed such as, in relation to the transfer of shares in the Company, obtaining relevant and material information in a timely and regular fashion, and receiving a share of the Company's total property/assets on liquidation of the Company. The manual also sets out the Shareholder's right to information more generally, the right to direct communication and disclosures in relation to the Company's corporate governance matters, the right to equal treatment, the right of priority to subscribe to convertible bonds, and the right to initiate legal action in relation to resolutions passed in the AGM, or by the Board in contravention of applicable laws, public order or the Memorandum and Articles of Association.
- (d) The obligations of the Shareholders to the Company are also set out in the manual, and include the obligations in relation to corporate Shareholders in respect of disclosure of their overall corporate governance and voting policies, and material conflicts of interests. The manual additionally details the role of the ordinary general assembly of Shareholders and its powers, which include the election and dismissal of Directors and the appointment of the external auditor. Similarly, the role and powers of the extraordinary general assembly are set out in the manual.
- (e) In respect of the administrative considerations to be adhered to, the manual details the process of inviting Shareholders to the AGM and EGM and the notice provisions in accordance with the Code of Corporate Governance and the CBB Rulebook. The voting rights enjoyed by Shareholders are also detailed, in addition to the criteria for quorum at Shareholders meetings, and the resolutions passed therein.
- (f) The role and responsibilities of the Shareholders in respect of dividends and appropriations, the increase of capital of the Company, the reduction of capital of the Company, the nomination, election, remuneration, termination and dissolution of the Board, appointment of experts, and loans and bonds extended or issued by the Company, are also contained within the manual; and

7.7.9 A Compliance Risk Assessment Guideline

This guideline sets out the risk assessment process in relation to compliance with anti-corruption, competition law and foreign trade controls. The guideline sets out that the CEO is responsible for the timely correct completion of the risk assessment questionnaires in relation to the aforementioned areas.

7.7.10 Communications with Shareholders

The Company is in the process of developing its infrastructure and processes to ensure that it continues to communicate effectively with its Shareholders and to comply with its legal and regulatory obligations in that regard. This is likely to include a section of its website dedicated to investor relations, where the Company could publish its annual reports, financial statements, a summary of major shareholders and declared dividends, among other things, and provide contact details for any Shareholder enquiries, as well as the Company making newspaper announcements where required by applicable law and regulation.

7.8 Under the above manuals, charters and policies, adopted or to be adopted by the Issuer:

- 7.8.1** The Company will ensure corporate governance is a constant agenda item at all of the Company's shareholder AGMs to discuss and raise matters of concern;
- 7.8.2** The Company will establish and maintain a charter for the Board that details the Board's responsibilities and matters reserved for its members. All Board members will execute an appointment letter that will be drawn up in compliance with the HC Module and best practices in Bahrain;
- 7.8.3** The Company will continue to follow the minority protections provided under the Commercial Companies Law as expanded and explained in the HC Module and Corporate Governance Charter to ensure the rights of minority shareholders are maintained and safeguarded;
- 7.8.4** The Board shall be required to hold a minimum of four meetings per year and Board members may attend either in person or by video or audio conference call;

- 7.8.5** To enshrine an effective corporate governance framework in compliance with all applicable regulations and to prepare the Company towards its anticipated status as a public joint stock company, the Board is in the process of establishing, to become operational following completion of the Offering, (a) a dedicated audit, risk and compliance committee to carry out the various functions prescribed by the Code of Corporate Governance and the CBB Rulebook in relation to such committee, including its review of the integrity of the Company's accounts and (b) a nominating, remuneration and governance committee to carry out the various functions prescribed by the Code of Corporate Governance and the CBB Rulebook in relation to such committee, including the identification of qualified candidates to become members of the Board and to hold key positions in the Company, as well as the review of the Company's remuneration policies for the Board and senior management;
- 7.8.6** The Company will undertake annual evaluations of its Board members' participation and performance and will report such evaluation to its Shareholders;
- 7.8.7** The Company will establish a succession plan for key management team members as well as back-up systems for any disaster recovery;
- 7.8.8** The Company has established and maintains detailed signing authority matrices for each authorised key member of management; and
- 7.8.9** The Board maintains open and regular communication with the Company's Shareholders to solicit their views and opinions on the Company's strategy and key decisions.

7.9 Board of Directors and Senior Management

Roles and Responsibilities

- 7.9.1** The Board is constituted by professional and experienced individuals who collectively, as the Board, are responsible for managing and planning the overall strategic direction of the Company and monitoring its application. The Board is assisted by a group of executives who are well-equipped to support the growth and development of the business. The Board has ultimate responsibility for the overall conduct of the Company's business.
- 7.9.2** The Company is managed by a Board which is collegial and deliberative in its approach. The Board acknowledges its fiduciary duties of care and loyalty towards the Company and its Shareholders.
- 7.9.3** The Board is responsible for the oversight of the strategy, business, management performance and approval of policies and decisions of the Company.
- 7.9.4** In line with the requirements laid out in the Code of Corporate Governance and the HC Module, each member of the Board exercises individual and collective judgment objectively, transparently and in good faith while acting in the best interests of the Company and its Shareholders.
- 7.9.5** The Board oversees the process of financial reporting, disclosure and communication to internal and external stakeholders, while ensuring that such disclosure is fair, transparent and comprehensive and reflects the character of the Company and the nature and complexity of the risks inherent to the business thereby.
- 7.9.6** It is the responsibility of the Board to ensure that its members have sufficient access to independent legal and other professional advice in order to comply with their responsibilities as members of the Board.

7.9.7 The role and responsibilities of the Board have been more particularly described within the board charter that is available for inspection and as per the individual agreements signed with each Board member. The Board's roles and responsibilities include, but are not limited to:

- (a) oversight of the performance and strategy of the Company;
- (b) overseeing the preparation of the Company's financial statements in accordance with applicable standards;
- (c) calling and preparing the materials for Shareholder meetings; and
- (d) maintaining equitable treatment of Shareholders including minority Shareholders.

7.9.8 Any authority or function which the Board may delegate for efficient running of the business does not allow it to delegate or remove itself from its ultimate responsibility to ensure that an adequate, effective, comprehensive and transparent corporate governance framework is in place in accordance with the Code of Corporate Governance.

7.10 Succession planning

7.10.1 This Company currently monitors the key positions within the organisation with a view to planning for succession in those positions, including consideration of whether a suitable successor has been identified for said positions and within what period of time they will ready to succeed in the role, including the positions of chief financial officer, chief operations officer, human resources general manager, general manager of operations, technical general manager, harbor and marine services manager, IT general manager, and health, safety and environment general manager.

7.10.2 In respect of the readiness of each successor to the key positions, the Company has a strategic leadership development program which includes six executive one-to-one coaching sessions, twelve assignments which are required to be completed, and one self-management profile and debrief. The topics of the program include leadership skills, emotional intelligence at work, communication skills, managing change, presentation skills, managing conflict, coaching for performance, performance management and personal branding.

7.11 Composition of the Board

7.11.1 The Board is currently comprised of 5 executive directors. The Board currently does not have any independent directors. Upon completion of the Offering the Board and Founders intend to revisit the Board's size and composition in order to ensure that: (i) an appropriate number of non-executive directors and independent directors are appointed; (ii) the Board represents a healthy combination of high calibre professional and industry experts; and (iii) there is a prompt opportunity for the new Shareholders to participate in an election and renewal of the Company's Board at the Constitutive General Assembly of the Company following the Offering.

7.11.2 The current members of the Board are as follows:

Board of Directors				
Name	Title	Nationality	Status	Appointment Date
David Skov	Chairman	Danish	Executive	16 February 2018
Fawzi Ahmed Ali Kanoo	Vice Chairman	Bahraini	Executive	31 July 2018
Søren Sjøstrand Jakobsen	Director	Danish	Executive	18 June 2013
Ahmed Hassan	Director	Pakistani	Executive	19 July 2016
Steven Yoogalingam	Director	Malaysian	Executive	19 December 2017

7.12 Appointment and Termination

- 7.12.1** Pursuant to Article 175 of the Commercial Companies Law, any Shareholder who owns 10% or more of the capital of the Company has the right to appoint a person to represent him on the Board for the same percentage of his shareholding (any fractions to be rounded up). Each shareholder who decides not to use such right, or does not own a percentage entitling him to appoint a Board member, may use such percentage in voting. Article 176 of the Commercial Companies Law provides that voting within the General Assembly for Board members shall run on the basis of cumulative voting, in which case each shareholder shall have a number of votes equivalent to the number of shares owned by him, and shall have the right to use the same for one or more candidates.
- 7.12.2** The NRG Committee of the Company will have responsibility for recommending the list of persons for election as members of the Board.
- 7.12.3** The Shareholders will hold the right to approve the appointment of a member to the Board, out of the candidates that are nominated by the Shareholders or short-listed by the NRG Committee of the Company.
- 7.12.4** The new Director shall receive an induction to the Company's matters, as per the requirements laid out in the Code of Corporate Governance.
- 7.12.5** A new Director must consent in writing to be appointed as a member of the Board and the term of a director shall be for a period of 3 years, subject to further renewals.
- 7.12.6** A Director shall be replaced or his/her services deemed terminated, in the cases set out below:
- (a) if a Director's appointment does not comply with or is contrary to relevant laws;
 - (b) if a Director is removed by the Shareholder who appointed him as a member of the Board;
 - (c) if a Director does not possess adequate legal capacity or qualifications;
 - (d) if a Director is convicted of corruption or any other crime affecting honour or honesty, including but not limited to any of the offences set out under relevant law; or
 - (e) if a Director acts in conflict or against the interests of the Company, including but not limited to the instances of carrying out business which is competitive with that of the Company or causing damage to the reputation, assets or operations of the Company.
- 7.12.7** The Shareholders have the right to terminate a Director's or the entire Board's tenure, by holding a General Assembly in accordance with Article 178 of the Commercial Companies Law.
- 7.12.8** The General Assembly may dismiss all or some of the Board members even if the Company's articles of association provide otherwise. A request shall be submitted by a number of Shareholders representing at least 10% of the Company's capital. On receipt of such request, the Board shall refer the request to the General Assembly within one month at most from the date the request is submitted, otherwise the MoICT shall send the invitation. The General Assembly shall not consider the request if it is not listed on its agenda, unless there appear in the meeting serious matters that require such dismissal. The dismissed Board member may claim compensation from the Company if the dismissal has not been justified or is made at an inconvenient time. A Board member may resign his office provided that he resigns at a suitable time otherwise he shall be liable to pay compensation.

7.12.9 Pursuant to Article 179 of the Commercial Companies Law, if the office of one of the Board members becomes vacant, he shall be replaced by the member next to him in the number of votes in the latest elections of the Board. The new member shall complete the unexpired term of their predecessor. In other cases, the Board shall elect by secret ballot a member to fill the vacant office from among the candidates nominated by two of the Board members at least until the next meeting of the General Assembly. If the vacant offices are one quarter or more but less than one half of the Board members, the Board shall invite the ordinary General Assembly to convene within two months from the date of the last office becoming vacant to fill them. If the vacant offices exceed more than one half of the number of the Board members, the Board shall be deemed dissolved and new elections shall be called to elect a new Board.

7.12.10 Following completion of the Offering, the Shareholders will appoint independent directors in accordance with the legal and regulatory requirements for such appointments to make up at least one third of its Board and to seek to ensure independence of decision-making and representation at Board level. Qualification to constitute an independent director is rigorous and requires the following criteria to be met in line with the Code of Corporate Governance (as the same may be amended, replaced or supplemented from time to time):

- (a) **Determination by the Board.** An “independent director” is a director whom the Board has specifically determined has no material relationship which could affect his independence of judgment, taking into account all known facts. The Board should consider that, although a particular Director meets the formal requirements, he may not be independent owing to specific circumstances of the person or the Company, ownership structure of the Company, or for any other reason. The Board’s determination should be a good faith finding after diligent review and full discussion; and
- (b) **Formal Requirements.** “Independent director” means a Director of the Company who, or whose family shareholders either separately or together with him or each other, does not have any material pecuniary relationships or transactions with the Company (not counting Director’s remuneration for this purpose) and in particular who, during the one year preceding the time in question met all the following conditions:
 - i was not an employee of the Company;
 - ii did not:
 - A make to, or receive from, the Company payments of more than BHD 31k or equivalent (not counting Director’s remuneration);
 - B own more than a 5% share or other ownership interest, directly or indirectly, in an entity that made to or received from the Company payments of more than such amount;
 - C act as a general partner, manager, director or officer of a partnership or company that made to or received from the Company payments of more than such amount;
 - D have any significant contractual or business relationship with the Company which could be seen to materially interfere with the person’s capacity to act in an independent manner;
 - iii did not own directly or indirectly (including for this purpose ownership by any family member or related person) 5% or more of the shares of any type or class of the Company;
 - iv was not engaged directly or indirectly as an auditor or professional advisor for the Company; and
 - v was not an associate of a Director or a member of senior management of the Company.

7.12.11 In accordance with applicable law and regulation, an “executive director” is a director who is a member of the Company’s executive management, participates in the day-to-day management of the Company, and receives a stipend in return.

7.12.12 The Board will also be required to have at least half of its members as non-executive directors. A “non-executive director” is any director who is not an “executive director”. The executive and non-executive constitution of the Board will be considered based on how such terms are defined and interpreted under applicable law and regulation, as the same may be amended, supplemented or replaced from time to time.

7.12.13 It is planned that the full Board will be appointed or elected following the Offering under the relevant provisions of the Commercial Companies Law to include the appropriate balance of executive, non-executive and independent directors at the Constitutive General Assembly of the Company.

7.13 Information on Directors

Brief biographies of the Directors listed above are provided below (as of August 31 2018):

- **Mr. David Skov**
Chairman

David Skov (born in 1971, Danish) has been a Director of the Company since 16 February 2018. Mr. Skov is APM Terminals' Head of Africa, the Middle East and India, and is responsible for portfolio management of APM Terminals controlled terminals in Africa, the Middle East and India, to which he was appointed in January 2017. He has previously served as the Portfolio Manager in Nigeria, Benin Republic and Liberia. Mr. Skov has been with the A.P. Moller – Maersk Group for more than 20 years with a very strong and extensive background in the shipping industry. He started out as a management trainee with the A.P. Moller – Maersk Group in 1995 and worked in various business units such as Maersk Line and Maersk Broker. He was the Head of Maersk Line, South China and also led the Central West Africa Cluster of Maersk Line comprising Nigeria, Benin, Togo and Ghana, driving for business growth in the region. Mr. Skov has completed a Master's in Business Administration at the Warwick Business School in the United Kingdom and has degrees in International Business as well as Organisations and Leadership.

Mr. Skov current directorships include: Badagry Container Terminals Ltd., APM Terminals Liberia Ltd., Sogester – Sociedade Gestora De Terminais S.A. (vice chairman), APM Terminals Apapa Ltd., Aqaba Container Terminal Company Ltd. (vice chairman), Gateway Terminals India Pvt. Ltd., APM Terminals Bahrain B.S.C. (chairman), West Africa Container Terminal Nigeria Ltd., Gujarat Pipavav Port Ltd., Poti Sea Port Corporation (chairman) and Coman S.A..

In the last 5 years, Mr. Skov has held directorships in APM Terminals Kano Ltd., Ibafo Container Terminal Nigeria Ltd., Lilypond Container Depot Nigeria Ltd., APM Terminals India Pvt. Ltd., RDH Integrated Ltd. (chairman), Maersk Hong Kong Ltd., Maersk Macau Ltd., Maersk Ghana Ltd., Damco Benin S.A., Maersk Nigeria Ltd., Maersk Benin S.A., and Maersk Togo S.A.

- **Mr. Fawzi Ahmed Ali Kanoo**
Vice Chairman

Mr. Fawzi Kanoo (born in 1948, Bahraini) has been a Director since 31 July 2018 (prior to his current appointment, he was previously the vice-chairman of the Company until 2016). He is currently the Deputy Group Chairman and Acting Group CEO of Yusuf Bin Ahmed Kanoo (Holdings) Co. W.L.L., a multi-national organisation, having offices throughout the Arabian Gulf and Saudi Arabia. He is a director of Yusuf Bin Ahmed Kanoo Co. W.L.L., under which travel, freight services, cargo services and the aircraft handling divisions are functioning. Mr. Kanoo holds a Bachelor's Degree in Business Administration from South West Texas State University.

Mr. Kanoo's current directorships include Abdulrahman Jassim Kanoo Company Limited W.L.L. (chairman), AXA Insurance (Gulf) B.S.C.(c) (chairman), Aeradio Technical Services W.L.L., Bahrain Ship Repairing & Engineering Co. B.S.C. (chairman), Bahrain International Cargo Services W.L.L., BDP Kanoo Chemical Logistics Ltd. Co. (chairman), Dar Al Bahrain Contracting Co. W.L.L., Family Investment Company Limited, F & Family Property Development Company W.L.L. (chairman), Gulf Hotels Group B.S.C. (vice-chairman), Gulf Travel Agency, Hapag-Lloyd Bahrain Co. W.L.L. (deputy chairman), ITIC Limited, Kanoo Tank Services

Co. Ltd (Sahreej) (chairman), Kanoo Terminal Services (KTS) (chairman), Kanoo Family Holding Company W.L.L. (vice-chairman), Kanoo Construction Company Bahrain W.L.L., Kanoo Property Management Company W.L.L. (chairman), Kanoo Travel Agency, Kanoo Electrical Mechanical & Construction Co. W.L.L. (KEMCO), K-Soft Company W.L.L., Maersk Kanoo Bahrain W.L.L. (deputy chairman), National Bank of Bahrain (vice-chairman), Saudi Arabian Bunkering Services (SABS) (chairman), United Arab Shipping Agencies Co Ltd (deputy chairman), United Travel & Shipping Agency, Yusuf Bin Ahmed Kanoo (Holdings) Company W.L.L., Yusuf Bin Ahmed Kanoo Co. W.L.L., and Yusuf Bin Ahmed Kanoo Company Limited L.L.C.

In the last 5 years, Mr. Kanoo has held directorships with Charilaos Apostolides Bahrain W.L.L. and Aluminium Bahrain B.S.C.

- **Mr. Søren Sjøstrand Jakobsen**

Director

Mr. Søren Sjøstrand Jakobsen (born in 1959, Danish) has been a Director of the Company since 18 June 2013. He joined the A.P. Moller – Maersk group in 1980 and has held various positions of importance within the Maersk Group, adding towards his wide range of industry experience. Mr. Jakobsen is the Head of Terminals and Portfolio Manager for Joint Ventures in the Middle East, Africa, South Asia and Russia portfolio of APM Terminals based in Dubai. In this capacity, he is responsible for 16 APM Terminals' port & terminal business units, 2 of which are stock listed companies. Mr. Jakobsen is the lead APM Terminals board member in the entities in his portfolio and also serves as a board member in a number of other APM Terminals entities in other portfolios. Prior to his current assignment, Mr. Jakobsen worked for other business units in the Maersk Group including Maersk Line and Svitser. Since 2005 he joined APM Terminals and has been based in Panama as Regional Manager for Latin America and after that the Netherlands as Global Head of Project Implementation. Mr. Jakobsen has complemented his bachelor degree in shipping and business with various management programs including at IMD and INSEAD.

Mr. Jakobsen's current directorships include: A.P. Moller Terminals & Co. LLC in Oman, APM Terminals AMI Management DMCEST in United Arab Emirates, APM Terminals Bahrain B.S.C.(c) in Bahrain, APM Terminals Jordan LLC in Jordan, Aqaba Container Terminal Company Ltd. in Jordan, Abidjan Terminal SA in Ivory Coast, Cai Mep International Terminal Co. Ltd. in Vietnam, Douala International Terminal SA in Cameroun, Global Ports Investments PLC in Cyprus, LCB Container Terminal 1 Ltd. in Thailand, LCMT Company Ltd. in Thailand, Meridian Port Services Ltd. in Ghana, Petrolport Inc. in Russia, Salalah Port Services Company SAOG in Oman, Sogester - Sociedade Gestora De Terminais S.A. in Angola, VOPAK EOS AS in Estonia, Vostochnaya Stevedoring Limited Liability Company in Russia, South Asia Gateway Pvt. Ltd. in Sri Lanka, ZAO Baltic Container Gate in Russia, Poti Sea Port Corporation in Georgia, Conakry Terminal S.A in Guinea, First Container Terminal Inc. in Russia, Congo Terminal S.A. in Congo, Congo Terminal Holding S.A.S. in France and Societe De Participations Portuaires S.A.S. in France.

In the last 5 years, Mr. Jakobsen has held directorships in Inland Services (Thailand) Ltd., Container Depot Bangkok Ltd., Siam Shoreside Services Ltd., Brasil Terminal Portuario, Eurogate Container Terminal Wilhelmshaven (advisory board member), APM Terminals (St. Lucia) (company secretary and president), APM Terminals Liberia Ltd., Alianza Internacional Portuaria Alinport S.A. (chairman), APM Terminals Wilhelmshaven GmbH (CEO), APM Terminals Vado Ligure S.p.a., APM Terminals Latin America S.A. (company secretary), LCB Container Terminal 1 Ltd. (chairman), LCMT Company Ltd. (chairman), APM Terminals Callao S.A., APM Terminals Moin S.A. (treasurer), APM Terminals Gothenburg Holding A.B. (alternate member of the board of directors), APM Terminals Gothenburg A.B., APM Terminals Lazaro Cardenas S.A. de C.V., Cote D'Ivoire Terminal S.A. (chairman).

- **Mr. Ahmed Hassan**

Director

Mr. Ahmed Hassan (born in 1984, Pakistani) has been a Director of the Company since 19 July 2016. He joined the A.P. Moller – Maersk group in 2008 and has held various positions of importance within the group, adding towards his wide range of industry experience. Mr. Hassan is currently working as Head of Transformation and Chief Financial Officer for APM Terminals Commercial Organization. In this capacity, he serves as business partner to APM Terminals Global CEO and CFO. He also serves as a board member in many other APM Terminals entities. Prior to his current assignment, Mr. Hassan worked for other business units in the Maersk Group including Maersk Line. Since 2016 he joined APM Terminals and has been based in The Netherlands. Mr. Hassan holds a Master's degree in Finance and has attended leadership programs at IMD, Switzerland and INSEAD, Singapore.

Mr. Hassan's current directorships include APM Terminals Bahrain B.S.C.(c) in Bahrain, APM Terminals Deutschland Holding GmbH in Germany, APM Terminals Jordan LLC in Jordan, APM Terminals Management (Singapore) Pte. Ltd. in Singapore, APM Terminals Mauritius Holding Ltd. in Mauritius, APM Terminals Mauritius Ltd. in Mauritius, APM Terminals Wilhelmshaven GmbH in Germany, Aqaba Container Terminal Company Ltd. in Jordan, Cai Mep International Terminal Co. Ltd. in Vietnam, Douala International Terminal SA in Cameroun, LCB Container Terminal 1 Ltd. in Thailand, LCMT Company Ltd. in Thailand, Maersk Africa Holdings Ltd. in Mauritius, Meridian Port Holdings Ltd. in United Kingdom, Meridian Port Services Ltd. in Ghana (Alternate Director), PTS Holdings Limited in Mauritius, Sogester - Sociedade Gestora De Terminais S.A. in Angola, South Asia Gateway Pvt. Ltd. in Sri Lanka, West Africa Container Terminal BVI Ltd. in British Virgin Islands. In Hong Kong he holds the following directorships: Brigantine International Holdings Ltd., APM Terminals China Co. Ltd, Claraway Company Ltd. and Inland Services (Hong Kong) Limited.

In the last 5 years, Mr. Hassan has held directorships in Maersk Line PNG Ltd., APM Terminals North America Inc., APM Terminals Liberia Ltd., Congo Terminal Holding S.A.S. in France, APM Terminals India Pvt. Ltd., Abidjan Terminal S.A. in Ivory Coast, Gateway Terminals India Pvt. Ltd., Meridian Port Services Ltd. in Ghana, Maersk-Filipinas Inc., Gujarat Pipavav Port Ltd., Maersk Singapore Pte. Ltd., APM Terminals Apapa Ltd. in Nigeria, Congo Terminal SA in Congo, Maersk Trucking (China) Co. Ltd. in China, Poti Sea Port Corporation in Georgia, West Africa Container Terminal Nigeria Ltd. in Nigeria. In Bermuda he held the following directorships: APM Terminals Dalian Holding Ltd., APM Terminals Nansha Holding Ltd., APM Terminals Qingdao Holding Ltd., APM Terminals Tianjin Holding Ltd., APM Terminals Tianjin International Holding Ltd., APM Terminals Xiamen Holding Ltd., APM Terminals Yangshan Holding Ltd., China Terminal Services Holding Company Ltd. In Hong Kong he held the following directorships: APM Terminals Dachan Company Ltd., APM Terminals Dalian Company Ltd., APM Terminals Invest Company Ltd., APM Terminals Ningbo Company Ltd., APM Terminals Qingdao Company Ltd., APM Terminals Shanghai Company Ltd., APM Terminals Tianjin Company Ltd., APM Terminals Tianjin International Co. Ltd., APM Terminals Xiamen Company Ltd., and APM Terminals Yangshan Co. Ltd.

- **Mr. Steven Yoogalingam**

Director

Mr. Steven Yoogalingam (born 1976, Malaysian) has been a Director of the Company since 19 December 2017. He joined APM Terminals in 2017 and prior to that worked at an APMT Joint Venture Terminal, Port of Tanjung Pelepas (PTP), holding Senior Management roles. Mr. Yoogalingam is currently the CEO of Aqaba Container Terminal in Jordan, which is a joint venture between APM Terminals and the Jordanian Government. He is also responsible for APM Terminals' inland services operations in Jordan which includes two separate entities, namely Aqaba Logistics Village and Soraqia Depot. His previous work experience includes Interim CEO of PTP as well as Chief Operating Officer and Chief Commercial Officer positions.

Mr. Yoogalingam holds a Law degree from King's College, University of London and has completed management programs under APM Terminals. Mr. Yoogalingam does not hold any other directorships.

7.14 Information on Senior Management

- 7.14.1** The executive management of the Company is responsible for the day-to-day management of the Company and for achieving the Company's strategic objectives and results. In discharging its role, the Company's executive management shall be guided by the interests of the Company's Shareholders and other stakeholders.
- 7.14.2** The Company's executive management is directly responsible for all activities of the Company, including the implementation and oversight of the internal controls system across the entire organisation. Implementation of internal controls at a departmental level is the department managers' responsibility, including taking action on exceptions and problems as they arise.
- 7.14.3** Group policy of APM Terminals B.V. calls for a rotational approach to management, with a number of key executives holding positions at the various group terminals globally for set periods of time.
- 7.14.4** The executive management of the Company comprises of the following members:

Name	Designation	Date of Appointment	Date of Expiration of Term
Mr. Mark Hardiman	Chief Executive Officer	1 August 2015	31 July 2019
Mr. Farooq Zuberi	Chief Financial Officer	15 June 2018	15 June 2021
Mr. Bo Lange	Chief Operating Officer	2 February 2018	Not Applicable
Mr. Sunil Joseph	Chief Commercial Officer	18 May 2015	Not applicable
Mrs. Jordana Semaan	General Manager - Human Resources	6 June 2017	Not applicable

Brief biographies of the Company's executive management as of 31 August 2018 are provided below:

- **Mr. Mark Hardiman**
Chief Executive Officer

Mr. Mark Hardiman (born in 1974, Dutch & South African) has been the Chief Executive Officer of the Company since August 2015. Prior to this, he served as the Chief Operating Officer of the Company from April 2012. In total Mr. Hardiman has over 21 years' experience in the shipping industry spanning across 6 different countries on 3 different continents, namely South Africa, Nigeria, Egypt, Belgium, the UAE and Bahrain.

Mark studied in Durban, South Africa at the Durban University of Technology and graduated in 1997 in Maritime Studies. Mr. Hardiman is currently also a director at Kanoo Terminal Services.

- **Mr. Farooq Zuberi**
Chief Financial Officer

Mr. Farooq Zuberi (born in 1985, Pakistani) joined the company as Chief Financial Officer in June 2018. Prior to joining APMT Bahrain, Mr. Zuberi has worked in senior leadership roles with Global Fortune 500 companies across several industries. He has worked with PwC, Unilever, GSK & Emirates Group in roles covering finance business partnering, project delivery & strategic initiatives.

Mr. Zuberi is a Chartered Accountant from ICAP as well as Chartered Certified Accountant from ACCA - UK. He also holds a Bachelor of Commerce from University of Karachi.

- **Mr. Bo Lange**
Chief Operating Officer

Mr. Bo Lange (born 1972, Danish) has been the Chief Operating Officer of the Company since January 2018. Prior to this, he served as Regional COO for APMT Africa Inland from July 2015. Mr. Lange's previous work experience includes his tenure as Global Head of Operations for Damco in The Hague, Netherlands and several other senior operational roles within Damco across the Netherlands, Denmark and the Middle East.

Mr. Lange holds a national Master of Science degree from the University of Copenhagen, Denmark. Mr. Lange is currently also a director at APMT Senegal and APMT Mali.

- **Mr. Sunil Joseph**
Chief Commercial Officer

Mr. Sunil Joseph (born in 1967, Indian) has been the Chief Commercial Officer of the Company since May 2015. Starting the career with Maersk Line at an entry level position in 1993, Sunil has over 25 years of experience in shipping primarily within the GCC countries focused on commercial and leadership roles within the Maersk Group. Prior to the current role, he served as the Business Head for one of the APM Terminals Inland Services Divisions in India. From 2008 to 2013 he served as the Managing Director of Saudi Arabia Cluster for Maersk Line, covering KSA, Bahrain and Yemen. He has also served as Country Manager for Maersk Line in Oman and has been instrumental in establishing the Maersk Line own setup in Qatar in 2002, prior to which he was the Owners Representative for Maersk Line in Qatar.

Mr. Joseph holds a bachelor's degree in English Literature and a Diploma in Business Management supported by executive education from Columbia Business School. Mr. Joseph is currently also a director at Kanoo Terminal Services.

- **Mrs. Jordana Semaan**
General Manager – Human Resources

Mrs. Jordana Semaan (born in 1984, Bahraini) has been the General Manager - Human Resources for the Company since June 2017. Prior to this she was the Country Head of HR for Bahrain and Saudi Arabia for a large multinational company in the logistics field. Mrs. Semaan has held several high profile posts and has worked in Bahrain, Saudi Arabia and France during her over 14 years of experience. She started her career in marketing and business development before finding a passion in HR and pursuing that as her permanent career. Mrs. Semaan holds a Bachelor's Degree in Business Management and is CIPD level 5 certified.

Brief biographies of the holders of two other important roles within the organisation are provided below:

- **Isa Al-Qetami**
General Manager – Security and Government Relations and Port Facility Security Officer

Mr. Isa Al-Qetami (born in 1963, Bahraini) has been the General Manager – Security and Government Relations and the Port Facility Security Officer since August 2015. Prior to this, he has served as the Head of Air Force Maintenance F-16/F-5 in Bahrain Defence Force Headquarters' from 2011 – 2014. In total Mr. Isa has over 34 years of experience in the aviation field in Royal Bahrain Air Force at different air bases.

Mr. Isa retired from the Bahrain Defence Force in the rank of Colonel. He is also a holder of Master of Science in System Management (Naval Post-Graduate School Monterey, California USA) and a Civil Aviation Authority Licensed Engineer – Avionics (Brunel Technical College Bristol – UK).

- **Manoj Verma**

General Manager – Health, Safety and Environment

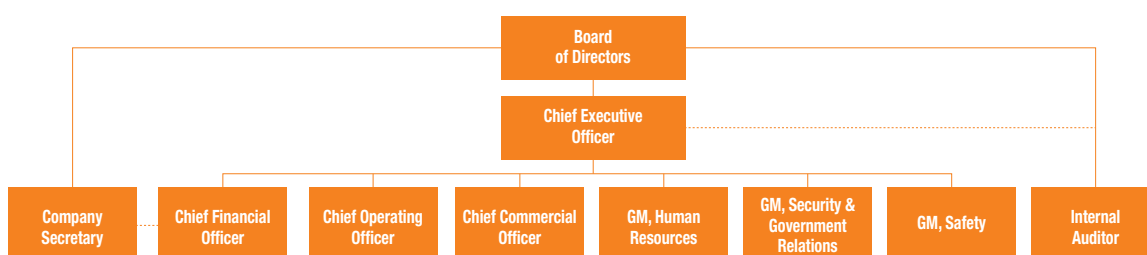
Mr. Manoj Verma (born in 1972, Indian) has been the Head of HSE for the Company since November 2012. He has overall experience of 27 years in the maritime shipping, ports and logistics industry, including regional and corporate partaking, covering facilities in Asia Pacific, Indian Subcontinent, Europe, Middle East and Africa.

He has studied in Mumbai, India and completed his maritime professional study from The St. Xavier Technical Institute of Technology. He is a graduate member of the Institution of Occupational Safety and Health (IOSH), UK, and holds a level 6 National Examination Board in Occupational Safety and Health (NEBOSH) International Diploma in Occupational Health & Safety – UK.

He is also an International Register of Certificated Auditors (IRCA) certified lead auditor for ISO 9001 (Quality), ISO 14001 (Environmental) and OHSAS 18001 (Occupational Health & Safety) management systems.

7.15 Management Reporting Structure

The managing reporting structure of the Company is as follows:



7.16 Interest in Equity Securities

7.16.1 The shareholding structure of the Company prior to the Offering is as set out in section 5.7.

7.16.2 The following table details the current shareholding of the Company's major Shareholders, Directors and the Chief Executive Officer:

Name	Designation	Ownership Pre-Offer			Ownership Post-Offer		
		No. of shares	% ownership	Type	No. of shares	% ownership	Type
APM Terminals B.V.	Shareholder	72,000,000	80	Ordinary shares (BHD 0.100 each)	57,600,000	64%	Ordinary shares (BHD 0.100 each)
Yusuf Bin Ahmed Kanoo (Holdings) Co. W.L.L.	Shareholder	18,000,000	20	Ordinary shares (BHD 0.100 each)	14,400,000	16%	Ordinary shares (BHD 0.100 each)
David Skov	Chairman	0	0	N/A	0	0	N/A
Fawzi Ahmed Ali Kanoo	Vice Chairman	0	0	N/A	0	0	N/A
Søren Sjøstrand Jakobsen	Director	0	0	N/A	0	0	N/A
Ahmed Hassan	Director	0	0	N/A	0	0	N/A
Steven Yoogalingam	Director	0	0	N/A	0	0	N/A
Mark Hardiman	Chief Executive Officer	0	0	N/A	0	0	N/A

7.16.3 The Company confirms that there have been no significant changes in the percentage of ownership in the Company in the 3 years prior to the date of this Prospectus.

7.16.4 All the Shares currently owned as well as the Shares being offered are existing ordinary shares with equal voting rights. No Shareholders have any privileged rights attached to their shareholding nor do any Shareholders have any contractual obligations to transfer or dispose of their Shares.

7.17 Material Background Information

The Company confirms that none of its Directors, key executives or major Shareholders, individually referred to as a **“Stakeholder”** and collectively referred to as **“Stakeholders”**, has to the knowledge of the relevant Stakeholder:

7.17.1 at any time during the last 10 years had an application or a petition under any bankruptcy laws of any jurisdiction filed against the Stakeholder, or against a partnership of which the Stakeholder was a partner at the time when the Stakeholder was a partner, or at any time within two years from the date the Stakeholder ceased to be a partner;

7.17.2 at any time during the last 10 years (except, in the case of APM Terminals B.V., 5 years), had an application or a petition under any law of any jurisdiction filed against an entity (not being a partnership) of which the Stakeholder was a director or an equivalent person or a key executive, at the time when the Stakeholder was a director or equivalent person or a key executive of that entity, or at any time within two years from the date the Stakeholder ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency;

7.17.3 had any unsatisfied judgment against the Stakeholder;

7.17.4 ever been convicted of any offence, in Bahrain or elsewhere, involving money laundering, financial crimes, fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which the Stakeholder is aware) for such purpose;

7.17.5 ever been convicted of any offence, in Bahrain or elsewhere, involving a breach of any law or regulatory requirement that relates to the capital market in Bahrain or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which the Stakeholder is aware) for such breach;

7.17.6 at any time during the last 10 years (except, in the case of APM Terminals B.V., 5 years), had a judgment entered against the Stakeholder in any civil proceedings in Bahrain or elsewhere involving a breach of any law or regulatory requirement that relates to the capital market in Bahrain or elsewhere, or a finding of fraud, misrepresentation or dishonesty on the Stakeholder's part, nor has any Stakeholder been the subject of any civil proceedings (including any pending civil proceedings of which the Stakeholder is aware) involving an allegation of fraud, misrepresentation or dishonesty on the Stakeholder's part;

7.17.7 ever been convicted in Bahrain or elsewhere of any offence in connection with the formation or management of any entity or business trust;

7.17.8 ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust;

7.17.9 ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body permanently or temporarily enjoining the Stakeholder from engaging in any type of business practice or activity;

7.17.10 ever, to the Stakeholder's knowledge, been concerned with the management or conduct of the affairs of:

- (a) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Bahrain or elsewhere;
- (b) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Bahrain or elsewhere;
- (c) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Bahrain or elsewhere; or
- (d) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the capital market in Bahrain or elsewhere,

in connection with any matter occurring or arising during the period when the Stakeholder was so concerned with the entity or business trust; and

7.17.11 been the subject of any current or past investigation or disciplinary proceedings, or been reprimanded or issued any warning by the CBB or any other regulatory authority, exchange, professional body or government agency, whether in Bahrain or elsewhere.

The confirmations in sections 7.17.10 and 7.17.11 are not given in respect of APM Terminals B.V. given it operates, manages or has significant interests in many jurisdictions where it is in the nature of such operations in the port industry that there will from time to time be investigations by or discussions with regulators in relation to the respective operations and businesses. APM Terminals B.V. has, however, confirmed that where it solely controls international entities it does so in compliance with its group policies associated with compliance with laws, anti-corruption, ethical practices and foreign trade controls as part of the Maersk Group whose holding company is listed on the Copenhagen stock exchange and subject to the applicable stock exchange rules and regulations.

7.18 Board Practices

7.18.1 The following table details, for each Director, their title, appointment date and date of expiration of their term of office.

Name	Title	Appointment Date	Date of expiration of term of office
David Skov	Chairman	16 February 2018	Appointed for a first term – 16 February 2018 to 15 February 2021
Fawzi Ahmed Ali Kanoo	Vice Chairman	31 July 2018	Appointed for a first term – 31 July 2018 to 13 March 2021
Søren Sjøstrand Jakobsen	Chairman	18 June 2013	Reappointed for a second term – 18 June 2016 to 17 June 2019
Ahmed Hassan	Director	19 July 2016	Appointed for a first term – 19 July 2016 to 19 July 2019
Steven Yoogalingam	Director	19 December 2017	Appointed for a first term – 19 December 2017 to 18 December 2020

7.18.2 The Directors' service terms do not provide for any benefits upon termination of employment.

7.19 Board's Committees

7.19.1 In line with the corporate governance requirements which will become binding upon the Company upon completion of the Conversion, the Company will establish the following committees.

- (a) An **Audit, Risk and Compliance Committee**, to be comprised of three (non-executive and/or independent) Directors, which committee will have delegated authority from the Board with responsibility for, among other things:
- i company-wide risk assessment and mitigation;
 - ii quality and integrity of the accounting and financial reporting practices;
 - iii integrity of the financial controls, internal controls and financial statements;
 - iv compliance with the legal and regulatory requirements of Bahrain and the codes of conduct of the Company;
 - v selection and oversight of the external auditor; and
 - vi appointment, compensation and oversight of the internal auditor and where relevant, compliance function.

The policies of the ARC Committee, including its composition, are more particularly described in the ARC Committee charter. The ARC Committee charter is subject to an annual review process.

- (b) A **Nominating, Remuneration and Governance Committee**, to be comprised of three (non-executive and/or independent) Directors, which committee will be responsible for, among other things:
- i maintenance of the Company's corporate governance framework and ensuring compliance with the prescribed rules and regulations;
 - ii identification and selection of Board candidates;
 - iii review of Directors' compensation;
 - iv review of Directors', the Board's and the CEO's performance;
 - v evaluation of the Board's structure, composition and training; and
 - vi Board succession planning.

The policies of the NRG Committee, including its composition, are more particularly described in the NRG Committee charter. The NRG Committee charter is subject to an annual review process.

7.19.2 A written charter has been developed for each Board committee using Volume 6 of the CBB Rulebook, the Code of Corporate Governance, the Commercial Companies Law and other applicable laws and regulations. The charters set out the mission and responsibilities of the Board committees as well as the procedures for the appointment and removal of committee members, committee structure and organisation as well as operations and reporting protocol to the Board. The charters set out the duties of the committees as described above and in line with all legal and regulatory requirements from time to time.

7.20 Compensation Policy

7.20.1 Prior to the Offering, the compensation policy of the Board stipulated payment of US\$ 10k (BHD 3.8k) per annum as honorary remuneration towards the services rendered by the Chairman and BHD 4k (US\$ 10.6k) per annum for the vice-chairman of the Board only.

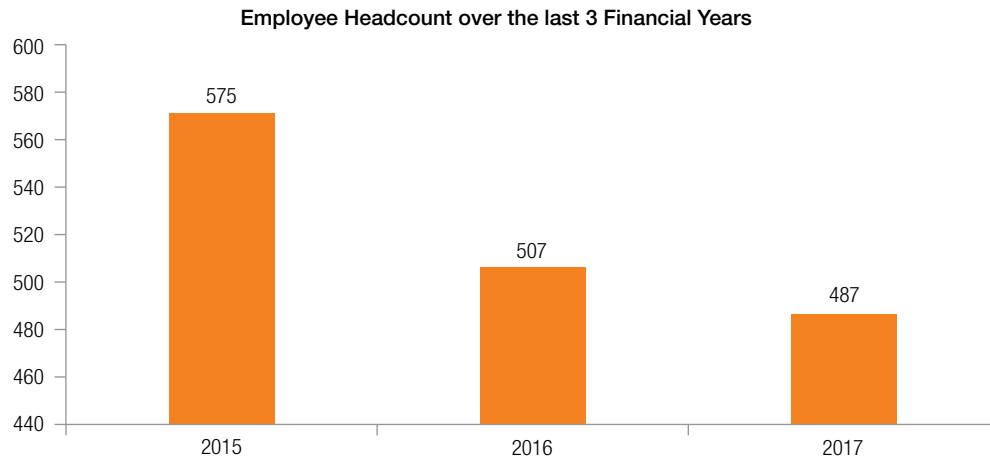
7.20.2 Following completion of the Offering and subject to the consent and approval of the Shareholders, the Board intends to adopt a compensation policy that sets out appropriate levels of remuneration to ensure that all the members of the Board are reasonably compensated for their time, resources and efforts spent in performing their fiduciary duties in accordance with all applicable laws.

- 7.20.3** The amount of compensation paid by the Company to the Board for the completed financial years 2016 and 2017 was BHD 3.8k (US\$ 10k) to the Chairman and BHD 4k (US\$ 10.6k) per annum to the vice-chairman of the Board. The estimated amount of compensation payable to the Chairman and vice-chairman of the Board for the financial year ending on 31 December 2018 is BHD 3.8k (US\$ 10k) and BHD 4k (US\$ 10.6k), respectively.
- 7.20.4** The Company's compensation policy for its executive management and its employees is designed to attract, retain and motivate qualified and talented professionals. In furtherance of these efforts, the Company has adopted annual compensation review guidelines, along with the following incentive schemes:
- (a) a performance incentive plan prescribed by Maersk Group and applicable to office employees; and
 - (b) an incentive programme for the Company prescribed specifically in relation to its front line employees.
- 7.20.5** In addition to the above, the Company adopts a global savings plan, which applies to certain of the Company's executive management whereby both the employer and the employee make contributions to an international savings plan provided by Zurich International. The Company makes social insurance payments in accordance with the laws of Bahrain in respect of its locally hired employees.
- 7.20.6** The Company has no scheme to provide payments or benefits on redundancy or other termination other than in accordance with the Labour Law.
- 7.20.7** Total compensation (including employer's contributions to the General Organisation for Social Insurance of Bahrain and other applicable governmental charges and levies) paid to all employees was BHD 5,892k for the year ended 31 December 2017 (split BHD 479k in aggregate for the Company's five most senior executive managers and BHD 5,413k for other employees) and BHD 6,522k (split BHD 479k for the Company's five most senior executive managers and BHD 6,043k for other employees) for the year ended 31 December 2016. Furthermore, the cumulative amount which the Company has set aside or accrued to provide for bonus, retirement, pension or similar benefits, such as leaving indemnities, as at 31 December 2017, was BHD 903k.
- 7.20.8** The total estimated compensation to be paid to the five most senior executive managers of the Company for the year ending 31 December 2018 (including employer's contributions to the General Organisation for Social Insurance of Bahrain and other applicable governmental charges and levies) is BHD 585k. The Company also has in place a profit linked bonus plan for office employees, including the Company's five most senior executives, in line with the Maersk Group's global incentive plan.

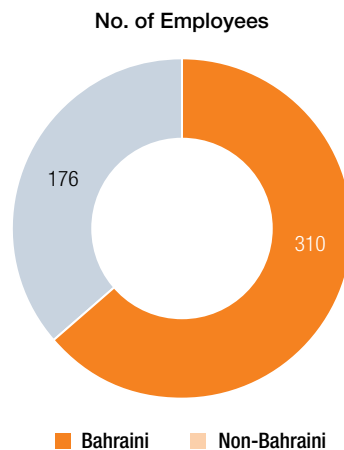
7.21 Employees

- 7.21.1** The Company has a recruitment policy designed to escort the right candidate to his/her right position. In this respect, the Company's efforts are aimed at providing fair and equal opportunities to its employees so as to cultivate their skills and knowledge in order to culminate in the efficient operation and management of the Company's business. The Company addresses its recruitment requirements as per its annual manpower budget. Vacancies are usually filled either via internal recruitment process (i.e., by means of transfers or job rotations within the Company or internal transfers within the APM Terminals/Maersk Group) or via an external recruitment process (i.e., by means of publishing advertisements in local press, job portals and through the use of recruitment agencies). Selection of candidates is mainly based on academic qualifications, work experience and exemplary safety and performance records.
- 7.21.2** As of 30 June 2018, there are 486 direct employees at the Company, out of which Bahraini staff makes up 64% of the total employee force. The number of employees in 2017 decreased to 487 from 507 employees in 2016 following a prior reduction from 575 employees in 2015.

7.21.3 Over the last 3 financial years the Issuer had the following numbers of direct employees:

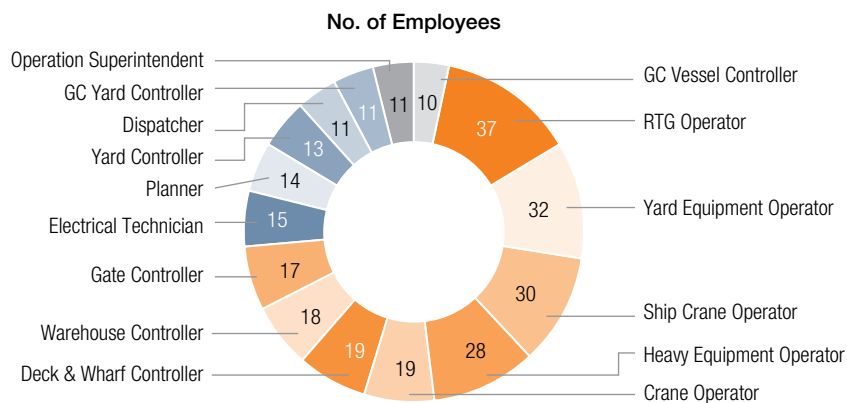


7.21.4 The breakdown of the Company's direct employees by nationality as of 30 June 2018 was as follows:



7.21.5 Category of Activities

The broad categories of front line employees of the Company's activities, for which the Company has ten employees or more, and the number of employees hired under each such category, are as follows:



7.21.6 Geographic Location

- (a) All of the employees of APMT Bahrain are employed in Bahrain.
- (b) As of June 30 2018, there are 10 outstanding employee claims that are to be dealt with by the courts. The estimated total compensation payable is BHD 35k.
- (c) APMT Bahrain has entered into a collective agreement with the General Union of Marine Ports Labors on medical insurance benefits (including medical insurance) for the workers' families and transport allowance. There are currently no disputes with this union.

7.22 Share Ownership and Options

The Company does not currently have any share ownership or options schemes for its employees.

7.23 External Auditor

7.23.1 The Company complies with the Commercial Companies Law and ensures that the appointment or re-appointment of the external auditor, auditor remuneration and other matters related thereto are carried out with due approval of the Company's General Assembly.

7.23.2 Following completion of the Offering, the Company will set up appropriate measures to ensure compliance with the requirements laid out in relation to the external audit function, as part of the Code of Corporate Governance and Volume 6 (Capital Markets) of the CBB Rulebook. The Company's Corporate Governance Manual, which is available for inspection, further draws reference to the various roles and responsibilities performed by the external audit functions and other related matters thereto.

7.23.3 KPMG Fakhro has served as the external auditor of the Company since its inception.

7.24 Group Internal Audit

The Company is subject to detailed periodic audit reviews by APM Terminals / Maersk Group. The purpose of this audit is to ensure compliance with group policies and procedures, to review internal manuals and codes, and to ensure global best practices are continuously upgraded and implemented.

7.25 Legal Advisor and other Advisors

The Company has a long term and, in some instances, retainer based relationship, with the following advisors:

Name of advisor	Relationship	Address
APM Terminals Management B.V. (previously APM Terminals International B.V.)	Technical Services Provider	Turfmarkt 107, 2511 DP The Hague, Netherlands
HSBC Bank Middle East Limited	Principal Banker	Building 2505 P.O. 57, Road No. 2832 Seef Area 428, Manama Kingdom of Bahrain
Al Tamimi & Co.	Legal Advisor	Bahrain Financial Harbour West Tower, 13th Floor PO Box 60380, Manama Kingdom of Bahrain
Almoayed Chambers	Legal Advisor	7th Floor, NBB Tower Government Avenue P.O. Box 2924, Manama Kingdom of Bahrain
KPMG Fakhro	External Auditor	Audit 12th Floor, Fakhro Tower P.O. Box 710, Manama Kingdom of Bahrain
Le Beck International Ltd	Security Consultants	Office Suite 526 5th Floor GB Corp Tower Building 1411, Road 4626 Bahrain Bay 346 P.O. Box 50218 Kingdom of Bahrain
Memac Ogilvy & Mather W.L.L.	Communication and PR	P.O. Box 2140 Manama Kingdom of Bahrain

Section 8: Major Shareholders, Related Parties Transactions and Conflict of Interest

8 Information on the Major Shareholders

8.1 The following table sets out information regarding the Shareholders of the Company prior to the Offer:

Category	Name of Shareholder	Nationality	No. of Shares (BHD 0.100 nominal value)	No. of Shareholders	% of Total Outstanding Shares
Less than 1%	–	–	–	–	–
1% up to less than 5%	–	–	–	–	–
5% up to less than 10%	–	–	–	–	–
10% up to less than 30%	Yusuf Bin Ahmed Kanoo (Holdings) Co. W.L.L.	Bahraini	18,000,000 ordinary shares	1	20%
30% up to less than 50%	–	–	–	–	–
50% up to less than 75%	–	–	–	–	–
Above 75%	APM Terminals B.V.	Dutch	72,000,000 ordinary shares	1	80%

8.2 There have been no significant changes in the percentage of ownership in the Company in the last three financial years.

8.3 All of the Shares in the Issuer, including those held by its major Shareholders, carry the same voting rights. The Issuer has only one class of Shares, i.e. ordinary Shares.

8.4 Related Parties and Transactions

8.4.1 APMT Bahrain is party to a number of agreements and arrangements with its shareholders and other related parties. APMT Bahrain already has in place and acts in accordance with a robust Corporate Governance Manual which governs related party transactions. The Corporate Governance Manual is being updated and Corporate Governance Charters are being prepared in order to comply with the governance requirements that apply to public entities which will ensure further governance for these types of transactions. Standard operations procedures and approvals are followed for all contracts that are entered into, to seek to ensure that there are no conflicts or preferences given. However, to date, under the Shareholders' Agreement (which will automatically be terminated upon the listing of the Company on Bahrain Bourse), where the Company requires services, equipment or materials of a nature that (broadly) either a Founder or one of its group members provides to their customers as part of their usual business, the Company is required to invite the relevant Founder to provide a proposal for the provision of such services, equipment or materials. Assuming the proposal is competitive in respect of price and quality, the Shareholders are required to use their best endeavours to ensure that the Company employs the relevant Shareholder to provide the relevant services, equipment or materials in accordance with its proposal and with such appointment being at all times in accordance with Bahraini law.

8.4.2 There are various arrangements in place between the Company and Yusuf Bin Ahmed Kanoo (Holdings) Co. W.L.L. and its related parties. The arrangements which the Company considers to be material are those between it and, respectively, APL (Bahrain) W.L.L. (with revenues in the sum of BHD 288k for the year ended 31 December 2017), and United Arab Shipping Agencies Company W.L.L. (with revenues in the sum of BHD 3,130k for the year ended 31 December 2017). There are also material arrangements in relation to general customer services and the supply of spare parts with Yusuf Bin Ahmed Kanoo (Holdings) Co. W.L.L. (with revenues in the sum of BHD 618k and expenses in the sum of BHD 6.4k for the year ended 31 December 2017), Bahrain Ship Repairing & Engineering Company B.S.C. for repair of container BHD 1k, AXA Insurance (Gulf) B.S.C.(c) (with expenses in the sum of BHD 2k in relation to various insurance premiums paid by the Company, for the year ended 31

December 2017), Bahrain Airport Services B.S.C.(c) (with expenses in the sum of BHD 55k in relation to the provision of canteen services to the Company, for the year ended 31 December 2017) and Bahrain International Cargo Services W.L.L. (with revenues in the sum of BHD 55k for the year ended 31 December 2017).

- 8.4.3** There are various arrangements in place between the Company and APM Terminals B.V. and its related parties. The arrangements which the Company considers to be material are those between it and, respectively, (i) APM Terminals B.V. (with expenses in the sum of BHD 348k for the year ended 31 December 2017), in relation to the management fee as per the technical service agreement and board fees paid for the year 2017, (ii) APM Terminals Management B.V. (with expenses in the sum of BHD 266k for the year ended 31 December 2017) in relation to various costs such as IT, pensions, and training, that are recharged to the Company, (iii) Maersk Line A/S (with revenues in the sum of BHD 100k and expenses of BHD 11k for the year ended 31 December 2017), and (iv) Svitser Bahrain S.P.C. (with revenues in the sum of BHD 18k and expenses in the sum of BHD 3,169k pertaining to the provision of marine services for the year ended 31 December 2017). Certain of these arrangements are described in greater detail, respectively, in section 10 below.
- 8.4.4** APMT Bahrain has entered into a number of credit agreements with its customers, 5 of which are with related parties, and the credit limits of which vary from time-to-time according to a number of factors, including business volume. All credit agreements are based on APMT Bahrain's standard form of credit agreement, with exceptions generally being made to related parties, subject to any specific amendments that are agreed between the parties. No bank guarantees are in place for most of these credit agreements.
- 8.4.5** APMT Bahrain uses a mixture of IT licences provided by the Maersk Group. APMT Bahrain also subscribes to Maersk Group's Global Service Desk/Help Desk.
- 8.4.6** APMT Bahrain has deposited BHD 10,269k with its ultimate controlling shareholder – A.P. Moller Maersk A/S as at 31 December 2017. The deposits are excess cash which are deposited with A.P. Moller Maersk A/S as part of the treasury advice and instructions received from APM Terminals Management B.V., as part of the treasury advisory and execution service provided by it under the technical services agreement and direct agreements with the Company. These deposits are generally priced at LIBOR less 0.05% as administrative charge.

8.5 Conflicts of Interests

Director Søren Sjøstrand Jakobsen is also a director of Salalah Port Services Company SAOG in Oman, a company which operates the Salalah Port and which is considered to compete with KBSP with respect to the transshipment business in the GCC. Otherwise, there are no competing businesses in relation to which APMT Bahrain's Directors or Shareholders serve as Directors or Shareholders.

8.6 Interests of Experts and Counsel

- 8.6.1** The Company confirms that none of the named experts or counsellors in this Prospectus employed on a contingency basis by the Company:
- (a) has a material interest, whether direct or indirect, in the Shares of the Company; or
 - (b) has a mutual economic interest, whether direct or indirect, in the Company, including an interest in the success of the Offer.

For the avoidance of doubt, SICO B.S.C.(c), the appointed Lead Manager, is also appointed as the Underwriter, the Market Maker and as a Participating Broker, and so has certain potential interests in the Shares of the Company and potential mutual economic interests in the success of the Offer.

- 8.6.2** The APM Terminals group has negotiated global framework agreements with KPMG, the benefit of which is available to its terminals, including APMT Bahrain.

- 8.6.3** Yusuf Bin Ahmed Kanoo (Holdings) Co. W.L.L. engages Trowers & Hamlins, and Hassan Radhi and Associates, as legal advisers, Ahli United Bank B.S.C. as bankers and SICO B.S.C.(c) as brokers from time to time. Yusuf Bin Ahmed Kanoo (Holdings) Co. WLL has not appointed any of them for the purposes of this offering.

8.7 Interests of Underwriters or Lead Manager

- 8.7.1** As noted elsewhere in this Prospectus, SICO B.S.C.(c) has four formal roles in relation to the Offering: (1) as Lead Manager; (2) as Underwriter; (3) as Participating Broker; and (4) as Market Maker to undertake price stabilisation activities for a period of 30 days from the Commencement of Trading Date and thereafter to provide market making activities for a minimum period to continue until 6 months from the Commencement of Trading Date. The terms of the underwriting agreements are summarised in section 16.8 of this Prospectus, the terms of the broker participation agreement are summarised in section 16.9 of this Prospectus, and the terms of the market making and price stabilisation agreement are summarised in section 16.10 of this Prospectus.
- 8.7.2** In addition to being the Company's financial due diligence advisor for the Offering, KPMG has audited the Company's financial statements since inception of the Company. Please refer to the eighth paragraph of the Important Notice section of this Prospectus for a description of the CBB's approval to KPMG's appointment in its capacity as financial due diligence advisor as an exceptional conditional exemption to the requirement of rule OFS-3.2.19(c), which requires an appointed advisor to be independent of the issuer.

Section 9: Regulatory Framework

9 Regulatory Framework

- 9.1** The Company is regulated by the PMA. As a regulator, the PMA plays a pivotal role in establishing, developing and overseeing the port and maritime industry in Bahrain. With a vision to develop a world-class infrastructure for the maritime and shipping industry, the PMA focuses its efforts on ensuring that the national industry's legal framework, facilities, services and operations meet international standards. It also oversees maritime operations within the ports of Bahrain and provides marine, technical support and advice to port operators and ensures that navigational aids and equipment are safe for navigation in and around Bahrain's port approaches.
- 9.2** The Issuer is regulated by the PMA and is required to comply with applicable laws, rules and regulations which it sets, together with the Concession. Any changes to such laws, rules and regulations, and to the laws, rules and regulations of the MoCT, and the Concession, among other things, could impact on the Company's business.
- 9.3** As a regulator, the PMA oversees the port and maritime related laws and regulations prevalent in Bahrain and is responsible for their effective implementation across ports, private jetties and other stakeholders in the maritime sector. The Company being the operator of KBSP works under the direct supervision of the PMA and is responsible for providing activities in line with the specific terms agreed in the Concession as well as the relevant laws and regulations, as listed below.
- 9.4** The Concession is the key agreement that governs the overall performance of the Company's activities and operations at KBSP. As part of its terms, the Company shall be responsible to ensure:
- 9.4.1** Compliance with the laws of Bahrain and all relevant rules, regulations, decisions, orders and notifications made pursuant thereto;
 - 9.4.2** Preparation of all necessary procedural rules relating to the handling of vessels, cargo and passengers by APMT Bahrain and other related activities published by APMT Bahrain in compliance with the applicable laws of Bahrain, including the Ports Law, along with any future applicable laws and regulations of Bahrain that may apply to the Company and its business, including the Bahrain Maritime Code which is being developed by the MOTT;
 - 9.4.3** Procurement and maintenance of all insurances necessary and customary for port operations in respect of KBSP;
 - 9.4.4** Procurement of all necessary licences and permits necessary and customary for port operations in respect of KBSP;
 - 9.4.5** Implementation of appropriate health, safety and environmental procedures in respect of KBSP and ensuring compliance with all rules and regulations relating to safety, health and security in accordance with the laws of Bahrain;
 - 9.4.6** Internal security of KBSP in close coordination with the PMA and users of KBSP;
 - 9.4.7** Compliance with all international conventions to which Bahrain is a party and maintenance of all certificates of compliance relating to the IMO, specifically the ISPS Code; and
 - 9.4.8** Procurement of the ISO 9001:2000 certification in respect of all operations at KBSP including marine services.
- 9.5** Further to the above requirements and in line with the laws of Bahrain, the Company adheres to the Ports Law, the salient features of which are as follows:
- 9.5.1** The provisions of the Ports Law applies to all ports, docks, harbours, piers, wharves, private jetties, free zones and all related structures except those used exclusively by the Bahrain Defence Force, National Guard, the Public Security forces or the National Security Authority. KBSP is one of the ports listed in the appendix of the Ports Law and in relation to which the terms and provisions of the Ports Law apply;

- 9.5.2 The Ports Law sets out the establishment and powers of the PMA (formerly, General Organisation of Sea Ports), which has its own legal status and is managed by its board of directors;
- 9.5.3 The Ports Law also sets out the regulator's scope of activities in relation to the ports and maritime sector in Bahrain and the financial rules by which it abides; and
- 9.5.4 The Ports Law specifically deals with the terms governing the establishment and operation of ports in Bahrain, the licensing requirements, on-going oversight and penalties applicable for non-compliance of its provisions by its licenced operators.
- 9.6 As part of its obligations under the Concession, the Company acknowledges its responsibility to comply with the relevant health, safety and environmental related laws in Bahrain.
- 9.7 Apart from the above, the Company acknowledges its obligations to:
 - 9.7.1 Comply with the ISPS Code in relation to the maintenance of security measures at KBSP. The ISPS Code is a set of internationally recognised measures that were developed post 9/11 attacks, to ensure maximum security arrangements and safety in relation to ships and port facilities. Having come into force in 2004, the ISPS Code lays out the responsibilities of relevant stakeholders (such as governments, shipping companies and port operating companies) to "detect security threats and take preventive measures against security incidents affecting ships or port facilities used in international trade". Pursuant to the requirements prescribed in the Concession, as well as in line with the ISPS Code, the Company has set up appropriate security functions and measures at KBSP, including the appointment of port security officers, drawing of port security plans and implementation of relevant or required security equipment;
 - 9.7.2 Comply with various IMO conventions, to which Bahrain is a party; and
 - 9.7.3 Adhere to the requirements laid out in the Maritime Law of Bahrain promulgated via Legislative Decree No. (23) of 1982, as amended, along with any future applicable laws and regulations of Bahrain that may apply to the Company and its business, including the Bahrain Maritime Code which is being developed by the MOTT.
- 9.8 Additionally, the Company adheres to the requirements of a closed joint stock company as prescribed under the Commercial Companies Law. With the Conversion, the completion of the Offering and successful listing of the Shares on Bahrain Bourse, the Company aims to adopt a regulatory compliance framework ensuring compliance with the following major laws and regulations:
 - 9.8.1 Commercial Companies Law requirements in relation to a public joint stock company;
 - 9.8.2 Code of Corporate Governance;
 - 9.8.3 Central Bank of Bahrain and Financial Institutions Law 2006 and its amendments;
 - 9.8.4 Volume 6 of the CBB Rulebook on Capital Markets;
 - 9.8.5 The CBB Disclosure Standards;
 - 9.8.6 Other applicable CBB resolutions, rules and regulations; and
 - 9.8.7 Rules and regulations prescribed by Bahrain Bourse.
- 9.9 Pursuant to the requirements discussed above, the Company currently holds the following important licenses and certificates:
 - 9.9.1 **KBSP Handover Certificate** is a one-time certificate issued by the PMA on 9 February 2009 confirming the completion of KBSP's infrastructure work in line with the terms stated in the Concession and official handing over of the infrastructure to the Company;

9.9.2 Port Operators License issued by the PMA pursuant to Article 14 of the Ports Law. This licence is subject to annual renewal and is issued in relation to the following services/categories:

- (a) Handling of international and domestic voyages; and
- (b) Handling of bulk (dry, liquid), container, fuel station, general cargo, multipurpose, oil, passenger, repair dock and other related aspects;

9.9.3 Statement of Compliance of a Port Facility is issued by the designated authority at the PMA, confirming the Company's compliance status with the ISPS Code until 1 September 2019. The certificate is specifically issued confirming KBSP's compliance with the provisions of chapter XI-1 and part A of the ISPS Code and that the KBSP facility operates in accordance with the approved port facility security plan;

9.9.4 ISO Certificate is issued by the ISO certification body TUV Nord confirming the Company's compliance with the EN ISO 9001:2015. The scope of the Company's ISO certification covers: (a) 'Terminal Operations' which includes activities related to planning, loading, discharge, acceptance and delivery of containerised and non-containerised cargo, allotment and acceptance of containers, appointments, gate administration and passenger terminal; and (b) 'Marine Services' which includes administration and management of marine activities performed by a third party vendor, including pilotage, towage, mooring, berthing and un-berthing of vessels). This is a requirement of the Concession. The current ISO 9001:2015 certification held by the Company was issued as of 13 September 2016 and is valid until 12 September 2019;

9.9.5 Frequencies License is issued by the Central Informatics Organisation Directorate of Wireless Licensing, Frequencies and Monitoring, permitting the usage of wireless frequencies up to a bandwidth of 12.5 kilohertz within the KBSP facility. This licence is subject to annual renewal and allows the Company to utilise wireless equipment and devices with the licenced bandwidth to be used during its operations; and

9.9.6 Health Clinic/Medical Practitioner Licenses - As part of its measures to comply with the relevant health and safety requirements, the Company has set up a health clinic with a licenced medical practitioner and other medical staff at KBSP. The Company ensures that on an annual basis the relevant licences and permits are obtained from the National Health Regulatory Authority in relation to the clinic as well as the medical practitioner.

Section 10: Material Contracts

10 Material Contracts

Please note that where terms are capitalised in this section but not defined in the glossary to this Prospectus the definitions may be found in the contracts themselves made available to the public (as listed in section 22 of this Prospectus) on the same date as this Prospectus.

10.1 KBSP Concession Agreement dated 8 November 2006

10.1.1 APMT Bahrain entered into a concession agreement with the Government of the Kingdom of Bahrain which grants a concession period of 25 years from the KBSP Commercial Operation Date of 1 April 2009. The Concession establishes the detailed terms and conditions upon and subject to which APMT Bahrain is granted an exclusive concession to undertake the operation, management and development of KBSP. The Concession is a document available for inspection by prospective investors.

10.1.2 The rights granted to APMT Bahrain by the Concession include the following:

- (a) an exclusive right and privilege to operate KBSP;
- (b) an exclusive right and privilege to provide marine services (meaning marine based services including pilotage and towage services) to KBSP and Mina Salman;
- (c) the exclusive right and privilege to provide pilotage services within Khawar Al Qulay'ah, Sitrah anchorage and the approach channel;
- (d) the exclusive right and privilege to operate and provide the VTMS within Khawar Al Qulay'ah, Sitrah anchorage and the approach channel;¹¹
- (e) a non-exclusive right to provide marine services outside KBSP and Mina Salman but within the territorial waters of Bahrain in accordance with the restrictions contained in the Concession; and
- (f) the right to grant exclusive and non-exclusive concessions and/or licences to third parties.

10.1.3 The above rights and privileges are granted to APMT Bahrain from the KBSP Commercial Operation Date until the expiry of the KBSP Concession period on 31 March 2034.

10.1.4 All revenue and income generated by APMT Bahrain during the term from the provision of marine services and port services will belong to APMT Bahrain.

10.1.5 For the first 15 years of the Concession the Government agrees not to construct and operate or to grant concessions to third parties for the construction and operation of new commercial port facilities within Bahrain, other than Private Jetties and fishing harbours. The Concession also states that during the first 15 years of the KBSP Concession Period, no port operating licence will be granted to any port facility, including the Private Jetties, allowing such facilities or jetties to handle containers, general cargo, grain or feed (with the exception of MSP with respect to feed) on behalf of third parties, other than the unloading and loading of dhows at the Dhow Piers. In a letter from the MOTT to the Company dated 14 August 2018, the MOTT provided comfort to the Company that it has no plans to construct, operate or grant concession rights to third parties for the purpose of constructing or operating a new container port in the medium and short term.

¹¹ Please note the following in relation to the VTMS: APMT Bahrain entered into an MOU dated 28 December 2011 with General Organisation of Sea Ports (GOP, now the PMA) concerning the takeover of the VTMS system by GOP. The MOU relates to a Service Level Agreement (SLA) entered into on 3 October 2011 between APMT, Bahrain and GOP. The SLA sets out the terms and conditions relating to the operation and responsibilities regarding the VTMS. There are ongoing discussions between the GOP and APMT Bahrain regarding the VTMS (please see section 17 of this Prospectus paragraph 17.1.2(dd) for further details).

10.1.6 The Concession also grants APMT Bahrain the exclusive right to benefit from, operate and manage any facility within KBSP and also to provide any service to customers within KBSP on whatever terms it thinks fit. For this purpose, APMT Bahrain has the right to negotiate and grant exclusive and non-exclusive concessions and/or licences to third parties selected by APMT Bahrain by tender or otherwise with the provision of all or any facilities or services which APMT Bahrain may determine to be necessary or desirable within the ports during the term.

• Extensions to the Concession Period

10.1.7 The term of the Agreement can be extended by mutual agreement. However, the Agreement does not contain an express provision as to how this is achieved or the formalities. In addition, the agreement does not include provision for what will happen to APMT Bahrain itself upon expiry of the term. There is no provision for the Government to acquire the shares in APMT Bahrain; the requirement is for the key assets and equipment used in the port, which are either owned by APMT Bahrain or the subject of a lease or hire purchase agreement, be transferred to the Government prior to the end of the term at a consideration payable by the Government being the higher of the Appraised Fair Market Value or the Net Book Value (as such terms are defined in the Concession), while the concession rights held by the Company will simultaneously terminate.

10.1.8 During the final three months of the Concession, should the term not be extended further, APMT Bahrain is required to train the Government's personnel, or other personnel nominated by the Government, in all aspects of the operation, maintenance and repair of the KBSP to a level of competency that will allow the personnel to manage, operate, maintain and repair the KBSP after the expiry of the term.

• Change of Control

10.1.9 APMT Bahrain is required to procure that the Company shareholder (being A.P. Moller – Maersk A/S) will at all times own not less than 51% of the issued share capital and not less than 51% of the votes at the general meeting of APMT Bahrain. These shares were transferred to APM Terminals B.V. in 2009. APM Terminals B.V. now has its own direct agreement indicating the Government's approval and reflecting the same control requirement. The direct agreement which governs this, is a document available for inspection by prospective investors and is described below in section 10.6.

• Requirements of the Concession regarding the Offer

10.1.10 The Concession specifies that within 5 years of the KBSP Commercial Operation Date, APMT Bahrain shall convert from a closed joint stock company to a public joint stock company through one of the following processes:

- (a) the offering by APMT Bahrain of new shares for sale to the public, which will upon completion of the offer comprise at least 20% of the issued share capital of APMT Bahrain; or
- (b) the offering by the shareholders of APMT Bahrain of at least 20% of their existing shares through an offer for sale to the public.

10.1.11 In either case such offering is required to be conducted as a public offering to Bahrain nationals only, and otherwise in accordance with the relevant rules and regulations applicable in Bahrain. In a letter from the PMA dated 13 September 2018 the PMA has confirmed that the offer can also include non-Bahraini nationals and corporate entities.

10.1.12 The timeline for this would have expired on 31 March 2014 and the Company has pursued various options since 2014 to satisfy this obligation, including through preparations for a potential IPO in 2015 and subsequently through other potential share sale activity, in continued correspondence with the regulatory authorities in Bahrain. In a letter from the PMA dated 7 February 2018 the PMA confirmed it would be reasonable to extend the timeframe to October 2018 and the Offer is proceeding accordingly.

• Government Infrastructure and Equipment

- 10.1.13** APMT Bahrain was to appoint suppliers of equipment from a defined list of suppliers. APMT Bahrain has complied with these obligations.
- 10.1.14** APMT Bahrain is required to have certification from the International Organization for Standardization that it has met the requirements for accreditation under ISO 9001:2000 in respect of all operations at KBSP including marine services. APMT Bahrain is to provide copies of a certificate evidencing compliance of this each year. APMT Bahrain has this accreditation.
- 10.1.15** APMT Bahrain has the responsibility of operating, maintaining and providing insurance for the infrastructure. The infrastructure remains the property of the Government. The Government is to, at its own expense, ensure that any capital repairs required to the infrastructure and any repairs or replacements of the infrastructure needed to rectify any defects in design or construction are carried out as soon as reasonably practicable following receipt of notice from APMT Bahrain that such repairs or replacements are required.
- 10.1.16** The Government is required, at its own expense, to ensure that all repairs as are necessary to keep the infrastructure including the breakwater KBSP in repair are carried out (save for ongoing maintenance which APMT Bahrain is responsible for). In addition, such dredging as may be necessary to maintain the water depth for 15 meters within the harbour and approach channels will be carried out at the Government's expense so as to enable APMT Bahrain to benefit from its rights and to perform its obligations.

• Concession Fee and Revenue Charge

- 10.1.17** APMT Bahrain is required to pay a **"Revenue Charge"** as defined in the Concession quarterly in arrears.
- 10.1.18** The Revenue Charge is made up of two components. The first component is 10% of the gross revenue generated by or on behalf of APMT Bahrain for its lessees, licensees, contractors, or sub-contractors per quarter from the provision of marine services within the territorial waters of Bahrain.
- 10.1.19** The second part of the Revenue Charge is a percentage which varies ("r") of the gross revenue generated by APMT Bahrain or its lessees, licensees, contractors or sub-contractors from or in respect of:
- (a) port dues for the use of KBSP or its infrastructure;
 - (b) all payments received for loading and unloading, stowage, stuffing and unstuffing and deconsolidating of containers, whether Reefers, FCL or LCL;
 - (c) all payments received for the repairing of containers;
 - (d) all payments received for stevedoring between ship and shore, loading and unloading, handling from shore to storage or transport, and storage of non-containerised cargo;
 - (e) all payments received for the provision of services and supplies to vessels calling at KBSP, such as ship chandelling;
 - (f) all payments received for the handling of passengers and passenger vessels calling at KBSP;
 - (g) all payments of rental, royalties or licence fees of whatever kind, received by APMT Bahrain, except to the extent of such payments of rent, royalty or fee are made by lessees, licensees, contractors or sub-contractors whose gross revenue formed part of the gross revenue described in a to f above; and
 - (h) all other source of income generated pursuant to the agreement but excluding all revenue generated by APMT Bahrain from or in respect of marine services in relation to the territorial waters of Bahrain.

10.1.20 The floating percentage “r” (the “**Nominated Percentage**”) will increase throughout the term of the Concession Period as follows:

- (a) 2016 to 2020 – 24%
- (b) 2021 onwards – 31%

10.1.21 The Nominated Percentage element of the Revenue Charge varies and will increase in the event that transshipment or KPI targets are not met. An additional 3% was paid for failure to meet transshipment targets in each year from 2012 to 2017. An additional 1% was paid in 2017 for failure to meet KPI targets.

• **Key Performance Indicators**

10.1.22 APMT Bahrain is required to adhere to certain minimum Key Performance Indicators (“**KPIs**”). The first such KPIs as set out in the Concession were to apply for the first five years from the KBSP Commercial Operation Date. Each year APMT Bahrain is required to provide a suggested update to the PMA of schedule 15 showing its proposed minimum KPIs applicable for the next following 5 years of the term. The PMA has a right to reject or require amendment to such KPIs if in its reasonable opinion, such KPIs do not demonstrate that APMT Bahrain will meet its obligations under the Concession Agreement to run the Port as a world class port facility in accordance with Good International Practices or to operate the Port in accordance with the requirements of the Concession Agreement. Once the proposed KPIs have been approved, they will take effect. The changes for the KPIs were agreed for 2015, 2016 and 2017 but there are discussions described below between the PMA and APMT Bahrain in relation to one of the four KPIs, ‘throughput per berth’ relating to 2018 and subsequent years.

10.1.23 If APMT Bahrain fails to meet one or more of the KPIs for a period of 4 years or any further years thereafter, except as a result of force majeure, then the Nominated Percentage element of the Revenue Charge (i.e. an element in the calculation of the Revenue Charge payable by the Company to the Government in consideration for the rights granted by the Government to the Company under the Concession) set out in the Concession will be increased by an additional 1% above the level set out in the Concession for such fourth year failure and by a further 1% for each further year’s failure thereafter. Such additional charges will continue until APMT Bahrain produce a KPI report demonstrating compliance with the relevant KPIs in respect of the applicable year. This additional charge was applied for the first time in 2017.

10.1.24 Failure to meet KPIs for a period of 5 consecutive years would constitute an event of default under the Concession which could lead to termination of the Concession. In a letter dated 14 August 2018 from the MOTT (of which the PMA is a division) to the Company – upon the assurances of the Company to continue its efforts to increase the size of and develop the operations in KBSP as far as possible and to do its best in order to achieve the KPIs in the Concession – the MOTT intimated that this termination right would not be enforced so long as the Company continues to exert efforts to achieve the KPIs required and that the MOTT is satisfied with such efforts.

10.1.25 The Company has been generally compliant with KPIs save for failure to achieve the ‘throughput per berth’ KPI from 2014 to 2017. The Company has exceeded the vessel working rate, crane rate and labour rate KPIs from 2010 to 2017.

10.1.26 The Company is seeking to agree revised KPI targets with the PMA and discussions on this are continuing.

• **Transshipment Target**

10.1.27 Under the Concession, APMT Bahrain is required to use all reasonable endeavours to achieve or exceed the transshipment target in each year.

- 10.1.28** APMT Bahrain has not achieved a transshipment target for any year since it started to operate KBSP. This increase in the Nominated Percentage for not meeting the transshipment target can be of 1%, 2% or 3% depending on the percentage of transshipment targets achieved. An additional 3% was paid for failure to meet transshipment targets in each year from 2012 to 2017. It is anticipated this will continue.
- 10.1.29** In the event that the transshipment target is not achieved for 2015 or in any later year of the Concession and the average level of transshipment over the previous 4 consecutive years has failed to meet 60% of the transshipment targets relevant to those 4 consecutive years (taken as an average over the 4 years) the Government has the right (but not the obligation) to terminate the Concession on 30 days' notice as a Company Event of Default.
- 10.1.30** The Government is able to exercise its right to terminate the Concession unless APMT Bahrain can demonstrate to the Government's satisfaction that both:
- (a) It has taken all reasonable steps (including the expenditure of time and money) to market KBSP so as to secure transshipment business for KBSP during the full consecutive years in question; and
 - (b) Notwithstanding APMT Bahrain's efforts, external economic or other factors beyond APMT Bahrain's and APM Terminal B.V.'s control have prevented the Company from achieving the required level of transshipment volume at KBSP.
- 10.1.31** APMT Bahrain has been in discussions with the PMA and has requested PMA to agree to the removal or non-applicability of the termination right for consistent breach of the transshipment target under the Concession and that the transshipment targets be re-set in line with growth rates of the Upper Gulf. The Ministry of Transport and Telecommunications confirmed in a letter dated 28 June 2015 that it shall not apply the termination right in the Concession as long as APMT Bahrain continues the efforts to reach the required transshipment level and the Ministry being comfortable with the same.

• Indemnities Provided

- 10.1.32** APMT Bahrain is responsible for and shall indemnify the Government, its employees, agents and contractors from and against all liabilities, losses, damages, costs, claims, or expenses suffered by the Government for:
- (a) death or personal injury;
 - (b) loss of or damage to property (including property belonging to the Government for which it is responsible); and
 - (c) actions, claims, demands, costs, charges and expenses (including legal expenses on an indemnity basis),
- which may arise:
- (a) as a result of the operation, development and maintenance of the KBSP facility by APMT Bahrain under the Concession;
 - (b) from any act of gross negligence or wilful default by APMT Bahrain, its employees, agents or sub-contractors; or
 - (c) in connection with, arising out of or resulting from any material breach of warranty, material misrepresentation by APMT Bahrain, its employees, agents or sub-contractors on material non-performance of any term, condition, covenant or obligation to be performed by APMT Bahrain, its employees, agents or sub-contractors under the Concession which have a material adverse effect on the project or which otherwise cause death or injury to persons or damaged property.

10.1.33 The Government indemnifies APMT Bahrain, its employees, agents and contractors against all liabilities, losses, damages, costs, claims and expenses suffered by APMT Bahrain in relation to certain indemnity events, being:

- (a) death or personal injury; and
- (b) loss of or damage to property (which includes property owned by APMT Bahrain and property APMT Bahrain is responsible for),

with the indemnity applying where the indemnity events arise:

- (a) from any act of gross negligence or wilful default of the Government; or
- (b) from the operation or use by the Government (or others) of any facilities retained by the Government within KBSP or vessels owned and operated by the Government (including military or sovereign owned vessels) at KBSP; or
- (c) in connection with, arising out of, or resulting from any material breach of warranty in the Concession by the Government, material misrepresentation by the Government, or material non-performance of any term, condition, covenant or obligation contained in the Concession to be performed by the Government which (save in the case of death or injury to persons and damage to property) have a material adverse effect on the development, construction, procurement, operation, maintenance and management of KBSP.

• **Insurance**

10.1.34 All insurance policies should name the Government as co-insured, waive any rights of subrogation and coverage should contain a severability of interest clause in favour of all insured parties including specific language in relation to the waiver of subrogation and the severability of interest in the Concession. This requirement has been complied with and the Government is listed as co-insured in respect of the policies for Terminal Operator's Liability, Property Damage and Business Interruption, Port & Berth Blockage and Sabotage and Terrorism.

• **Force Majeure**

10.1.35 If a party is prevented from performing under the Concession it will not be held responsible for any breach or deemed to be in breach of the agreement to the extent it was prevented by force majeure provided that they claim an event of force majeure as promptly as practicable after the occurrence of the relevant event but no later than 30 days thereafter giving the other party notice describing the particulars of the occurrence, its effect upon the party's performance under the project agreements and the expected duration of the party's failure to perform if known. A force majeure notice was served by the Company in relation to a malware attack in 2017. The attack took place on 27 June 2017, which caused several operation issues including delay in delivering customers' import containers. There was no material adverse impact on the Company's business arising from this cyber attack. All machines have undergone an upgrade, services have been hardened, and new anti-virus software has been installed. Further measures have also been introduced to help restart the business quickly in the case of any disasters occurring in the future. This has closed and a full statement of the effects of the force majeure was provided by the Company to the PMA.

10.1.36 There is a general obligation for the parties on the occurrence of the event of force majeure to make all reasonable efforts to prevent and reduce to a minimum and to mitigate the effect of any delay or cost increase including the resourcing alternative acceptable sources of services, equipment and materials. They are also obliged to use their best efforts to ensure the resumption of normal performance of the Concession and any project agreements after the occurrence of the event of force majeure to the maximum extent practicable. Following the notification of the cessation of the event of force majeure, the parties will agree a reasonable period to restart performance under the project agreements.

• **Change of Law**

10.1.37 Where there is a change of law occurring during the term of the Concession which APMT Bahrain seeks to rely upon for an exemption from the change of law it should provide notice of the change within 90 days of awareness. Thereafter there is a process to determine the effect of the change and the remedy and or waiver for APMT Bahrain.

• **Events of Default**

10.1.38 The Concession provides the position in relation to events of default which, provided that the relevant remedy periods have expired, include:

- (a) a breach by APMT Bahrain of any material term or condition of the Concession;
- (b) APMT Bahrain being unable to pay its debts;
- (c) APMT Bahrain entering into receivership;
- (d) a cessation of the performance of activities by APMT Bahrain;
- (e) any gross negligence, misrepresentation or wilful misconduct by APMT Bahrain;
- (f) any assignment by APMT Bahrain of its rights in violation of the Concession except as agreed by the parties;
- (g) a material adverse change occurring in the financial condition of APMT Bahrain that would affect APMT Bahrain's ability to perform all of its material obligations under the project agreements;
- (h) failure by APMT Bahrain to pay the concession fee;
- (i) failure by APMT Bahrain to meet minimum KPI's;
- (j) failure by APMT Bahrain to meet to the transshipment targets; or
- (k) failure to pay the full amount of Revenue Charge owed to the Government together with applicable interest.

10.1.39 Upon an event of default, the Concession may be terminated.

10.1.40 The Government has a series of events of default provided that the applicable remedy periods have expired as follows:

- (a) the cessation of performance of activities by the Government save as permitted under the project agreements including the force majeure provisions;
- (b) expropriation, compulsory acquisition or nationalisation by the Government of the whole or majority of the shares in APMT Bahrain, or any assets or rights of APMT Bahrain that adversely affect the enjoyment by APMT Bahrain of any of its respective rights with respect to the project assets or performance by APMT Bahrain of its obligations pursuant to the project agreements;
- (c) a breach by the Government of any material term or condition of the agreement including any material breach of representation, warranty or covenant which has a material adverse effect on the project;
- (d) any gross negligence, misrepresentation or wilful and unlawful misconduct by the Government which has a material adverse effect on the project;

- (e) any assignment of rights by the Government in violation of the agreement except as agreed by the parties; or
- (f) an event occurring in Bahrain as directly caused by an overt political act of the Government and that directly causes APMT Bahrain material delay or inability to perform its obligations with the exception of any act of the Government in defending Bahrain from foreign aggressions, revolutionaries or terrorists.

10.1.41 Upon the occurrence of any event of default (other than an event of default arising under a failure to pay the concession fee, a failure to achieve the KBSP Commercial Operation Date, a failure to achieve the transshipment targets and a failure to pay the Revenue Charge (the “**Excluded Defaults**”)) the party not in default will give notice of the event of default to the defaulting party. It should set forth in reasonable detail the nature of the event of default and the steps necessary to cure the event of default (if any). Following such notice, the parties will consult for up to 30 days or such longer period as they may agree (except in relation to cessation of performance of activities by APMT Bahrain, gross negligence, misrepresentation or wilful misconduct by APMT Bahrain, and assignment in violation of the agreement by APMT Bahrain, failure to pay the concession fee, failure to meet the transshipment targets, Government expropriation and gross negligence, misrepresentation or wilful and unlawful misconduct by the Government when no time to cure the event of default is allowed) as to what steps shall be taken with a view to mitigating the consequences of a relevant event having regard to all the circumstances.

10.1.42 In relation to the Excluded Defaults, in the event the parties fail to reach agreement from the steps required to cure or mitigate the event of default then:

- (a) if it is an APMT Bahrain event of default then the Government will have the right to terminate the agreement and all or none of the project agreements upon notice to APMT Bahrain; and
- (b) in the event that it is a Government event of default, APMT Bahrain has a right to terminate the agreement and all or none other project agreements on notice to the Government.

10.1.43 If there is a termination as a result of the event of default any party may proceed to arbitration to recover provable damages arising from the termination.

• **Termination for Force Majeure**

10.1.44 If APMT Bahrain cannot operate KBSP as a result of an event of force majeure for a period exceeding one year or APMT Bahrain notifies the Government prior to the expiry of that period that it cannot be operated then either APMT Bahrain or the Government may terminate the Concession and all or none of the project agreements. In such an event insurance proceeds recoverable will be distributed and payable as per their respective interests. Each party has to pay their respective costs and neither party would have to pay the other party for the cost arising out of an event of force majeure.

• **Termination for Convenience**

10.1.45 The Government may terminate the Concession unilaterally as a result of expropriation, compulsory acquisition or nationalisation. In order to exercise this right, the Government is required to deliver to APMT Bahrain a notice prior to termination of not less than 90 days specifying the termination date. If the agreement is so terminated then the Government shall:

- (a) pay APMT Bahrain the outstanding liabilities of APMT Bahrain including liabilities to lenders under any finance agreements less any sum held in the name of APMT Bahrain in any escrow account for the purposes of making payment to lenders and insurance proceeds (if any) to the extent that there has been no default by APMT Bahrain prior to the notice of termination; and

- (b) pay to APMT Bahrain a sum equal to the issued share capital of APMT Bahrain at either (i) the average price per share of APMT Bahrain on the Bahrain Stock Exchange for the three years immediately prior to the date of notice of terminations; or (ii) the nominal value per share to the extent not redeemed by APMT Bahrain, whichever is higher.

10.1.46 Deducted from the sums payable by the Government described in section 10.1.45 will be any consideration paid by the Government to APMT Bahrain in relation to the transfer of the project.

• **Port Charges**

10.1.47 The schedule of maximum publicly charged port charges and other tariffs outlined in the Concession are updated from time to time. These are available on the website of the MOTT and APMT Bahrain. APM Terminals B.V. and its affiliates including Maersk Line are not able to benefit from better terms on a general level of port charges than any other carrier of a similar level of usage is able to obtain from APMT Bahrain.

10.1.48 The Government agrees not to charge any additional levies, duties, port charge or other similar charges on users of KBSP other than the charges relating to specified government receivables which will be collected by APMT Bahrain on behalf of the PMA. Such receivables include tanker dues, harbour dues, channel dues, vessel registration fees, mooring charges, dhow handling charges and Mina Salman private jetty charges. Further, the Government agrees not to grant any incentives, subsidies or waivers to any users of the ports in respect to the payment of the port charges otherwise payable unless agreed by APMT Bahrain.

• **Governing Law and Jurisdiction**

10.1.49 The Concession is governed by and construed in accordance with the laws of Bahrain. Any dispute, claim, controversy or difference arising between the parties to the Concession in connection with or arising out of the Project Agreements (as defined in the Concession), or breach thereof, may ultimately be referred to arbitration to be conducted pursuant to the rules of the International Chamber of Commerce. In the case of a Dispute (as defined in the Concession) where the amount in dispute (excluding interest and costs) is less than BD 1,000,000, the arbitration shall be conducted in Bahrain. In the case of a Dispute where the amount in dispute (excluding interest and costs) is BD 1,000,000 or more or at anytime after the parties have had disputes exceeding BD 1,000,000 in aggregate, the arbitration shall be conducted in London, England, unless otherwise agreed.

10.2 KBSP Lease Agreement dated 8 November 2006

10.2.1 The KBSP lease agreement between APMT Bahrain and the Government of Bahrain was entered into on 8 November 2006 and will automatically terminate on the termination of the Concession. The annual rent payable during the first year of operations was BD 700k and this progressively increases to reach a sum of BD 1,128k in the 25th year. The KBSP lease agreement is a document available for inspection by prospective investors.

10.2.2 The Government is not required to make any repairs other than capital repairs or replacements of infrastructure as required under the Concession and dredging within the harbour basin and approaches to KBSP. In the event of damage or loss by fire or other casualty to the site or infrastructure the Company shall replace whatever has been lost or damaged without regard to the availability of insurance proceeds and without any expense to the Government. The Government has an absolute right to sell its interest in the site or assign its interest in the lease agreement.

10.3 APMT Sub-Concession dated 7 November 2006

10.3.1 APMT Bahrain and Svitser Bahrain S.P.C. (previously known as SvitserWijsmuller Bahrain S.P.C.) entered into a sub-concession agreement which contractually documents the sub-contracting of certain services to be carried out by Svitser (the “**Contractor**”) including maintenance of marine services equipment and the provision of marine services in accordance with the rights and obligations as set out in the Concession in respect of the Company.

- 10.3.2** Where the Concession is extended, the parties to this agreement agree in good faith to extend the term by the same extension period.
- 10.3.3** The contract value/fees payable under this contract in respect of the KBSP Concession Period (as defined) are set out in the contract and have been subject to change between the parties, in particular pursuant to a sixth addendum to the sub-concession agreement dated 7 March 2018, in which the fees payable were amended to reflect changes in the services provided. There is currently an annual sum of US\$ 734,500 (BHD 276,907) paid to the Contractor plus certain additional fees for providing services such as tug vessels and pilotage to Navy aircraft carriers.
- 10.3.4** Adjustments to the fees payable are made in various instances, including:
- (a) on an annual basis in accordance with the American Consumer Price Index, the latest adjustment being made as of 1 July 2015;
 - (b) in the case of government approved increases in all tariffs for the marine services, as negotiated by APMT Bahrain; and
 - (c) when utilisation of the towage vessels reaches a certain threshold.
- 10.3.5** APMT Bahrain booked an expense of BD 3,169,000 in its financials for the year 2017 against the Contractor.

Sub-Concession Agreement Terms

- 10.3.6** This sub-concession agreement may be terminated in any of the following ways: (a) upon the earlier termination of the Concession (which infers that if the Concession terminates then this Agreement terminates); (b) upon the expiry of the term (i.e. the expiry of the concession granted under the Concession); (c) immediately upon notice by the Company if Svitser Middle East Ltd ceases to have control of the Contractor or if SvitserWijismuller A/S ceases to have control of Svitser Middle East Ltd or if there is a change of control within the Contractor's group such that the Contractor is no longer part of the Maersk Group of companies; or (d) upon the occurrence of an event of default in respect of the Contractor or in respect of the Company.
- 10.3.7** Assignment is not allowed under the sub-concession agreement without consent which applies to each party. However, the Contractor can enter into contracts with third parties subject to the Company's approval. The sub-concession itself cannot be sub-contracted.
- 10.3.8** Under the terms of this agreement, the Contractor shall be responsible for and shall release and indemnify the Company, its employees, agents and contractors from and against all and any liabilities, losses, damage, costs, claims or expenses suffered by the Company for: (a) death or personal injury; (b) loss of or damage to property (including property belonging to the Company or for which it is responsible); (c) actions, claims, demands, costs, charges and expense (including legal expenses on an indemnity basis). The Contractor must ensure that no less than 60% of the workforce are Bahraini and must adhere to the Concession and any Government rules on Bahrainisation.
- 10.3.9** This sub-concession agreement also outlines that the Company shall be responsible for and shall release and indemnify the Contractor, its employees, agents and contractors from and against all and any liabilities, loss, damage, costs, claims or expenses suffered by the Contractor for: (a) death or personal injury; (b) loss of or damage to property (including property belonging to the Contractor or for which it is responsible); and (c) actions, claims demands, costs, charges and expenses.
- 10.3.10** By a second addendum to the sub-concession agreement, the Contractor agreed to transfer without any lien, attachment or liability, free title of ownership management, control and operation of the VTMS at KBSP and the control tower to the General Organisation of Sea Ports (now, the PMA) with effect from 1 January 2012. The VTMS is currently under discussion, please see section 10.1.2(d) for further details.

- 10.3.11** A third addendum to the sub-concession agreement dated 4 December 2012 outlines that the Contractor shall supply 2 additional tug vessels with agreed modifications and specifications where each additional vessel will be provided at a rate of US\$ 2,240 (BHD 844) per day every day, commencing on the date of delivery of the relevant additional vessel, and shall include the agreed vessel modifications and the cost of crew coverage for operations of each additional vessel on a 24 hours per day basis (subject to adjustment in accordance with the sub-concession agreement). The additional vessel term specifies a charter period of 10 years per vessel from the date of delivery of the vessel and it may be terminated any time after a period of 3 years from the date of delivery, subject to a 180 day prior written notice by the Company and payment of a termination fee by the Company.
- 10.3.12** The third addendum also notes that there is an option for the withdrawal of 1 pilot boat on a provision of 6 months' notice which would reduce the amount payable by the Company by US\$ 900 (BHD 339) per day. This option has been exercised and a pilot boat has been removed. The exercise of the option is documented in the fourth addendum where it is provided that the fee in relation to the pilot boat withdrawn is no longer payable and the boat should not form part of the marine services equipment to be transferred to the Company pursuant to the terms of the sub-concession agreement.
- 10.3.13** The fourth addendum further notes the change of address of the Company to KBSP.
- 10.3.14** The fifth addendum covers an additional fee that the Contractor has requested in relation to the pilotage services provided to APMT Bahrain for the Navy aircraft carrier.
- 10.3.15** By the sixth addendum, the annual payment to the Contractor was adjusted from US\$ 650,000 (BHD 245,050) to US\$ 734,500 (BHD 276,907) per year effective from 1 May 2017.
- 10.3.16** These agreements are documents available for inspection by prospective investors.

10.4 Shareholders' Agreement dated 8 November 2006

- 10.4.1** A shareholders' agreement (the "**Shareholders' Agreement**") was entered into between A. P. Moller – Maersk A/S, Yusuf Bin Ahmed Kanoo (Holdings) Co. W.L.L. and APMT Bahrain on 8 November 2006 primarily to regulate the relationship between A. P. Moller – Maersk A/S (and subsequently APM Terminals B.V.) and Yusuf Bin Ahmed Kanoo (Holdings) Co. W.L.L. as shareholders in the Company. APM Terminals B.V. became a party to the Shareholders' Agreement pursuant to a deed of adherence between itself, Yusuf Bin Ahmed Kanoo (Holdings) Co. W.L.L., A. P. Moller – Maersk A/S, and APMT Bahrain dated 15 December 2008 following a transfer of 80% of the issued share capital of the Company from A. P. Moller – Maersk A/S to APM Terminals B.V. The Founders, the Company and A. P. Moller – Maersk A/S have entered into a deed of termination of the Shareholders' Agreement which will automatically become effective from the listing of the Company on Bahrain Bourse.
- 10.4.2** APM Terminals International B.V. (now named APM Terminals Management B.V.) has a power of attorney in relation to the procurement of (and other items related to) equipment for KBSP. The intention of the Founders is for this power of attorney to be terminated at the same time as the Shareholders' Agreement.

10.5 APMT International B.V. Technical Services Agreement dated November 2006

- 10.5.1** APMT Bahrain and APM Terminals International B.V. (now named APM Terminals Management B.V.) entered into an agreement in relation to an engagement for the sharing of expertise and support of the Company's obligations under the Concession. The entry into such an agreement for the support of members of the Maersk Group is mandatory under the direct agreement APM Terminals has entered into with the Government of Bahrain as part of the project documents associated with the Concession (see section 10.6 of this Prospectus for more details on this direct agreement). Under this agreement, APM Terminals Management B.V. has agreed to perform certain financial, commercial and marketing, human resources, operational support, technical support, IT support and design and development services as detailed in this agreement and provide any other assistance required with a view to ensuring that APMT Bahrain maintains the port in accordance with sound international practices. The term of this agreement is aligned with the term of the Concession.

- 10.5.2** In consideration of APM Terminals Management B.V. performing these services, the fees payable by APMT Bahrain are (i) a fixed annual fee of USD 500,000 (BHD 188,500); and (ii) a variable fee of USD 1 (BHD 0.377) for each TEU handled to or from each vessel calling at the KBSP. The amount of the fixed annual fee and the variable fee are adjusted annually in accordance with the American Consumer Price Index. APMT Bahrain is also responsible for paying any costs and expenses of APM Terminals Management B.V. and its personnel during the term of this agreement in connection with the proper performance of the services provided that they are incurred directly by the Company or authorised by the managing director of APMT Bahrain.
- 10.5.3** This agreement may be terminated by notice of 12 months by APMT Management B.V. The agreement may also be terminated if A.P. Moller – Maersk AS ceases to have control of at least 50% of the shares of APM Terminals Management B.V., if APM Terminals Management B.V. ceases to be part of the Maersk Group, on an event of default, a force majeure event or on the termination of the MSP Concession Agreement or the Concession.
- 10.5.4** In addition to the above, the Company makes further payments to APMT International B.V. on a cost-allocation basis in relation to expenses pertaining to global insurance coverage premiums, IT purchases, the implementation of system hardware and software, and pension amounts due and payable in relation to certain of APMT Bahrain's expatriate employees which subscribe to an employee savings scheme. The above mentioned additional costs are not included within the scope of the technical services agreement, and such costs would vary depending on the actual costs that the Company would incur for, for example, subscribing to the chosen insurance or IT products.
- 10.5.5** In this agreement, APMT Bahrain indemnifies APM Terminals Management B.V. in respect of any costs, claims, liabilities or damages arising out of any claim made by any third party or any liabilities by any third party in connection with any act or omission of the Company under this agreement.
- 10.5.6** By a deed of amendment dated 7 March 2016, the amount of the fixed annual fee may undergo adjustments annually, in accordance with the American Consumer Price Index, if proposed by APM Terminals Management B.V. and agreed by the Company. The fee levied by APM Terminals Management B.V. for the services covers the whole of the services and is not divisible. A limitation of liability has also been included for APM Terminals Management B.V. where any amount payable for liability is capped at the level of the fee paid regardless of the cause of any claim. The schedule of services to be provided was also revised.
- 10.5.7** This agreement is a document available for inspection by prospective investors.

10.6 Direct Agreement dated 15 December 2008

- 10.6.1** A direct agreement was entered into on 15 December 2008 between A.P. Moller – Maersk A/S, APM Terminals B.V., the Government of the Kingdom of Bahrain, and APMT Bahrain. This agreement is a document available for inspection by prospective investors.
- 10.6.2** Pursuant to this direct agreement assurances are given by APM Terminals B.V. to the Government in relation to its shareholding in APMT Bahrain and in respect of the provision of certain services by APM Terminals B.V. and its group during the concession period.
- 10.6.3** The direct agreement terminates on the termination of the Concession or upon the execution by the Government of a direct agreement with a transferee.
- 10.6.4** During the concession period, APM Terminals B.V. cannot dispose of or transfer its shares in APMT Bahrain except with the consent of the Government. However, it can transfer its shares in APMT Bahrain to an affiliate with a paid-up share capital of at least US\$ 10,000k (BHD 3,770k) that controls or is controlled by APM Terminals B.V. or a company that is directly or indirectly controlled by a person or company which directly or indirectly controls APM Terminals B.V. in each case, with commensurate levels of skill, ability and knowledge in relation to the operation of ports and marine services of APM Terminals International B.V. (now named APM Terminals Management B.V.). Such transfer can take place after giving notice to the Government in which case the transferee should enter into an agreement

similar to this direct agreement with the Government and APMT Bahrain. Notwithstanding the above, APM Terminals B.V. or the transferee must always maintain ownership of not less than 51% of the issued share capital of APMT Bahrain and have control over not less than 51% of the votes at any general meeting of APMT Bahrain. In addition, it is a requirement that APMT Bahrain must within 5 years of the KBSP Commercial Operation Date (as defined in the agreement) convert from a closed joint stock company to a public joint stock company through a sale of new shares or an offer of a sale of shares of the existing shares of APMT Bahrain through a public offer to Bahraini nationals only (which has subsequently been confirmed in writing by the PMA to extend to non-Bahraini nationals and corporate entities in a letter dated 13 September 2018) and otherwise in accordance with relevant rules and regulations applicable in Bahrain such that after completion of the public offer, the public will acquire at least 20% of the issued share capital of APMT Bahrain. For further information in respect of the listing requirement and discussions between APMT Bahrain and the PMA please refer to sections 10.1.10 to 10.1.12.

10.6.5 APM Terminals B.V. is required at all times to ensure the provision of certain services (as set out in the agreement) to APMT Bahrain by APM Terminals International B.V. (now named APM Terminals Management B.V.) or certain group entities (as described in the agreement) in order that APMT Bahrain meets certain standards in relation to, in particular, its operation and maintenance. APM Terminals B.V. must therefore remain actively involved in the operations and management of the Company in order to achieve its responsibilities to the Government under this agreement. The direct agreement also requires that an associated services agreement be entered into with the Company in order to allow the provision of such Maersk Group support (described in more detail in section 10.5 of this Prospectus).

10.6.6 If APM Terminals B.V. fails to fulfil any of its obligations under this agreement, the Government has the right to declare a Port Operating Company Event of Default in accordance with the Concession.

10.7 Modern Mechanical, Electrical and Transport Co W.L.L. – 2 agreements

Labour and Stevedoring Services Agreement dated 1 July 2013

10.7.1 APMT Bahrain and Modern Mechanical, Electrical and Transport Co W.L.L. entered into an agreement under which the Company outsources labour and stevedoring services at KBSP, including loading and unloading containers, and any other activity which is reasonably required in connection with Lashing or widely understood cargo handling. In the performance of the services, Modern Mechanical, Electrical and Transport Co W.L.L. is also required to comply with certain key performance indicators.

10.7.2 This agreement has been extended until the year 2022 having originally been entered into on 1 July 2013 until 30 June 2018. Extension is possible upon mutual agreement between the parties. The agreement may be terminated in the case of various defaults and breaches. The Company may terminate for convenience on 90 days' written notice. In such an event APMT Bahrain may immediately take possession of the work and finish it. If an event of force majeure continues for more than 30 days, each party is also entitled to terminate upon serving written notice to the other party. APMT Bahrain is also entitled to terminate upon written notice specifying the termination date in cases of default. In such cases, Modern Mechanical, Electrical and Transport Co W.L.L. shall be liable for all costs, damages, losses or other expenses incurred in relation to the default. Upon termination, ownership of all materials, equipment, documents used for work shall be passed to APMT Bahrain.

10.7.3 Consideration for the works performed by Modern Mechanical, Electrical and Transport Co W.L.L. is calculated in accordance with a schedule of prices and a schedule of penalties for non-adherence to the key performance indicators. APMT Bahrain is not liable for additional payments or time if it results from Modern Mechanical, Electrical and Transport Co W.L.L.'s failure to investigate or familiarise itself with the work or in case of a misunderstanding of the terms of the agreement. Further details of the schedule of rates and prices cannot be provided as this is commercially sensitive information.

10.7.4 In case of defective performance, Modern Mechanical, Electrical and Transport Co W.L.L.'s liability shall be limited to re-performance costs and shall not exceed 100% of the total contract price (calculated in accordance with a schedule of prices) irrespective of any negligence.

- 10.7.5** In the case of all non-defective performance, Modern Mechanical, Electrical and Transport Co W.L.L. is fully and solely liable regarding any claims against the Company arising out of its performance of the agreement regardless of any negligence.
- 10.7.6** Modern Mechanical, Electrical and Transport Co W.L.L. is required to maintain third party liability insurance which shall state that APMT Bahrain and any subcontractors are added as additional insured in respect of liability arising out of the operations of the contractor, along with comprehensive insurance for its personnel.
- 10.7.7** Modern Mechanical, Electrical and Transport Co W.L.L. indemnifies APMT Bahrain in relation to infringement by Modern Mechanical, Electrical and Transport Co W.L.L. or subcontractors for APMT Bahrain's patents or other propriety rights in relations to the services provided. Modern Mechanical, Electrical and Transport Co W.L.L. also indemnifies APMT Bahrain in the agreement in relation to any fines and penalties resulting from any violation of relevant legislation by Modern Mechanical, Electrical and Transport Co W.L.L. and warranties that all materials and equipment used in the performance of the work are free from errors and defects.
- 10.7.8** The total cost to APMT Bahrain in respect of this contract and the contract entered into in respect of the operation of CFS shed, M block and LCL shed (immediately below) is paid as a lump sum but cannot be disclosed as this is commercially sensitive information.

Services Agreement in respect of Operation of CFS Shed, M Block and LCL Shed

- 10.7.9** The Company entered into a services agreement with Modern Mechanical, Electrical and Transport Co W.L.L. in respect of operation of CFS Shed, M block and LCL shed on 11 February 2018, effective 1 March 2017.
- 10.7.10** Under this agreement, the Company outsources the operation of CFS shed, M block and LCL shed and Modern Mechanical, Electrical and Transport Co W.L.L. provides services including safety management, cross checking weights/volumes of cargo, the handling of cargo on the ground and the loading and unloading of trucks as required by the Company.
- 10.7.11** Consideration for the works performed by Modern Mechanical, Electrical and Transport Co W.L.L. is calculated in accordance with a schedule of prices and a schedule of penalties for non-adherence to the key performance indicators.
- 10.7.12** Under the agreement, Modern Mechanical, Electrical and Transport Co W.L.L. is stated as required to provide an indemnity in respect of claims arising out of or in connection with the agreement and the performance of the services.
- 10.7.13** Save for as described above, the terms of the agreement are substantially the same as those described for Labour and Stevedoring Services Agreement dated 1 July 2013 in sections 10.7.1 to 10.7.8.

10.8 Collective Bargaining Agreement

The Company entered into an agreement on 17 April 2018 with The General Union of Marine Ports Labourers which will remain in effect until 31 March 2021. The agreement confirms the social partnership in the workplace, shared responsibility in the development of workers' conditions and improvement of performance at the workplace.

Section 11: Comparative Summary Financial Statements



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Farooq Zaheer Zuberi
Chief Financial Officer
APM Terminals Bahrain B.S.C. (c)
P.O. Box 50490
Hidd
Kingdom of Bahrain

13 September 2018

We have performed the procedures agreed with you and enumerated below, for APM Terminals Bahrain B.S.C. (c) ("the Company"), relating to the financial information ("Financial information") (stamped for identification) extracted from the reviewed condensed interim financial information for the period ended 30 June 2018.

Our engagement was undertaken in accordance with the International Standard on Related Services applicable to agreed-upon procedures. These procedures were performed solely for the purpose of inclusion in the prospectus of the Company in connection with the initial public offering (IPO) of the Company's shares. We have performed the following procedures:

1. Agreed the extracted financial information in Schedule 'A' with respect to condensed statement of financial position, condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows to the reviewed condensed interim financial information of the Company for six months ended 30 June 2018; and
2. Checked the arithmetical accuracy of the financial information.

Our finding:

1. With respect to procedure 1, no exceptions were noted. The comparatives for the condensed statements of profit or loss and other comprehensive income, cash flows and changes in equity in Schedule 'A' have not been reviewed as the Company was not listed in 2017 and therefore a review was not required.
2. With respect to procedure 2, no exceptions were noted.

Since the above procedures do not constitute an audit or a review made in accordance with the International Standards on Auditing or International Standards on Review Engagements, we do not express any audit or review assurance. Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with International Standards on Auditing or International Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose set forth in the second paragraph of this report and for your use and is not to be used for any other purpose or to be distributed to any other parties, without our prior written consent. This report relates only to the procedures as specified above and does not extend to any financial statements of the Company, taken as a whole.

Schedule 'A'

CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

BD 000's

	30 June 2018 (Reviewed)	31 Dec 2017 (Audited)
ASSETS		
Intangible assets	6,190	6,404
Equipment and vehicles	6,447	7,082
Non-current assets	12,637	13,486
Inventories	343	319
Trade receivables	2,246	1,941
Prepayments and other receivables	14,780	10,852
Cash and cash equivalents	2,589	2,042
Current assets	19,958	15,154
Total assets	32,595	28,640
EQUITY AND LIABILITIES		
Equity		
Share capital	9,000	9,000
Statutory reserve	3,447	3,447
Retained earnings	5,461	436
Total equity	17,908	12,883
Liabilities		
Finance lease liability	8,015	8,190
Employee leaving indemnities	479	386
Advance from customer	-	18
Non-current liabilities	8,494	8,594
Trade and other payables	6,018	7,023
Finance lease liability	175	140
Current liabilities	6,193	7,163
Liabilities	14,687	15,757
Total equity and liabilities	32,595	28,640



Schedule 'A' (continued)

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2018 BD 000's

	30 June 2018 (Reviewed)	30 June 2017 (Not reviewed)
Revenue	18,663	16,300
Other operating income	34	44
Operating costs	(11,658)	(10,544)
General and administrative expenses	(1,780)	(1,379)
Operating profit	5,259	4,421
Finance income	116	52
Finance costs	(350)	(355)
Net finance costs	(234)	(303)
Profit for the period	5,025	4,118
Other comprehensive income	-	-
Total comprehensive income for the period	5,025	4,118
Earnings per share		
Basic and diluted earnings per share	56 fils	46 fils



APM Terminals Bahrain B.S.C. (c)
AUP for 6 months interim financial information

Schedule 'A' (continued)

CONDENSED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

BD 000's

2018 (Reviewed)

At 1 January 2018

Total comprehensive income for the period

At 30 June 2018

Share capital	Statutory reserve	Retained earnings	Total
9,000	3,447	436	12,883
-	-	5,025	5,025
9,000	3,447	5,461	17,908

2017 (Not reviewed)

At 1 January 2017

Total comprehensive income for the period

At 30 June 2017

Share capital	Statutory reserve	Retained earnings	Total
9,000	2,403	251	11,654
-	-	4,118	4,118
9,000	2,403	4,369	15,772



Schedule 'A' (continued)

CONDENSED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2018

BD 000's

	30 June 2018 (Reviewed)	30 June 2017 (Not reviewed)
OPERATING ACTIVITIES		
Profit for the period	5,025	4,118
<i>Adjustments for:</i>		
- Depreciation	721	701
- Amortisation	213	216
- Gain on sale of equipment	(2)	(3)
- Net finance costs	234	303
<i>Changes in:</i>		
- Inventories	(24)	105
- Trade receivables	(305)	(393)
- Prepayments and other receivables	(3,928)	(3,153)
- Trade, advances and other payables	(1,023)	(111)
- Employee leaving indemnities	93	67
Net cash from operating activities	1,004	1,850
INVESTING ACTIVITIES		
Purchase of equipment and vehicles	(85)	(355)
Proceeds from disposal of equipment and vehicles	2	3
Net cash used in investing activities	(83)	(352)
FINANCING ACTIVITIES		
Net finance cost	(234)	(303)
Finance lease liability	(140)	(114)
Net cash used in financing activities	(374)	(417)
Net increase in cash and cash equivalents during the period	547	1,081
Cash and cash equivalents at 1 January	2,042	2,685
Cash and cash equivalents at end of the period	2,589	3,766





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Farooq Zaheer Zuberi
Chief Financial Officer
APM Terminals Bahrain B.S.C. (c)
P.O. Box 50490
Hidd
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23 July 2018

We have performed the procedures agreed with you and enumerated below, for APM Terminals Bahrain B.S.C. (c) (the 'Company'), relating to the review of last 5 years summarised financial information ("Financial information") (stamped for identification) extracted from the audited financial statements for the years ended 31 December 2013, 2014, 2015, 2016 and 2017.

Our engagement was undertaken in accordance with the International Standard on Related Services applicable to agreed-upon procedures. These procedures were performed solely for the purpose of inclusion in the prospectus of the Company in connection with the initial proposed offering (IPO) of the Company's shares. We have performed the following procedures:

1. Agreed the extracted financial information in Schedule 'A' with respect to statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows to the audited financial statements of the Company for the years ended 31 December 2013, 2014, 2015, 2016 and 2017; and
2. Checked the arithmetical accuracy of the financial information.

Our finding:

1. With respect to procedure 1, no exceptions were noted. Financial information in Schedule 'A' is agreed with the audited financial statements of each year. The comparative figures have been extracted from the latest audited financial statements.
2. With respect to procedure 2, no exceptions were noted.

Since the above procedures do not constitute an audit or a review made in accordance with the International Standards on Auditing or International Standards on Review Engagements, we do not express any audit or review assurance. Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with International Standards on Auditing or International Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose set forth in the second paragraph of this report and for your use and is not to be used for any other purpose or to be distributed to any other parties, without our prior written consent. This report relates only to the procedures as specified above and does not extend to any financial statements of the Company, taken as a whole.

KPMG



Schedule 'A'

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2013, 2014, 2015, 2016 AND 2017

	2013 BD '000	2014 BD '000	2015 BD '000	2016 BD '000	2017 BD '000
ASSETS					
Intangible assets	7,984	7,671	7,157	6,883	6,404
Equipment and vehicles	11,032	9,890	9,132	8,100	7,082
Non-current assets	19,016	17,561	16,289	14,933	13,486
Inventories	589	585	456	412	319
Trade receivables	1,873	2,160	2,349	2,019	1,941
Prepayments and other receivables	412	223	430	6,518	10,852
Cash and cash equivalents	4,697	5,219	6,587	2,685	2,042
Current assets	7,571	8,187	9,822	11,634	15,154
Total assets	26,587	25,748	26,111	26,567	28,640
EQUITY AND LIABILITIES					
Equity					
Share capital	9,000	9,000	9,000	9,000	9,000
Statutory reserve	860	1,348	1,990	2,403	3,447
Retained earnings	1,535	430	60	251	436
Total equity	11,395	10,778	11,050	11,654	12,883
Liabilities					
Finance lease liability	8,592	8,528	8,444	8,330	8,190
Employee leaving indemnity	141	181	260	307	386
Advance from customers	-	-	106	62	18
Non-current liabilities	8,733	8,709	8,810	8,699	8,594
Trade and other payables	6,414	6,197	6,167	6,100	7,023
Finance lease liability	45	64	84	114	140
Current liabilities	6,459	6,261	6,251	6,214	7,163
Total liabilities	15,192	14,970	15,061	14,913	15,757
Total equity and liabilities	26,587	25,748	26,111	26,567	28,640





Schedule 'A' (continued)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2013, 2014, 2015, 2016 AND 2017**

	2013 BD '000	2014 BD '000	2015 BD '000	2016 BD '000	2017 BD '000
Revenue	25,581	30,258	32,380	28,939	36,345
Other income	58	54	200	74	79
Operating expenses	(19,074)	(20,982)	(21,873)	(20,692)	(22,339)
General and administrative expenses	(2,985)	(3,743)	(3,564)	(3,487)	(3,084)
Operating profit	3,580	5,587	7,143	4,834	11,001
Finance income	3	14	-	16	145
Finance costs	(716)	(718)	(727)	(719)	(708)
Net finance costs	(713)	(704)	(727)	(703)	(563)
Profit for the year	2,867	4,883	6,416	4,131	10,438
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	2,867	4,883	6,416	4,131	10,438





Schedule 'A' (continued)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2013, 2014, 2015, 2016 AND 2017**

	Share capital BD '000	Statutory reserve BD '000	Retained earnings BD '000	Total BD '000
Balance at 1 January, 2013	9,000	573	2,725	12,298
Total profit and other comprehensive income for the year	-	-	2,867	2,867
Transfer to Statutory Reserve	-	287	(287)	-
Interim dividend for 2013	-	-	(3,770)	(3,770)
Balance at December 31, 2013	9,000	860	1,535	11,395
Total profit and other comprehensive income for the year	-	-	4,883	4,883
Transfer to statutory reserve	-	488	(488)	-
Interim dividend for 2014	-	-	(5,500)	(5,500)
Balance at December 31, 2014	9,000	1,348	430	10,778
Total profit and other comprehensive income for the year	-	-	6,416	6,416
Transfer to Statutory Reserve	-	642	(642)	-
Interim dividend for 2015	-	-	(6,144)	(6,144)
Balance at December 31, 2015	9,000	1,990	60	11,050
Total profit and other comprehensive income for the year	-	-	4,131	4,131
Transfer to Statutory Reserve	-	413	(413)	-
Interim Dividend for 2016	-	-	(3,527)	(3,527)
Balance at December 31, 2016	9,000	2,403	251	11,654
Total profit and other comprehensive income for the year	-	-	10,438	10,438
Transfer to Statutory Reserve	-	1,044	(1,044)	-
Interim Dividend for 2017	-	-	(9,209)	(9,209)
Balance at December 31, 2017	9,000	3,447	436	12,883





Schedule 'A' (continued)

**STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013, 2014, 2015, 2016 AND 2017**

	2013 BD '000	2014 BD '000	2015 BD '000	2016 BD '000	2017 BD '000
OPERATING ACTIVITIES					
Profit for the year	2,867	4,883	6,416	4,131	10,438
Adjustments for:					
Depreciation	1,567	1,269	1,183	1,277	1,407
Amortisation	411	446	445	422	429
Net finance costs	713	704	727	703	563
Gain on sale of equipment and vehicles	-	-	(8)	(14)	(5)
Changes in:					
- Inventories	(377)	4	129	44	93
- Trade receivables	(37)	(287)	(189)	330	78
- Prepayments and other receivables	69	189	(207)	(6,088)	(4,334)
- Trade and other payables	66	(263)	76	(111)	879
- Employee leaving indemnities	2	40	79	47	79
Net cash from operating activities	5,281	6,985	8,651	741	9,627
INVESTING ACTIVITIES					
Purchase of equipment and vehicles	(190)	(126)	(343)	(246)	(390)
Purchase of intangible assets	(84)	(93)	(14)	(98)	-
Proceeds from disposal of equipment and vehicles	2	5	9	15	6
Net cash used in investing activities	(272)	(214)	(348)	(329)	(384)
FINANCING ACTIVITIES					
Net finance cost	(713)	(704)	(727)	(703)	(563)
Finance lease liability	(27)	(45)	(64)	(84)	(114)
Dividend paid	(3,770)	(5,500)	(6,144)	(3,527)	(9,209)
Net cash used in financing activities	(4,510)	(6,249)	(6,935)	(4,314)	(9,886)
Net increase / (decrease) in cash and cash equivalents during the year	499	522	1,368	(3,902)	(643)
Cash and cash equivalents at 1 January	4,198	4,697	5,219	6,587	2,685
Cash and cash equivalents at 31 December	4,697	5,219	6,587	2,685	2,042



Section 12: Key Financial Information

12 Selected Financial Information

- 12.1** Sections 12, 13 and 14 of this Prospectus are based on the Company's Audited Financial Statements which were prepared in accordance with the International Financial Reporting Standards (IFRS). The Company's financial statements and respective accounting records have been audited/reviewed by KPMG Fakhro in accordance with the International Standards on Auditing (ISA) and as detailed in the following paragraph.
- 12.2** The following tables set forth selected historical financial information, including a summarised statement of comprehensive income, a summarised statement of financial position, and a summarised statement of cash flows, derived from the Company's Audited Financial Statements as at and for the years ended 31 December 2013, 2014, 2015, 2016 and 2017, as well as the Company's reviewed semi-annual financials for the 6-month periods ended 30 June 2018 and 30 June 2017. The audit opinions on the Company's Audited Financial Statements for the years ended 31 December 2013, 2014, 2015, 2016 and 2017 were issued on an unqualified basis. The review opinion on the semi-annual financial statements for the 6-month periods ended 30 June 2018 and 30 June 2017 has been issued on an unqualified basis.
- 12.3** The Audited Financial Statements for the years ended 31 December 2015, 2016 and 2017, as well as the reviewed financial statement for the six months ended 30 June 2018 can be found in Appendix C of this Prospectus. The Audited Financial Statements for the years ended 31 December 2013 and 2014 are part of the documents available for inspection.

Table 1 – Key Financial Information – Income Statements (H1 2017 and H1 2018)

Currency: BHD '000	H1 2017	H1 2018
Revenue	16,300	18,663
Operating profit	4,421	5,259
Profit for the year	4,118	5,025
Basic Earnings per Share (fils)	46	56

Source: Reviewed financial statements for the six months ended 30 June 2018

Table 2 – Key Financial Information – Income Statements (2013 – 2017)

Currency: BHD '000	2013	2014	2015	2016	2017
Revenue	25,581	30,258	32,380	28,939	36,345
Operating profit	3,580	5,587	7,143	4,834	11,001
Profit for the year	2,867	4,883	6,416	4,131	10,438
Basic Earnings per Share (fils)	32	54	71	46	116

Source: Audited financial statements

Table 3 – Key Financial Information – Statements of Financial Position (30 June 2017 and 30 June 2018)

Currency: BHD '000	H1 2017	H1 2018
Total assets	30,527	32,595
Total liabilities	14,755	14,687
Total shareholder's equity	15,772	17,908
Issued and paid-up share capital and statutory reserves	11,815	12,447

Source: Reviewed financial statements for the six months ended 30 June 2018 and the Company for figures in H1 2017

Table 4 – Key Financial Information – Statements of Financial Position (31 Dec 2013 – 31 Dec 2017)

Currency: BHD '000	31 Dec 2013	31 Dec 2014	31 Dec 2015	31 Dec 2016	31 Dec 2017
Total assets	26,587	25,748	26,111	26,567	28,640
Total liabilities	15,192	14,970	15,061	14,913	15,757
Total shareholder's equity	11,395	10,778	11,050	11,654	12,883
Issued and paid-up share capital and statutory reserves	9,860	10,348	10,990	11,403	12,447

Source: Audited Financial Statements

Table 5 – Key Financial Information – Statements of Cash Flows (H1 2017 and H1 2018)

Currency: BHD '000	H1 2017	H1 2018
Net cash flows generated from operating activities	1,850	1,004
Net cash flows used in investing activities	(352)	(83)
Net cash flows used in financing activities	(417)	(374)
Net increase in cash and cash equivalents	1,081	547
Cash and cash equivalents at beginning of the period	2,685	2,042
Cash and cash equivalents at end of the period	3,766	2,589

Source: Reviewed financial statements for the six months ended 30 June 2018

Table 6 – Key Financial Information – Statements of Cash Flows (2013 – 2017)

Currency: BHD '000	2013	2014	2015	2016	2017
Net cash flows generated from operating activities	5,281	6,985	8,651	741	9,627
Net cash flows generated from/(used in) investing activities	(272)	(214)	(348)	(329)	(384)
Net cash flows used in financing activities	(4,510)	(6,249)	(6,935)	(4,314)	(9,886)
Net (decrease)/increase in cash and cash equivalents	499	522	1,368	(3,902)	(643)
Cash and cash equivalents at beginning of the year	4,198	4,697	5,219	6,587	2,685
Cash and cash equivalents at end of the year	4,697	5,219	6,587	2,685	2,042

Source: Audited Financial Statements

12.4 Capitalisation and Indebtedness

12.4.1 Capitalisation

The following table shows the total shareholder equity, total finance lease liability and total capitalisation of APMT Bahrain at 31 August 2018. This table should be read in conjunction with this section 12 ("Key Financial Information"), section 13 ("Operating and Financial Review and Prospects") and section 14 ("Audited Financial Statements") of this Prospectus.

Table 7 – Total Capitalisation at 31 August 2018

Currency: BHD '000	31 August 2018
Share capital	9,000
Statutory reserve	3,447
Retained earnings	7,264
Finance lease liability	8,015
Current portion of finance lease liability	175
Total capitalisation	27,901

Source: The Company

12.4.2 Indebtedness

As at 31 August 2018, the Company does not have any term loans or bank debt.

The finance lease liability amounting to BHD 8,015k represents the present value of future lease payments for the use of KBSP. The Company was required to pay lease payments totalling BHD 22,373k over 25 years of the Concession period. As at 31 August 2018, future lease payments till the end of the Concession amount to BHD 14,729k. The Company makes these payments annually, in advance, on the anniversary of the KBSP Commercial Operation Date (as defined in the KBSP lease agreement entered into between APMT Bahrain and the Government of Bahrain on 8 November 2006).

Section 13: Operating and Financial Review and Prospects

13 Operating and Financial Review and Prospects

The following represents the Company's management's discussions of the Company's financial condition and results of operations. This is not a presentation of the complete financial statements and should be read in conjunction with APMT Bahrain's Audited Financial Statements, including the notes thereto, for the financial years ended 31 December 2015, 2016 and 2017, as well as the Company's reviewed condensed interim financial information, including the notes thereto, for the six months ended 30 June 2018. The following discussion should also be read in conjunction with the information presented under section 5.5 ("APMT Bahrain – Vision and Strategy"), section 6.4 ("Bahrain Maritime Industry Analysis and Overview") and section 12 ("Selected Financial Information").

The reviewed condensed interim financial information for the period indicated above include all adjustments, consisting of normal recurring accruals, considered necessary for a fair statement of the results for the reviewed interim period. The interim results are not necessarily indicative of the results that may be expected for any other period or for the full year.

The Audited Financial Statements for the years ended 31 December 2015, 2016, and 2017, as well as the reviewed condensed interim financial information for the six months ended 30 June 2018 can be found in Appendix C of this Prospectus. The Audited Financial Statements for the years ended 31 December 2013 and 2014 are part of the documents available for inspection. The financial statements have been prepared in accordance with IFRS. All amounts are in Bahrain Dinar (BD), unless stated otherwise. Further, amounts have been rounded to the nearest thousand, while percentages have been shown to one decimal place.

13.1 Statement of Comprehensive Income

The following tables show the operating results of APMT Bahrain for the years ended 31 December 2015, 2016, 2017, and the six months to 30 June 2018 (H1'2018) and 30 June 2017 (H1'2017).

Table 8 – Statements of Comprehensive Income

	For the year ended 31 December				For the six month period ended 30 June	
Currency: BD'000	2015	2016	2017	CAGR	2017	2018
Revenue	32,380	28,939	36,345	5.9 %	16,300	18,663
Other income	200	74	79	(37.2%)	44	34
Operating expenses	(21,873)	(20,692)	(22,339)	1.1%	(10,544)	(11,658)
General and administrative expenses (G&A expenses)	(3,564)	(3,487)	(3,084)	(7.0%)	(1,379)	(1,780)
Operating profit	7,143	4,834	11,001	24.1%	4,421	5,259
Finance income	0	16	145	--	52	116
Finance costs	(727)	(719)	(708)	(1.3%)	(355)	(350)
Net finance costs	(727)	(703)	(563)	(12%)	(303)	(234)
Profit for the year/ period	6,416	4,131	10,438	27.5%	4,118	5,025
Earnings per Share (fils)	71	46	116	27.8%	46	56

Source: Audited Financial Statements for the financial years ended 31 December 2015, 2016, 2017 and reviewed condensed interim financial information for the six months to 30 June 2018

13.1.1 Revenue

Revenue comprises of three core business segments which are container terminal revenue, general cargo revenue and marine service revenue. The Company's revenue is generally driven from the services rendered (and associated volumes/number of calls etc.) and the prices/tariffs charged. The Company is regulated by the PMA with the Government of Bahrain establishing specific tariffs for various services.

Revenue for the year ended 31 December 2017 was BD 36,345k as compared to BD 32,380k for the year ended 31 December 2015, an increase of BD 3,965k, and a CAGR of 5.9%, with the growth continuing during the six months to 30 June 2018, increasing 14.5% compared to the same period in 2017.

In 2017, all revenue streams grew over the corresponding 2016 revenues, with an overall revenue growth of 25.6% (over 2016-2017) principally driven by the container and general cargo business segments.

In 2017, revenues from the container and general cargo segments accounted for 45.9% and 36.7% of total revenues, respectively, while revenues from marine services comprised an average of 17.4%.

The reduction in revenues in 2016 (10.6% over 2015) was largely driven by a reduction in general cargo volumes. The decrease in container revenues in 2016 was largely attributable to the reduction of transshipment moves from 33,572 to 3,812.

The improvement in revenues in 2017, was driven by an increase in volumes across services compared to 2016, as well as the increased tariffs that were introduced in November 2016 (military tariffs) and May 2017 (non-military tariffs).

Tariffs

Over the three year period 2015-2017, two sets of tariff revisions were introduced. The first set, 'The Bahrain Ports Tariff', pertain to military services and was issued by the PMA, and effective from November 2016. These revisions represented increases in charges/tariffs for various marine services rendered to military vessels calling at KBSP and MSP. Pursuant to such revisions, port dues and charges applicable for pilotage and towing assistance for military vessels calling at KBSP and MSP increased by approximately 30-35%. Additionally, hourly rate per pilot boat and hourly rate per pilot, in regard to pilotage and towing services being rendered to military vessels calling at KBSP and MSP, were also increased by 75.9% and 17.3%, following the 2016 military tariff revision.

The second set of tariff revisions pertain to non-military services and were issued by the PMA and effective from May 1st, 2017. The highlights of this revision include:

- *Container Terminal Services:* An average of 18% increase in tariffs applicable for discharging/loading of import/export containers and storage services. However, in a bid to encourage the use of transshipment services and facilities, a 50% reduction in the charges for discharging/loading of transshipment containers (full cycle) was simultaneously effected.
- *General Cargo Services:* The new tariff was introduced for handling of livestock. Furthermore, port handling charges for RO-RO cargo (vehicles) were increased by 17.6%. New value-added stevedoring related services and charges were also introduced.
- *Marine Services:* An increase of 14% in charges for pilotage and towing assistance of commercial vessels calling in at KBSP, 8% for cruise and passenger vessels calling at KBSP and 16% for commercial vessels calling at MSP and for such assistance provided to private jetties. The hourly rate per pilot boat for non-military vessels was increased by approximately 15% at KBSP, MSP and at private jetties. Additionally, charges for other miscellaneous services associated with marine services such as hourly rates per tug boat, and hourly rates for onshore mooring crew etc. were also revised upwards.

(a) Container Terminals Revenue

Container terminal services are a core business segment of APMT Bahrain and represented 40.4% (2015), 44.1% (2016), 45.9% (2017) and 49.6% (H1'2018), respectively of total revenue. This segment's share of total revenues increased between 2015 and 2017, despite the reduction in transshipment volumes, as general cargo volumes dropped between 2015 and 2016. The growth in container revenues was driven by increases in local container volumes over the 2015-2017 period and the increases in non-transshipment tariffs. Revenue from container terminal services for the period 2015 to 2017 grew at a CAGR of 13%.

Container revenue is generated from the following:

- Local moves (EXIM);
- Transshipment; and
- Other revenue from the rendering of port and related services (including handling, dockage, re-stow, inspection, Reefers, storage etc.) to container vessels.

The EXIM and transshipment aspects of the business are subject to different handling rates at KBSP. EXIM containers earn higher revenues per move than transshipment containers. Due to its geographic location and local market conditions, the Company's operations typically handle higher levels of EXIM throughput compared to transshipment throughput. EXIM containers also offer greater potential earnings from ancillary services such as storage, delivery, cleaning and repair.

The container terminal revenues and margins are also affected by the container type, its dimension and whether it is being handled in laden or empty conditions. Handling laden containers results in higher tariffs compared to empty containers. The container throughput volume of APMT Bahrain is driven by local demand and supply in the market.

The following table provides throughput data on KBSP by cargo destination and product mix:

Table 9 – Container Terminal, 2015 - H1'18

		Year ended 31 December				Period ended 30 June	
Moves		2015	2016	2017	CAGR	2017	2018
Throughput by destination	EXIM	251,827	255,331	271,963	3.9%	133,911	151,390
	Transshipment	33,572	3,812	1,211	(81%)	247	138
	Total	285,399	259,143	273,174	(2.2%)	134,158	151,528
Throughput by container mix	Laden	195,835	186,936	201,192	1.4%	98,219	111,974
	Empty	89,564	72,207	71,982	(10.4%)	35,939	39,554
	Total	285,399	259,143	273,174	(2.2%)	134,158	151,528

Source: APMT Bahrain

EXIM Moves

The EXIM container moves increased from 251,827 moves in 2015 to 271,963 in 2017, at a CAGR of 3.9%. The growth has continued during the first six months to 30 June 2018 to 151,390 compared to 133,911 as of 30 June 2017. The increase in EXIM throughput reflects GDP growth and growth in consumer spending. This growth also demonstrates an improvement in the general economic condition within Bahrain.

Transshipment

Transshipment moves at KBSP declined from 33,572 moves in 2015 to 1,211 moves in 2017 (a CAGR of negative 81%). APMT Bahrain had 138 transshipment moves during the first six months to 30 June 2018. Factors that affect transshipment volumes include: (i) excess port capacity in the upper gulf region; (ii) network changes and cost of shipping lines; (iii) competition from nearby and existing ports in the region; (iv) terms of trade agreements signed between Bahrain and other countries; (v) industry trends such as consolidation and changes in shipping alliances; and (vi) local 'end destination' consumption volumes.

EXIM throughput volumes have been the primary driver of H1'2018 revenues, increasing by BD 17k between H1'2018 and H1'2017, an increase of 13.1%.

(b) **General Cargo Revenue**

General cargo represents the second core business segment of APMT Bahrain representing 41.6% (2015), 36.8% (2016), 36.7% (2017) and 33.7% (H1'2018) of total revenue. On a year on year basis, general cargo revenues increased by 25.2% in 2017, while a drop a year prior resulted in a negative CAGR of 0.5% over the 2015-2017 period.

General cargo revenues comprise of income generated from the rendering of port and related services (including handling, dockage, storage etc.) of bulk and break bulk items in non-container form. This can include the following:

- Bulk and break bulk non-oil commodities;
- RO-RO vehicles;
- Passenger services; and
- Stevedoring services.

General cargo products exported from Bahrain are typically non-oil commodities such as steel, and are dependent on local/global demand and supply and prices. Structurally, the pricing mechanisms for general cargo revenue streams differ, with bulk and break bulk commodities generally having a range of revenues depending on customer delivery requirements.

Each revenue stream within general cargo has various throughput metrics such as freight tons for bulk/break bulk and project cargo, vehicle numbers for RO-RO and man-hours/freight tons for stevedoring services provided. Driven by the nature of products (non-oil commodity related), the general cargo throughput volumes of APMT Bahrain are also affected by global and local economic conditions, along with commodity markets. The following table provides throughput data for general cargo by key service offering:

Table 10 – General Cargo, 2015 - H1'18

	Year ended 31 December				Period ended 30 June	
	2015	2016	2017	CAGR	2017	2018
Non-oil Commodities handled (freight tons)	1,291,163	778,874	943,691	(14.5%)	371,395	406,083
RO-RO vehicle numbers (units)	95,555	53,817	39,600	(36.0%)	20,147	21,241
Passengers	53,564	71,213	82,144	24.0%	51,331	74,458

Source: APMT Bahrain

Bulk and break bulk non-oil commodities

Bulk and break bulk non-oil commodities handled decreased from 1,291,163 freight tons in 2015 to 943,691 freight tons in 2017, a negative CAGR of 14.5%. However, on a year on year basis, general cargo volumes increased by 21.2% in 2017, following a 39.7% drop a year prior.

Bulk and break bulk non-oil commodities consist largely of steel, sulphur and sugar.

The increase in volumes over 2016-2017 was driven by increased cement imports driven largely by the ongoing infrastructure projects. Additionally, the increase in steel exports, on account of improvement in global steel prices, also contributed to the increase in volumes.

On the other hand, the decrease in volumes over 2015-2016 resulted from a drop in global selling prices of non-oil commodities such as steel etc. which led to a shrinkage in the export volumes by local companies. General cargo tonnage was also affected in 2016 by the closure of a major sugar company in Bahrain as such operations accounted for approximately 350-400K MT of sugar per annum.

Growth continued into the first six months of 2018, with freight tons increasing to 406k from 371k in the comparable six month period in 2017.

Although APM Terminals globally is seen as a container terminal operator, the Company has placed special emphasis on expanding into the general cargo business thereby enhancing the synergies between the container and general cargo business.

RO-RO Vehicles

RO-RO vehicle trade volumes are generally driven by demand from the automotive sector in Bahrain and Saudi Arabia. Different tariff rates are applicable depending on the size of the vehicle, with the majority of vehicles represented by imported cars. Despite the combined size of the Saudi Arabia and Bahrain market, this segment witnessed a negative CAGR of 36% between 2015 and 2017.

In 2015, the RO-RO market experienced a good year, in general, during which apart from the domestic volume, Bahrain also transhipped close to 30k units of cars (diverted to Bahrain due to congestion in Dammam in the said year). In the following years, the RO-RO market demand declined in the region and with Dammam increasing its capacity, transshipment in Bahrain ceased completely, leading to the drop in RO-RO units over the period spanning 2015-2017. However, the demand is improving marginally in 2018, resulting in an increase in RO-RO volume by 5.4% in H1'2018 over the same period in the previous year.

Passengers Services

The number of passengers aboard passenger vessels that utilise the port's general cargo-related services and facilities increased at a CAGR of 23.8% over 2015-2017, increasing from 53,564 in 2015 to 82,144 in 2017. This is a seasonal business where the Company generally witnesses calls between Q4 and Q1 of every year and charges BD 3 per passenger as per Bahrain Ports Tariff 2017.

Passengers increased from 51,331 during the first six months of 2017 to 74,458 during the first six months of 2018, an increase of 45.1% largely due to the benefit of having the cruise season for two additional months in H1'2018 as compared to the same period in the previous year. Also the size of the cruise vessels which called during H1'2018 were relatively larger than those which called in H1'2017.

Stevedoring Services

The Company provides stevedoring services to its customers through a third party supplier, MMETCO. Stevedoring revenues increased from BD 1,032k in 2016 to BD 1,572k in 2017, with a year on year growth of 52.3%. Stevedoring revenues decreased by 54.9% a year prior from BD 2,288k in 2015 to BD 1,032k in 2016. The three year period 2015-2017, exhibits a negative CAGR of 17.1%.

The movement in stevedoring revenues is directly related to the movements in the general cargo freight tonnage.

Stevedoring revenue during the first six months of 2018 was BD 610k, increasing from BD 574k during the same period in the previous year, an increase of 6.3%.

Revenue from general cargo for 2017 was BD 13,329k compared to BD 13,458k in 2015, a decrease of BD 129k, with a marginal negative CAGR of 0.5%.

General cargo revenue increased by BD 418k between H1'2018 and H1'2017 driven largely by growth in aluminium stuffing activity, of BD 186k, and container freight service activity, of BD 170k. The main reason for the increase in general cargo volumes is the aluminium stuffing activities, towards which a major aluminium company based in Bahrain is the main contributor. To elaborate, the performance of general cargo services, on a relative basis, has improved in H1'2018 as one production line of the said aluminium company was not functional for a period of time in 2017 which affected the volumes in the second quarter of 2017.

(c) **Marine Services Revenue**

APMT Bahrain has a number of marine services operations, including towage and pilotage services to vessels calling at both KBSP and MSP, as well as private jetties.

The following table provides throughput data on the number of vessel calls serviced by APMT Bahrain:

Table 11 – Marine Services, 2015 - H1'18

	Year ended 31 December				Period ended 30 June	
	2015	2016	2017	CAGR	2017	2018
Vessel calls	1,100	973	975	(5.9%)	484	489

Source: APMT Bahrain

Revenue from marine services for 2017 was BD 6,325k compared to BD 5,845k in 2015, an increase of BD 480k and implying a CAGR of 4%. Revenue from marine services over the 2016-2017 period grew by 14.6% (from BD 5,518k to BD 6,325k), following a reduction of 5.6% over the prior 2015-2016 period (from BD 5,845k to BD 5,518k). Marine calls reduced by 11.5% over 2015-2016 (from 1,100 to 973) and increased marginally by 0.2% over 2016-2017 (from 973 to 975). The increase in revenues over 2016-2017 was largely driven by the upward revision in military and non-military marine service tariffs for the period. The upward movement in revenues from marine services was also attributable to larger ships entering the port (which have a higher associated fixed tariff rate) and/or an increase in the duration that vessels were in the port.

The number of vessel calls increased between H1'18 and H1'17, from 484 to 489.

13.1.2 Expenses

(a) **Operating Expenses**

Operating expenses comprise mainly of Revenue Charge, subcontracting charges, salaries and related costs, depreciation, fuel and electricity and maintenance and repairs. On an average basis over the 2015-2017 period, total operating expenses comprised of: Revenue Charge (35.6%), subcontracting charges (22.9%), salaries and related costs (21.3%), depreciation (6%), fuel and electricity (4.9%) and maintenance and repairs (4.2%). Operating expenses amounted to BD 21,873k, BD 20,692k and BD 22,339k during the years ended 31 December 2015, 2016 and 2017, respectively. Operating expenses continued to increase in 2018, growing by 10.6% during the six months to 30 June 2018 compared to the same period in the previous year. The following table sets out the breakdown of total operating expenses of APMT Bahrain for the periods indicated.

Table 12 – Key Financial Information – Operating Expenses

	For the year ended 31 December				For the six month period ended 30 June	
Currency: BD'000	2015	2016	2017	CAGR	2017	2018
Revenue Charge	7,218	6,875	9,038	11.9%	3,855	4,819
Subcontracting charges	5,133	4,852	4,867	(2.6%)	2,411	2,309
Salaries and related costs	5,086	4,546	4,189	(9.2%)	2,150	2,176
Depreciation	1,183	1,277	1,407	9.1%	701	721
Fuel and electricity	916	1,078	1,161	12.6%	550	626
Maintenance and repairs	972	929	807	(8.9%)	371	549
Amortisation of intangible asset	445	422	429	-1.8%	216	213
Operating lease charges	371	221	166	(33.1%)	94	76
Security costs	244	202	148	(22.1%)	81	116
Customs duty and freight charges	75	58	51	(17.5%)	21	31
Provision for inventories	128	70	3	(84.7%)	54	(10)
Other expenses	102	162	73	(15.4%)	40	32
Total Operating expenses	21,873	20,692	22,339	1.1%	10,544	11,658

Source: Audited Financial Statements for the financial years ended 31 December 2015, 2016, 2017 and reviewed condensed interim financial information for the six months to 30 June 2018

All operating expenses, other than the Revenue Charge and the amortisation of intangible assets, are considered direct operating expenses.

Direct operating expenses reduced over the period 2015-2017 by a CAGR of 4.8%. The decline in these expenses was a result of a decline across subcontracting charges and salaries and related costs which reduced at a CAGR of negative 2.6% and negative 9.2%, respectively, over the period.

The reduction in subcontracting charges and personnel expenses (i.e. salaries and related costs) were due to (1) a reduction in variable charges effective March 1st, 2017 onwards in regard to the marine charter services' contract signed with Svitzer Bahrain S.P.C. (2) reduction in total moves, total TEUs, freight tonnage (excl. cars and livestock), number of marine calls and units of cars (RO-RO) handled in 2016 and (3) the Company's conscious efforts to reduce manpower expenses and streamlining/optimising the skills' base available.

Total operating expenses increased year-on-year by 4.2% in 2015, followed by a decrease of 5.4% in 2016 and an increase thereafter by 8% in 2017 (CAGR for 2015-2017 stood at 1.1%).

The increase in operating costs in 2017 was largely driven by the 31.5% increase in Revenue Charge which increased from BD 6,875k in 2016 to BD 9,038k in 2017 (2015: BD 7,218k).

The increase in H1'2018 costs of BD 1,114k was due to the increase in Revenue Charge, maintenance and repairs, and fuel and electricity costs. However, as a percentage of total revenue, operating costs remained broadly consistent at 64.7% and 62.5% for H1'2017 and H1'2018, respectively.

- **Revenue Charge**

Revenue Charge is calculated based on terms stipulated in the Concession. Revenue Charge represented 22% of all container and general cargo revenue streams for 2015 and 24% of the same for 2016 and 2017 as per the terms of the Concession. For marine services, the Revenue Charge is 10% of this revenue stream.

The Company paid an additional Revenue Charge of 3% on total container and general cargo revenues during 2015, 2016 and 2017 on account of the additional Revenue Charge for not meeting transshipment volume targets.

Despite such additional Revenue Charge, the total Revenue Charge declined by 4.8% in 2016 (from BD 7,218k in 2015 to BD 6,875k) as a result of the decrease in both port (container and general cargo) as well as marine services' revenue.

Revenue Charge however, increased by 31.5% in 2017 (from BD 6,875k in 2016 to BD 9,038k), largely due to increase in overall revenues (25.6% in 2017), and to a certain extent due to an additional 1% of gross port revenues that were payable on account of throughput shortfalls pertinent to key performance indicators as specified in the Concession (applicable to the fourth year in a period).

Revenue Charge increased at a CAGR of 11.9% from 2015 to 2017 compared to an increase in revenues by a CAGR of 5.9%.

- **Subcontracting Charges**

The Company engages third party sub-contractors to provide contract workers for marine services and other non-core positions, such as labour, lashers, tractor drivers, front loaders, forklift drivers and security guards. These contract workers make up a significant portion of the Company's workforce. Costs of such contract workers are consequently a major component of the Company's operating costs. APMT Bahrain has a master service agreement/sub concession agreement in place with Svitser, for the provision of the majority of its marine services. The Company has also entered into a stevedoring services contract with MMETCO for labour and stevedoring services outsourced by APMT Bahrain to MMETCO.

Marine service expenses formed approximately 63% (average) of the subcontracting charges over 2015-2017, while stevedoring service expenses averaged 35%.

Marine service expenses increased by 0.1% in 2016 and 1.3% in 2017 (2015: BD 3,125k; 2016: BD 3,127k; 2017: BD 3,169k). Fee payable for the marine services includes an annual supplementary fee of US\$ 734,500 (BD 276,907) which is subject to adjustment upon Government approved increases in all marine service tariff, this adjustment being negotiable between the Company and Svitser. The remaining fees for the marine services are adjusted every year based on the movements in the United States Consumer Price Index.

Stevedoring service expenses decreased by 16.4% in 2016 and 2.7% in 2017 (2015: BD 1,977k; 2016: BD 1,652k; 2017: BD 1,608k). The decrease in 2016 largely resulted from a reduction in container and general cargo traffic/volumes/tonnage. In 2017, while container volumes and general cargo tonnage both recovered, Stevedoring costs decreased by 2.7% over the same period. This was driven by a reduction in the stevedoring charges effective from March 1, 2017. These cost reductions stood in the range of approximately 16.9% - 23.5% in the base charges and in the range of approximately 36.6% - 41.7% in excess over base charges, and were driven by the Company's continuous focus towards achieving cost leadership and strong management efforts in renegotiating the agreement.

Marine service expenses and stevedoring service expenses together formed in excess of 98% of subcontracting costs in 2015, 2016 and 2017. Subcontracting charges reduced by 5.5% in 2016 and increased marginally by 0.3% in 2017.

- **Operating Salaries and Related Costs**

Salaries and related costs under operating expenses primarily comprised of basic salaries, social insurance contributions, housing, pensions, overtime and bonus paid to the workforce in the operations, technical and marine departments.

Workers are under The General Union of Marine Ports Labors, which, through a 'Collective Bargaining Agreement' included the following worker benefits:

- Families are included within medical insurance packages and enhanced medical benefits;
- Mandatory 3% performance salary increase for employees in receipt of the "Successful Performance" rating;
- Unemployment insurance of 1% payable by the Company
- Transportation allowance per employee of BD 35, increasing to BD 40 with certain conditions;
- 'Multi Skilling' of employees by training and rotation; and
- "Flexi Roster" allowing workers with time flexibility.

Operating salaries and related costs reduced by 10.6% in 2016 and 7.9% year on year in 2017 in line with the reduction in the number of employees at APM. Operating salaries and related costs decreased from BD 5,086k in 2015 to BD 4,546k in 2016 and to BD 4,189k in 2017.

The decrease in overall levels of operating salaries and related costs was driven by two key factors:

- A reduction in operating headcount from 510 in 2015 to 446 in 2016 and further to 419 in 2017; and
- Concerted efforts towards skills' optimisation and streamlining of the personnel and manpower structure to eliminate redundancies and inefficiencies.

The growth in operating salaries and related costs between June 2017 and June 2018 was BD 26k, mainly on account of salary increments from April 2018.

- **Depreciation**

Depreciation charges, a non-cash expense, formed an average of 6% of the operating expenses and 4% of revenues over the period 2015-2017, growing at a CAGR of 9.1%. Depreciation expenses increased from BD 1,183k in 2015 to BD 1,277k in 2016 and thereby to BD 1,407k in 2017. This increase was on account of additions to fixed assets – cranes and transtainers (BD 454k) and machinery and equipment (BD 532k) – between 2015 – 2017.

- **Maintenance**

Maintenance and repairs, which formed an average of 4.2% of the total operating expenses and 2.8% of revenues over the period spanning 2015-2017, exhibited a declining trend of negative CAGR of 8.9%, reducing from BD 972k in 2015 to BD 929k in 2016 and further to BD 807k in 2017.

- **Fuel and Electricity**

Fuel and electricity comprised an average of approximately 4.9% of the total operating expenses and 3.2% of revenues over 2015-2017, growing at a positive CAGR of 12.6%. These expenses increased from BD 916k in 2015 to BD 1,078k in 2016, and increasing further to BD 1,161k in 2017.

Fuel costs increased between 2015 and 2017 driven by higher utilisation of operating assets, including, rubber gantry cranes, and due to increases in the diesel prices from 100 fils per litre in 2015 to 140 fils per litre in 2017.

(b) **General and Administrative Expenses**

The following table summarises the general and administrative expenses for the years ended 31 December 2015, 2016, 2017, and the six months to 30 June 2017 and 30 June 2018.

Table 13 – Key Financial Information – General and Administrative Expenses

	For the year ended 31 December				For the six month period ended 30 June	
Currency: BD'000	2015	2016	2017	CAGR	2017	2018
Salaries and related costs	1,868	1,976	1,703	(4.5%)	690	1,037
Insurance	574	545	474	(9.1%)	248	243
Management and administration fee	349	332	340	(1.3%)	165	185
Computer expenses	312	326	340	4.4%	174	169
Training expenses	86	47	23	(48.3%)	16	6
Other expenses	375	261	204	(26.2%)	86	140
Total general and administration	3,564	3,487	3,084	(7.0%)	1,379	1,780

Source: Audited Financial Statements for the financial years ended 31 December 2015, 2016, 2017 and reviewed condensed interim financial information for the six months to 30 June 2018

General and administrative expenses (“**G&A expenses**”) averaged 10.5% of revenues over the period 2015-2017. On average, 54.7% of such G&A expenses were attributable to salaries and related costs classified under G&A expenses (distinct from salaries and related costs under operating expenses), while 15.7% related to insurance expenses, 10.1% related to management and administration fees and 9.7% related to computer expenses.

Total G&A expenses reduced at a CAGR of negative 7.0% over 2015-2017, decreasing by 2.2% in 2016 and 11.6% in 2017.

For H1'2018, general administrative salaries and other costs were the drivers in the increase in total G&A expenses.

- **General and Administrative Salaries and Related Costs**

Salaries and related costs within G&A expenses were majorly accounted for by remuneration and benefits expenses of office and expat employees. Other expenses within this category included canteen charges, expenses for social events and staff welfare initiatives.

G&A salaries and related costs reduced at a CAGR of 4.5% over 2015-2017 on account of a year on year decrease in 2017 by 13.8% compared to increases of 5.8% in 2016 and 2.4% in 2015.

The decrease in 2017 was largely due to APMT Bahrain's conscious efforts to streamline the workforce and adopt increased efficiencies and optimise the existing skills base in a bid to retain the right expertise, enable effective operational and administrative decision making and identify and remove unnecessary cost centers within the organisation structure.

The increase between June 2017 and 2018 was partly due to the annual increase in salaries from April 2018. Higher bonuses paid in April 2018 in light of better performance in 2017 also contributed to this increase.

- **Insurance**

Insurance expenses reduced year on year over the 2015-2017 period, standing at BD 574k in 2015, reducing by 5.1% in 2016 to BD 545k and reducing further by 13% in 2017 to BD 474k.

Insurance expenses decreased from BD 248k in H1'2017 to BD 243k in H1'2018.

- **Management and Administration**

Management and administrative fees comprise of an annual fixed fee of BD 188.5k (or US\$ 500k) paid to APM Terminals International B.V. (now named APM Terminals Management B.V.) as per the terms of the amended Technical Services Agreement dated March 7th, 2016 and a variable fee calculated as an amount equal to US\$ 1.00 (BD 0.38) for each TEU handled to or from each vessel calling at KBSP. Accordingly, the variable fee paid by the Company in this regard was BD 160k, BD 143k and BD 152k for the years ending 2015, 2016 and 2017, respectively. The variable fee increased from BD 71k in H1'2017 to BD 91k in H1'2018.

- **Other Expenses**

Included within other expenses are office expenses, travel expenses, legal and communication expenses.

(c) **Finance Expenses**

The finance charges relate primarily to the interest charge on the calculation of the lease payment under IFRIC12.

Finance expenses showed marginal fluctuations in the range of 1% - 3% over the period spanning 2015-2017 (2015: BD 727k, 2016: BD 719k; 2017: BD 708k).

The present value of the total rent payable as indicated in the KBSP lease agreement between APMT Bahrain and the Government of Bahrain which was entered into on 8 November 2006 is calculated at BD 8,808k using a discount factor of 9%, wherein total rent payable over 25 payments was BD 22,373k. Such present value forms the base on which amortisation of the lease liability is calculated as well as the full amount to which principal repayments are applied. Principal repayments are simply calculated as the difference between the mandated payments in the lease agreement and the finance charges calculated. Finance charges for a particular year are calculated at 9% of the lease liability balance at the close of the previous year.

Please refer to section 13.2.1 (a) titled "Statement of Financial Position – Intangible Assets" for a detailed explanation.

13.1.3 Earnings Per Share

Table 14 – Earnings Per Share

	For the year ended 31 December			For the six month period ended 30 June		
Currency: Fils	2015	2016	2017	CAGR	2017	2018
Basic earnings per share (normalised to per 100 fils shares)	70	50	120	30.9%	46	56

Source: APMT Bahrain; Audited Financial Statements for the financial years ended 2017 and reviewed condensed interim financial information for the six months to 30 June 2018

The earnings per share information has been calculated based on a normalised 90,000,000 shares issued by the Company.

13.2 Statement of Financial Position

The following table summarises the financial position of the Company as at 31 December 2015, 2016, 2017 and 30 June 2018.

Table 15 – Key Financial Information – Statement of financial position, 2015 – H1'18

Currency: BD'000	31 Dec 2015	31 Dec 2016	31 Dec 2017	30 June 2018
Intangible assets	7,157	6,833	6,404	6,190
Property, plant and equipment	9,132	8,100	7,082	6,447
Non-current assets	16,289	14,933	13,486	12,637
Trade receivables	2,349	2,019	1,941	2,246
Inventory	456	412	319	343
Prepayments and other assets	430	6,518	10,852	14,780
Cash and cash equivalents	6,587	2,685	2,042	2,589
Current assets	9,822	11,634	15,154	19,958
Accrued expenses	2,223	2,692	2,536	1,915
Revenue Charge payable	2,291	2,329	3,400	2,664
Trade payables	1,158	555	456	819
Provisions	379	412	409	215
Other current liabilities	200	226	362	580
Current liabilities	6,251	6,214	7,163	6,193
Finance lease	8,444	8,330	8,190	8,015
Provision for employees benefits	260	307	386	479
Advance from customer	106	62	18	0
Non-current liabilities	8,810	8,699	8,594	8,494
Net assets	11,050	11,654	12,883	17,908
Capital contribution	9,000	9,000	9,000	9,000
Statutory reserve	1,990	2,403	3,447	3,447
Retained earnings	60	251	436	5,461
Total equity	11,050	11,654	12,883	17,908

Source: Audited Financial Statements for the financial years ended 31 December 2015, 2016, 2017 and reviewed condensed interim financial information for the six months to 30 June 2018

13.2.1 Non Current Assets

The Company's non current assets comprise of the following:

- Intangible assets;
- Property, plant and equipment.

(a) **Intangible Assets**

The following table summarises the intangible assets of the Company as at 31 December 2015, 2016, 2017 and 30 June 2018.

Table 16 – Key Financial Information – Intangible assets (Net Book Value), 2015 – H1'18

Currency: BD'000	31 Dec 2015	31 Dec 2016	31 Dec 2017	30 June 2018
Concession Fee	675	638	600	582
KBSP lease	6,430	6,077	5,726	5,549
Service concession rights	7,105	6,715	6,326	6,131
Software	38	6	78	59
Development costs	14	112	-	0
Total intangible assets	7,157	6,833	6,404	6,190

Source: Audited Financial Statements for the financial years ended 31 December 2015, 2016, 2017 and reviewed condensed interim financial information for the six months to 30 June 2018

Total intangible assets reduced from BD 7,157k in 2015 to BD 6,833k in 2016, and further decreased to BD 6,404k in 2017. As at 31 December 2017, APMT Bahrain's intangible assets largely comprised of the capitalisation of the present value of the Concession lease and fee payments relating to the 25 year operating lease for KBSP payable to the Government. These two items are being amortised over 25 years and at 31 December 2017 accounted for circa 98% of the total net intangible value. With no additions, the movement in the Concession lease and fee payments between December 2015 and December 2017 was a result of amortisation.

Service concession rights consist of the present value of the annual rents, discounted at 9% amounting to BD 8,808k. This is amortised over the period of the Concession, the annual amortisation being BD 352k. The net carrying value of the KBSP lease as at December 31st, 2017 in the books of the Company is BD 5,726k. Service concession rights also constitute of the Concession fee of BD 923,650 paid by the Company to the Government as per the terms of the Concession. The Concession fee is amortised over the period of the Concession, the annual amortisation being BD 37k. The net carrying value of the Concession fee as at December 31st, 2017 in the books of the Company is BD 600k.

Moreover, intangibles also comprised of software systems deployed towards improving the operational efficiencies of both the container and the general cargo operations and development costs for the acquisition of digital global positioning system software to aid in the detection and monitoring of containers. Software includes systems that the Company use in order to function accordingly. This mainly includes the General Cargo Terminal Operating System that optimises operational efficiency and customer experience. Other software systems that the Company uses are Navis N4 systems and IFS.

(b) **Property, Plant and Equipment**

Property, Plant and Equipment ("PP&E") comprises of cranes and transtrainers, machinery and equipment, vehicles, computer equipment, along with furniture and fixtures, tools, leasehold improvements and capital work in progress (shown under 'Other').

The following table presents the breakdown of cost, accumulated depreciation, and net book value of fixed assets of the Company between 31 December 2015, 2016, 2017 and 30 June 2018.

Table 17 – Key Financial Information – Property, Plant and Equipment, 2015 – H1'18

Currency: BD'000	Cranes & Transtainers	Machinery & Equipment	Vehicles	Computer Equipment	Other	Total
Cost at 01/01/2015	17,053	2,002	1,680	850	163	21,748
Additions	-	272	-	25	46	343
Disposals	-	(10)	(48)	-	-	(58)
Transfers	-	-	-	-	83	83
Cost at 31/12/2015	17,053	2,264	1,632	875	292	22,116
Accumulated Depreciation at 01/01/2015	7,437	1,941	1,553	788	139	11,858
Current year depreciation	1,086	19	34	32	12	1,183
Disposals	-	(10)	(47)	-	-	(57)
Accumulated Depreciation at 31/12/2015	8,523	1,950	1,540	820	151	12,984
Additions	200	110	-	8	251	569
Disposals	-	(97)	(57)	(13)	(4)	(171)
Transfers	-	-	-	-	(323)	(323)
Cost at 31/12/2016	17,253	2,277	1,575	870	216	22,191
Current year depreciation	1,113	87	34	33	10	1,277
Disposals	-	(97)	(57)	(12)	(4)	(170)
Accumulated Depreciation at 31/12/2016	9,636	1,940	1,517	841	157	14,091
Additions	-	63	9	11	307	390
Disposals	(50)	(22)	(24)	-	(1)	(97)
Transfers	254	87	-	-	(341)	-
Cost at 31/12/2017	17,457	2,405	1,560	881	181	22,484
Current year depreciation	1,236	112	35	21	3	1,407
Disposals	(50)	(21)	(24)	-	(1)	(96)
Accumulated Depreciation at 31/12/2017	10,822	2,031	1,528	862	159	15,402
Additions	-	25	-	53	6	85
Disposals	(107)	(16)	-	-	-	(124)
Transfers	-	17	-	-	(17)	-
Cost at 30/06/2018	17,349	2,431	1,560	934	171	22,445
Current year depreciation	620	61	18	14	8	721
Disposals	(107)	(16)	-	-	-	(124)
Accumulated Depreciation at 30/06/2018	11,335	2,076	1,546	875	168	15,999
Net book value 2015	8,530	314	92	55	141	9,132
Net book value 2016	7,617	337	58	29	59	8,100
Net book value 2017	6,635	374	32	19	22	7,082
Net book value H1'18						

Source: Audited Financial Statements for the financial years ended 31 December 2015, 2016, 2017 and reviewed condensed interim financial information for the six months to 30 June 2018

PP&E are recorded at cost and depreciated on a straight line basis over their estimated useful life.

The Company's PP&E balance declined over the period spanning 2015-2017, from BD 9.1 million in 2015 to BD 8.1 million in 2016 and further to BD 7.1 million in 2017. The decline was primarily a result of the depreciation of cranes and transtainers which make up 93.6% of the fixed assets base. Significant items included within this asset class include shore-to-shore cranes, and rubber tyre gantry cranes, which have useful economic lives of 20 years and 10 years, respectively. Depreciation expenses increased from BD 1.2 million in 2015 to BD 1.3 million in 2016 and BD 1.4 million in 2017. These increases were due to additions to PP&E, including cranes and transtainers (BD 454k) and machinery and equipment (BD 532k), between 2015 and 2017.

Machinery and equipment, along with vehicles, represent the remaining core operating asset base of the Company, and includes assets such as tractors, trailers, fork lift trucks, straddle carriers and reach stackers.

Useful Life

Depreciation is calculated on a straight-line basis to allocate the cost of equipment and vehicles to their residual values over their estimated useful lives, as follows:

Asset category	Estimated useful life in years
Quay cranes	20
RTG cranes	10
Spreaders & straddle carriers	5
Vehicles	5
Tools	5
Machinery and equipment	5
Furniture, fixtures and equipment	5
Computer equipment	3

13.2.2 Regulatory Requirements or Environmental Issues

Other than what is disclosed in the Prospectus, there are no known regulatory requirements or environmental issues that may materially affect the Company's utilisation of any of its property, plant and equipment.

13.2.3 Current Assets

The Company's current assets comprise of the following:

- Trade receivables;
- Inventory;
- Prepayments and other assets; and
- Cash.

(a) **Trade Receivables**

The following table summarises the trade receivables of the Company as at 31 December 2015, 2016, 2017 and 30 June 2018.

Table 18 – Key Financial Information – Trade receivables, 2015 – H1'18

Currency: BD'000	31 Dec 2015	31 Dec 2016	31 Dec 2017	30 June 2018
Gross trade receivables	2,843	2,558	2,422	2,722
Specific provision	(494)	(539)	(481)	(476)
Net trade receivables	2,349	2,019	1,941	2,246

Source: Audited Financial Statements for the financial years ended 31 December 2015, 2016, 2017 and reviewed condensed interim financial information for the six months to 30 June 2018

The Company's net trade receivables declined over the 2015-2017 period, from BD 2.3 million in 2015 to BD 2 million in 2016 and further to BD 1.9 million in 2017. Day sales outstanding declined from 26 days in 2015 to 25 days in 2016 and to 19 days in 2017. These declines have been predominantly due to expedited billings and enhanced collections over 2015-2017.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial re-organisation, and default or delinquency in payments are considered indicators that the accounts receivable is impaired.

Specific provisions are calculated based on the age of the receivables.

(b) **Inventory**

The following table summarises the inventory of the Company as at 31 December 2015, 2016, 2017 and 30 June 2018.

Table 19 – Key Financial Information – Inventory, 2015 – H1'18

Currency: BD'000	31 Dec 2015	31 Dec 2016	31 Dec 2017	30 June 2018
Gross inventory	1,005	1,031	941	956
General provision	(549)	(619)	(622)	(613)
Net inventory	456	412	319	343

Source: Audited Financial Statements for the financial years ended 31 December 2015, 2016, 2017 and reviewed condensed interim financial information for the six months to 30 June 2018

Inventory comprises spare parts for equipment and vehicles (2017: BD 309k) and fuel (2017: BD 11k). Inventories are measured at the lower of cost and net realisable value. Inventories has declined over the 2015-2017 period, from BD 456k in 2015 to BD 412k in 2016 and to BD 319k in 2017.

(c) **Prepayments and Other Assets**

The following table summarises the prepayments and other receivables of the Company as at 31 December 2015, 2016, 2017 and 30 June 2018.

Table 20 – Key Financial Information – prepayments & other assets 2015 – H1'18

Currency: BD'000	31 Dec 2015	31 Dec 2016	31 Dec 2017	30 June 2018
Prepayments	367	437	505	1,068
Deposits	21	6,041	10,269	13,509
Other receivables	42	40	78	203
Total prepayments & other receivables	430	6,518	10,852	14,780

Source: Audited Financial Statements for the financial years ended 31 December 2015, 2016, 2017 and reviewed condensed interim financial information for the six months to 30 June 2018

Prepaid expenses and other assets include insurance prepayments, prepaid rent, insurance and other expenses paid in advance.

Prepayment and other receivables mainly consist of short term deposits with the ultimate controlling shareholder. These deposits comprise excess funds parked with the ultimate controlling shareholder in accordance with stated group policy where short-term excess cash is deposited with the Maersk Group or a bank.

As at 31 December 2017, BD 10,269k was deposited with the ultimate controlling shareholder. The deposits are generally priced at LIBOR less a 0.05% administrative charge.

(d) **Cash and Cash Equivalents**

Cash and cash equivalents at the end of the year decreased from BD 6,587k in 2015 to BD 2,685k in 2016 and further to BD 2,042k in 2017. The majority of the cash generated during the period is paid out as dividends to the Shareholders. The Company issued and declared dividends of BD 6,144k, 3,527k, and 9,209k in 2015, 2016, and 2017 respectively. No interim dividend was declared during the six month period ended 30 June 2018.

13.2.4 Current Liabilities

The Company's current liabilities comprise the following:

- Trade payables;
- Accrued expenses;
- Provisions;
- Other current liabilities; and
- Revenue Charge payables.

Trade and Other Payables

The following table summarises the trade payables of the Company as at 31 December 2015, 2016, 2017 and 30 June 2018.

Table 21 – Key Financial Information – Trade and other payables, 2015 – H1'18

Currency: BD'000	31 Dec 2015	31 Dec 2016	31 Dec 2017	30 June 2018
Revenue Charge payable	2,291	2,329	3,400	2,664
Accrued expenses	2,223	2,692	2,536	1,915
Trade payables	1,158	555	456	819
Provisions	379	412	409	215
Advances from customers	116	112	222	405
Total Trade and Other Payables	6,167	6,100	7,023	6,018

Source: Audited Financial Statements for the financial years ended 31 December 2015, 2016, 2017 and reviewed condensed interim financial information statements for the six months to 30 June 2018

Trade and other payables included trade payables, advances from customers, accrued expenses, provisions and Revenue Charge payable.

(a) **Trade Payables**

Of the above, trade payables as a proportion of the 'Trade and other payables' comprised 18.8%, 9.1% and 6.5% in 2015, 2016 and 2017, respectively. Trade payables as a proportion of total liabilities comprised 7.7%, 3.7% and 2.9% in 2015, 2016 and 2017, respectively. Trade payables relate primarily to equipment and manpower hire (as part of stevedoring services), spare parts, maintenance and expansionary capital expenditure and are allocable to a large number of vendors from whom such spare parts/services are procured. This sub-item of total trade and other payables reduced at a CAGR of 37% over 2015-2017, from BD 1,158k to BD 456k. Between 2015 and 2016, a reduction of 52% in trade payables from BD 1,158k to BD 555k was due to Svitser-related payments which were invoiced but not yet settled (of approximately BD 265k) and certain MMETCO related payments which were invoiced but unpaid (of approximately BD 234k).

(b) **Accrued Expenses**

Accrued expenses include items and services delivered to the Company but not yet invoiced, which relate to inventory purchases, management fee accruals, miscellaneous accruals, and accruals regarding leave balances and salaries payable. Accrued expenses made up 14.8%, 18.1% and 16.1% of the total trade and other payables over 2015, 2016 and 2017, respectively.

Table 22 - Accrued expenses

Currency: BD'000	31 Dec 2015	31 Dec 2016	31 Dec 2017	30 June 2018
Expenses accrued	1,460	1,990	2,175	1,595
Leave balance and salaries payable	308	266	157	182
Delivered but not invoiced	106	104	177	138
Management fee accrual	349	332	27	-
Total accrued expenses	2,223	2,692	2,536	1,915

Source: Audited Financial Statements for the financial years ended 31 December 2015, 2016, 2017 and APMT Bahrain for the six months to 30 June 2018

Expenses accrued, the largest subdivision of accrued expenses, included an amount of circa BD 937k which relates to the capitalisation (since 2009) of disputed custom duties payable by the Company to the Government.

The expenses accrued subdivision, as of 31 December 2017, includes accruals for overtime (BD 23k), claims from third parties/insurance (BD 29k) and services delivered by vendors including:

- Accruals of BD 663k towards the payment for stevedoring services in 2017;
- Accruals of BD 293k payable for marine services as per the sub-concession agreements;
- Accruals of BD 53k for port security services;
- Accruals of BD 38k payable to APM Terminals International B.V. (now named APM Terminals Management B.V.) for the provision of IT support and maintenance services; and
- Accruals of BD 21k for the supply of skilled workers including mechanics, technicians, and electricians.

(c) **Provisions and Other Liabilities**

As at 31 December, 2017, provisions and other liabilities comprised of employee bonuses amounting to BD 360k (monthly accrual of BD 30k for 12 months) which formed 88% of total provisions.

Provisions also included accruals towards disputes with 13 employees amounting to BD 49k since 2014.

(d) **Revenue Charge Payable**

Revenue charge payable balances represent Revenue Charge on revenue for the last quarter and an additional Revenue Charge payable for not meeting transshipment targets and certain key performance indicators payable for the full year or period end.

13.2.5 Finance Lease

(a) **Asset**

The intangible asset represents the exclusive right granted to the Company to operate, manage and develop KBSP.

An intangible asset has been recognised at the present value of the lease repayments, under IFRIC12, using a single discount rate of 9% which represented shareholder cost of capital.

The asset is being amortised over 25 years on a straight-line basis, with the amortisation charge being recognised in the income statement.

The present value of the annual rents, discounted at 9%, amounts to BD 8,808k. This is amortised over the period of the Concession, the annual amortisation being BD 352k. The net carrying value of the KBSP lease as at 31 December, 2017 in the books of the Company is BD 5,726k.

(b) **Liability and Finance Costs**

Finance lease liability is recognised based on the present value of total lease repayments including the principal charge. The difference between this liability and the intangible asset is recognised as a finance charge in the income statement. Financial lease liability is presented between non-current and current based on the repayment profile.

13.2.6 Employees' Benefits

Expatriate employees are entitled to leaving indemnities payable under the Bahrain Labour Law for the Private Sector 2012, based on length of service and final salary and other allowances paid. Provision for this unfunded commitment is made by calculating the notional liability had all employees left at the reporting date, is recognised as an expense in the profit or loss.

The provision for employee benefits stood at BD 260k, BD 307k and BD 386k over the period 2015-2017, growing in 2016 and 2017 at a year on year rate of 18.1% and 25.7% respectively.

As a proportion of total liabilities, employee benefits comprised 1.7%, 2.1% and 2.4% in 2015, 2016 and 2017 respectively.

13.2.7 Equity Movements

The following table summarises the equity movements of the Company as of 31 December 2015, 2016, 2017 and 30 June 2018.

Table 23 – Key Financial Information – Equity movements, 2015 – H1'18

Currency: BD'000	31 Dec 2015	31 Dec 2016	31 Dec 2017	30 June 2018
Opening capital	9,000	9,000	9,000	9,000
Additional capital raised	Nil	Nil	Nil	Nil
Capital	9,000	9,000	9,000	9,000
Opening retained earnings	430	60	251	436
Dividends for the year	(6,144)	(3,527)	(9,209)	(0)
Profit for the year	6,416	4,131	10,438	5,025
Transfer to statutory reserve	(642)	(413)	(1,044)	(0)
Retained earnings	60	251	436	5,461
Opening statutory reserve	1,348	1,990	2,403	3,447
Transfer to statutory reserve	642	413	1,044	0
Closing statutory reserve	1,990	2,403	3,447	3,447
Equity	11,050	11,654	12,883	17,908

Source: Audited Financial Statements for the financial years ended 31 December 2015, 2016, 2017 and reviewed condensed interim financial information for the six months to 30 June 2018

Equity comprises capital contributions, retained earnings and statutory reserves. Capital represents the fully paid up issued shares of the Company, whilst statutory reserves are maintained in accordance with Bahrain Commercial Companies Law of 2001 whereby APMT Bahrain is required to appropriate 10 percent of the net profit to a statutory reserve until such reserve is equal to 50% of the Company's capital.

With no additional capital contributions occurring during the period under review, the movement in equity has been driven by the net profit of the Company along with fully paid-up dividends.

The equity base registered a year on year growth of 5.5% and 10.5% in 2016 and 2017 respectively. Further, dividend payments of 96%, 85% and 88% of net profits were made in 2015, 2016 and 2017 respectively.

13.2.8 Liquidity and Capital Resources

The Company has historically generated sufficient cash from its operations to be able to maintain property, plant and equipment as well as to meet its lease obligations.

Table 24 – Internal Sources of Liquidity, 2015 – H1'18

Currency: BD'000	2015	2016	2017	H1'18
Net cash from operating activities	8,651	741	9,628	1,004
Less:				
Purchase of equipment and vehicles	343	246	390	85
Purchase of intangible assets	14	98	0	0
Proceeds from disposal of equipment and vehicles	(9)	(15)	(6)	(2)
Finance cost paid (net)	727	703	563	234
Finance lease liability paid	64	84	114	140
Interim dividend	6,144	3,527	9,209	0
Add:				
Cash and Cash equivalents at the beginning of the year	5,219	6,587	2,685	2,042
Cash available	6,587	2,685	2,042	2,589

Source: Audited Financial Statements for the financial years ended 31 December 2015, 2016, 2017 and reviewed condensed interim financial information for the six months to 30 June 2018

As at 31 December, 2017 the Company had a closing cash balance of BHD 2,042k and did not have any term loans or other bank borrowings.

Cash flow from operating activities increased from BD 741k in 2016 to BD 9,628k in 2017 largely as a result of a more than 152.7% increase in profits for the year 2017. Improved inventory management and better collection of receivables resulted in a further increase to the operating cash flows – over the period spanning 2015-2017, receivable balances as at year end declined from BD 2,349k in 2015 to BD 1,941k in 2017.

13.2.9 Directors' Opinion on the Company's Working Capital Position

APMT Bahrain's working capital, defined as the difference between its current assets and current liabilities and illustrating the Company's liquidity over a 12 month period, has been positive over 2015 – 2017 and during H1 2018, with the Company's current assets exceeding its current liabilities over the same period. The Company's working capital management includes active receivables collection, which averaged 30 days over 2015 – 2017 and further reduced to 22 days in H1 2018. This compared favourably to the Company's trade payables which averaged 110 days over 2015 – 2017 and 94 days in H1 2018. This policy has contributed positively to the Company's cash (and cash deposits) position, with cash (and cash deposits) averaging 74.5% of total current assets over 2015 – 2017 and 80.7% of total current assets in H1 2018.

The Company's working capital liquidity position also benefits from the Company's debt free position.

Table 25 – Net Working capital, 2015-2017, H1 2018

Currency: BD'000	2015	2016	2017	H1 2018
Current assets				
Cash and deposits	6,608	8,726	12,311	16,098
Inventories	456	412	319	343
Trade receivables	2,349	2,019	1,941	2,246
Prepaid expenses	367	437	505	1,068
Other receivables	42	40	78	203
	9,822	11,634	15,154	19,958
Current liabilities				
Trade payables	1,158	555	456	819
Advances from customers	116	112	222	405
Accrued expenses	2,223	2,692	2,536	1,915
Provisions	379	412	409	215
Revenue charge payable	2,291	2,329	3,400	2,664
Finance lease	84	114	140	175
	6,251	6,214	7,163	6,193
Net working capital	3,571	5,420	7,991	13,765

Source: Audited financial statements as at 31 December 2015, 2016, 2017 and reviewed condensed interim financial information for the six months to 30 June 2018

Given the current net working capital position, it is the Directors' opinion that the Company will continue to have sufficient liquidity for working capital and operational purposes.

13.2.10 Cash Flow Statement

The following table summarises the audited cash flow statements of the Company as of 31 December 2015, 2016, 2017 and 30 June 2018.

Table 26 – Key Financial Information – Cash flow summary, 2015 – H1'18

Currency: BD'000	2015	2016	2017	H1 2018
Net cash from operating activities	8,651	741	9,628	1,004
Net cash used in investing activities	(348)	(329)	(384)	(83)
Net cash used in financing activities	(6,935)	(4,314)	(9,886)	(374)
Net increase in cash and cash equivalents	1,368	(3,902)	(643)	547
Opening cash and cash equivalents	5,219	6,587	2,685	2,042
Closing cash and cash equivalents	6,587	2,685	2,042	2,589

Source: Audited Financial Statements for the financial years ended 31 December 2015, 2016, 2017 and reviewed condensed interim financial information for the six months to 30 June 2018

Cash and cash equivalents decreased year-on-year from BD 6.6 million in 2015 to BD 2.7 million in 2016, further decreasing to BD 2 million in 2017. This was largely driven by increased profitability, offset by declared and fully paid-up dividend payments.

Table 27 – Key Financial Information – Operating cash flows, 2015 – H1'18

Currency: BD'000	2015	2016	2017	H1 2018
Profit for the year	6,416	4,131	10,438	5,025
Adjusted for:				
Depreciation	1,183	1,277	1,407	721
Amortisation	445	422	429	213
Net finance costs	727	703	563	234
Gain on sale of equipment and vehicles	(8)	(14)	(5)	(2)
Changes in:				
(Increase) / decrease in Inventories	129	44	93	(24)
Increase in trade receivables	(189)	330	78	(305)
(Increase) / decrease in prepayments and other receivables	(207)	(6,088)	(4,334)	(3,928)
Increase/ (decrease) in trade and other payables	76	(111)	879	(1,023)
Increase in provision for employee indemnities	79	47	79	93
Net cash from operating activities	8,651	741	9,628	1,004

Source: Audited Financial Statements for the financial years ended 31 December 2015, 2016, 2017 and reviewed condensed interim financial information for the six months to 30 June 2018

Cash flow from operating activities increased from BD 741k in 2016 to BD 9,628k in 2017 largely as a result of more than 152.7% increase in profits for the year 2017. Improved inventory management and better collection of receivables resulted in a further increase to the operating cash flows. Over the 2015-2017 period, receivable balances as at year end declined from BD 2,349k in 2015 to BD 1,941k in 2017.

With H1'18 representing a six month period, net cash from operating activities has reduced. Additionally, adverse movements in working capital balances driven by timing differences has further reduced operating cash flow.

Table 28 – Key Financial Information – Investing cash flows, 2015 – H1'18

Currency: BD'000	2015	2016	2017	H1 2018
Purchase of equipment and vehicles	(343)	(246)	(390)	(85)
Purchase of intangible assets	(14)	(98)	-	-
Proceeds from disposal of equipment and vehicles	9	15	6	2
Net cash used in investing activities	(348)	(329)	(384)	(83)

Source: Audited Financial Statements for the financial years ended 31 December 2015, 2016, 2017 and reviewed condensed interim financial information for the six months to 30 June 2018

Net cash used in investing activities primarily amounted to the purchase of equipment and vehicles throughout the period spanning 2015-2017 which amounted to BD 348k in 2015, BD 329k in 2016 and BD 384k in 2017. Net cash used in investing activities additionally comprised of proceeds from disposals and the purchase of intangible assets.

Table 29 – Key Financial Information – Financing cash flows, 2015 – H1'18

Currency: BD'000	2015	2016	2017	H1 2018
Finance cost paid net	(727)	(703)	(563)	(234)
Finance lease liability paid	(64)	(84)	(114)	(140)
Dividend paid	(6,144)	(3,527)	(9,209)	-
Net cash used in financing activities	(6,935)	(4,314)	(9,886)	(374)

Source: Audited Financial Statements for the financial years ended 31 December 2015, 2016, 2017 and reviewed condensed interim financial information for the six months to 30 June 2018

The majority of net cash used in financing activities constituted of paid out dividends amounting to BD 6,144k, BD 3,527k, and BD 9,209k in 2015, 2016, and 2017 respectively. This equates to a payout of 96%, 85%, and 88% for each of the years respectively. As at 31 December 2017, net cash used in financing activities amounted to BD 9.9 million.

13.2.11 Dividend Distribution

The Company has paid out dividends amounting to BD 6,144k, 3,527k, and 9,209k in each of 2015, 2016, and 2017 respectively.

This equates to a payout of 96%, 85%, and 88% for each of the years respectively.

On the basis of a paid up share capital of BD 9,000k, the dividend yield amounted to 68%, 39%, and 102% for 2015, 2016, and 2017 respectively.

The high dividend payout is in accordance with the Company's policy of maximising dividend payout subject to adherence to local legal reserve requirements, any restrictions as per the debt facility agreements availed by the local business, any restrictions as specified in the Concession, maintenance of liquidity to sustain business operations, and maintaining the equity ratio at approximately 20% - 30%.

Table 30 – Key Financial Information – Annual dividends payment, 2015 – H1'18

BHD '000	Net profit	Dividends paid	Payout %
2015	6,416	6,144	96%
2016	4,131	3,527	85%
2017	10,438	9,209	88%
H1'18	5,025	-	-

Source: Audited Financial Statements for the financial years ended 31 December 2015, 2016, 2017 and reviewed condensed interim financial information for the six months to 30 June 2018

13.3 Research and Development, Patents and Licences

The Company has neither a research and development function nor any patents or licences for use of intellectual property by other parties.

13.4 Trend Information

Revenues increased to BD 36,345k in 2017 after declining from BD 32,380k in 2015 to BD 28,939k in 2016. This increase in 2017 resulted from an increase in both container and general/break-bulk cargo volumes, as well as an upward revision in port tariffs in 2017.

Local container volumes have steadily increased over the 2015-2017 period, from 370k TEUs in 2015 to 400k TEUs in 2017 as a result of increase in both imports and exports backed by increased consumer demand. Transshipment volumes declined, however, from 55k TEUs in 2015 to 2k TEUs in 2017.

General cargo volumes declined from 1,291k freight tons in 2015 to 944k freight tons in 2017. The general cargo market in 2016 declined due to a drop in global selling prices for non-oil commodities that led to a shrinkage in export volumes. The decline was also a result of reduction in local demand for cars, decreased demand faced by the car re-export market, an increase in steel prices and the drop in sugar imports. General cargo volumes picked up in 2017 on the back of an increase in the volume of cement imports and an improvement in steel exports. Demand for cars in the local market continued to decline.

At 31 December 2017, the total revenue for the Company was BD 36,345k, growing at a CAGR of 5.9% during the period from 2015 to 2017. The total revenue during the first six months of 2018 stood at BD 18,663k, an increase of 14.5% over the same period in the previous year.

In 2017, the Company's net profit margin stood at 28.7% which is 14.4% higher as compared with 2016 (14.3%).

13.4.1 Container Terminal Services

Revenue from the container terminal for the period from 2015 to 2017 grew at a CAGR of 13%, propelled by a 30.7% year on year growth in 2017, following decreases of 8.1% and 2.3% in 2015 and 2016 respectively.

The main driver for the increase in container terminal revenue in 2017 was the recovery of EXIM volumes and the container terminal tariff increases in the range of 16-25%.

The decline in container cargo in 2016 was mainly a result of an 88.6% decline in transshipment volumes during the year as one of the two carriers attributing these volumes filed for bankruptcy while the other changed their network and ceased transshipment in Bahrain. The local container market showed a marginal 1.2% increase during the year – driven by increased export of aluminium. Exports however were also partially impacted by a decline of garment exports due to challenges posed by the non-renewal of the US-Bahrain Free Trade Agreement (FTA). There was also a shift towards containerisation of steel in view of demand for smaller quantities of shipments.

The Company continues to witness robust growth in container terminal revenue during the first six months of 2018, wherein container revenue increased by 28.1% as compared to the same period in the previous year.

Transshipment volumes declined over the 2015-2017 period. Volumes decreased by 46.5% to 55k TEUs in 2015, declining further to 4k TEUs (88.6% decline) and 1.2k TEUs (68.2% decline) in 2016 and 2017 respectively.

The decline in volumes was due to two of the largest transshipment customers to KBSP ceasing their transshipment services at KBSP. This coupled with added port capacity within the upper gulf ports have negatively impacted KBSP's efforts to act as transshipment hub for the upper gulf ports.

In 2017, in a bid to encourage the use of transshipment services and facilities, the revision in container terminal tariffs also introduced a 50% reduction in the charges for discharging/loading of transshipment containers (full cycle).

13.4.2 General Cargo Services

General cargo revenue recovered in 2017 to near 2015 levels, with a year on year growth of 25.2%, following a dip in 2016 (negative growth of 20.9%). The general cargo revenues for the period from 2015 to 2017 therefore exhibited a marginal negative CAGR of 0.5%.

The growth in 2017 was driven by an increase in general cargo tonnage by 21.2% in 2017 led by an increase in cement imports due to the ongoing infrastructure projects and the continued ban on imports from Saudi Arabia. The improvement in global steel prices also helped push steel exports while sulphur volumes remained consistent. In 2016 general cargo volumes dipped by 39.7% due to the drop in global selling prices of non-oil commodities such as steel etc. that led to a shrinkage in export volumes by local companies as well as the shutting down of a major sugar company's operation in Bahrain, which accounted for imports of approximately 350-400K MT of sugar per annum.

The Company continues to witness robust growth in the general business during the first six months of 2018, wherein general cargo revenue increased by 7.1% with a corresponding increase of 9.3% in freight ton volumes as compared to the same period in the previous year.

13.4.3 Marine Services

The revenue from marine services for the period from 2015 to 2017 grew at a CAGR of 4%. Revenue increase was primarily driven by the changes in military tariffs in November 2016 and non-military tariffs in May 2017.

The number of vessels calling on to KBSP and the MSP have reduced by a CAGR of 6% over the period 2015 – 2017. The number of marine calls declined in 2016 but have marginally increased in 2017 (2015: 1,100 calls; 2016: 973 calls; 2017: 975 calls).

Section 14: Audited Financial Statements

14 Audited Financial Statements

14.1 The Company's Audited Financial Statements and Reviewed Financial Statements

The Company's audited financial statements for the years ended 31 December 2015, 31 December 2016 and 31 December 2017 as well as the reviewed financial statements for the six months ended 30 June 2018 are set out in Appendix C of this Prospectus.

14.2 Change in Accounting Policy

There have been no changes in the accounting policies adopted by the management of the Company in the preparation of the Company's financial statements between the year commencing 1 January 2013 and the period ending 30 June 2018.

14.3 Adoption of New and Revised International Financial Reporting Standards (IFRSs) as per the Audited/Reviewed Financial Statements

14.3.1 Standards and Interpretations Effective as per Audited Financial Statement for the year ended 31 December 2017

Standards and Interpretations Effective as per Audited Financial Statement for the year ended 31 December 2017

(a) Early adoption of standards

IFRS 9 – Financial Instruments: Recognition and Measurement

The Company has adopted IFRS 9 Financial Instruments: Recognition and Measurement (IFRS 9) in advance of its compulsory effective date. The Company has chosen 1 January 2017 as the date of initial application, i.e. the date on which the Company has assessed the classification and measurement of its existing financial assets and financial liabilities.

The standard has been applied retrospectively and, as permitted by IFRS 9, comparative figures have not been restated. There is no major impact of the early adoption of IFRS 9 as at 1 January 2017 and it required no adjustment to the opening balance of equity or retained earnings.

(b) New standards, amendments and interpretations effective from 1 January 2017

The following standards, amendments and interpretations, which became effective as of 1 January 2017, are relevant to the Company:

(i) Disclosure Initiative (Amendments to IAS 7)

The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

The amendments are effective for annual periods beginning on or after 1 January 2017 on prospective basis. The adoption of these amendments had no significant impact on the financial statements of the Company.

(ii) Annual Improvements to IFRSs 2012–2014 Cycle – various standards

The annual improvements to IFRSs to 2012–2014 cycles include a number of amendments to various IFRSs. Earlier application is permitted (along with the special transitional requirement in each case), in which case the related consequential amendments to other IFRSs would also apply. The adoption of these amendments had no significant impact on the financial statements of the Company.

14.3.2 New standards, amendments, and interpretations issued but not yet effective as per Audited Financial Statements for the year ended 31 December 2017

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2017 and earlier application is permitted. The Company does not plan to early adopt these standards.

(a) IFRS 15 – Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmed.

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. Based on the management's assessment, adoption of the standard is not expected to have a material impact on the financial statement of the Company.

(b) IFRS 16 Leases

IFRS 16 introduces a single, on-balance lease sheet accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard- i.e. lessors continue to classify leases as finance or operating leases.

IFRS 16 replaces existing leases guidance including IAS 17 Leases, IFRIC 4 determining whether an arrangement contains a lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial application of IFRS 16.

The Company is still assessing the impact on its financial statements from adoption of this standard.

14.3.3 Standards affecting the disclosures and presentation as per the reviewed financial statement for the six months ended 30 June 2018

None of the revised standards that have been adopted in the current period which are effective for annual periods beginning on or after 1 January 2017 have affected the disclosures and presentations in the financial information reviewed for the six month period ended 30 June 2018.

14.4 Material Changes

APMT Bahrain confirms that there have been no events since 30 June 2018 which may have a material effect on the financial position and results of the Company.

14.5 Disputes, Legal Proceedings and Litigation

14.5.1 There are no material outstanding or pending litigations, legal or arbitration proceedings, including those relating to money laundering, financial crimes, bankruptcy, receivership or similar proceedings nor any material dispute involving any third party, which are expected to have, or have had in the last 12 months immediately preceding the date of this Prospectus, material effects on the Company's financial position or profitability.

14.5.2 Certain customs duties payable to the Import and Customs Authority are outstanding, with BHD 937k having accrued since 2009 in connection with import duties on heavy equipment and machinery. The Company has requested that the above amount be waived for reasons explained to the Import and Customs Authority. The above amount has been provided for.

- 14.5.3** Aside from the disputes/claims mentioned above there are no other material disputes with any other third parties.

14.6 Distributions and Dividends

- 14.6.1** As shown in the table below, during the years 2013 to 2017, the Company has on average paid 103% of the annual net income as dividends:

BHD '000	2013	2014	2015	2016	2017
Net Income	2,867	4,883	6,416	4,131	10,438
Dividends Paid	(3,770)	(5,500)	(6,144)	(3,527)	(9,209)
Payout ratio (%)	131%	113%	96%	85%	88%

- 14.6.2** APMT Bahrain's dividend policy is to distribute all the surplus funds after meeting the operating needs of the Company to the Shareholders. Dividend payments must be recommended by the Board and approved at the General Assemblies, neither of which is under any obligation to recommend or approve dividend payments. The Company's dividend payments are subject to the following:

- (a) Local legal reserve requirements (if any) should be met;
- (b) Any restrictions in loan documentation, the Concession or other agreements should be adhered to;
- (c) Cumulative retained earnings should be positive;
- (d) The net result for the year should be positive;
- (e) The equity ratio (equity/total assets) should remain at an acceptable level. As a general rule the ratio should not be less than 20-30% at any time;
- (f) Dividend should be paid out of cash and the entity is not allowed to enter in any loan agreement to pay the dividends; and
- (g) The terminal should have sufficient liquid funds for its operations following payout of dividend.

- 14.6.3** In relation to the Offering, each Share shall entitle the holder to participate in the dividends, if declared by the Company. Each Share allotted to Applicants will participate in any dividend due to be paid to Shareholders in respect of the financial years ending 31 December 2018 onwards.

Section 15: Information in relation to interim financial statements to 30 June 2018

The accounting policies applied in the condensed interim financial statements of the Company for the period to 30 June 2018 are the same as those applied in the Company's financial statements as at and for the year ended 31 December 2017, except for adoption of a new standard as set out below.

Adoption of new accounting standards

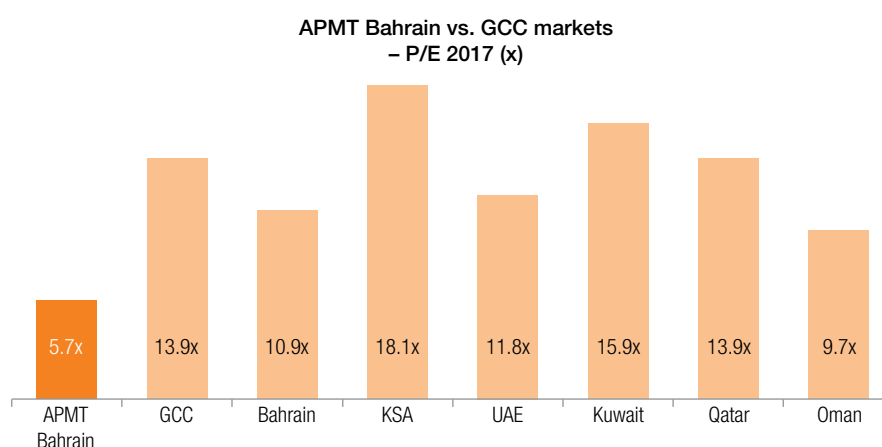
The Company has adopted IFRS15 – Revenue from contracts with customers on 1 January 2018. The Company did not have a significant impact on its financial statements from the adoption of this standard.

Section 16: Offering and Listing

16 The Offering

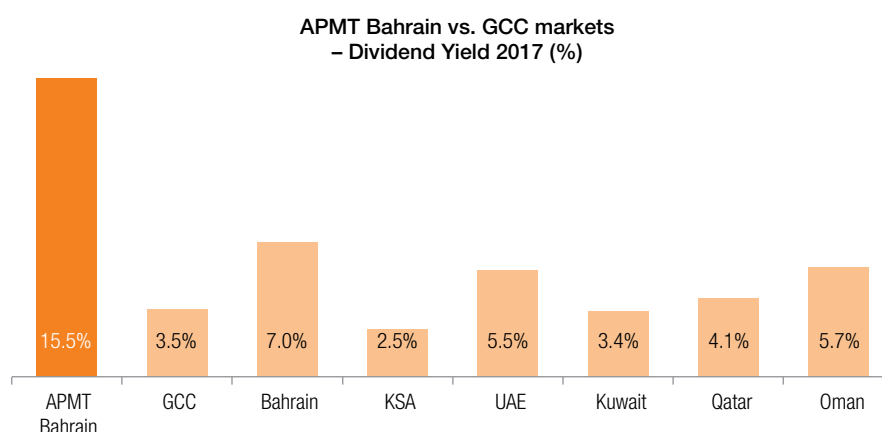
The Offering consists of an offer for the sale of eighteen million (18,000,000) existing Shares equivalent to twenty (20%) of the Company's issued share capital. Each Share has a nominal value of BHD 0.100 and is offered at a price of BHD 0.660 per Share. The Offer is directed at Bahraini and non-Bahraini corporate and individual investors, under the terms and subject to the conditions contained in this Prospectus. The Offer Shares shall rank in all respects pari passu with all other Shares. The Offer Shares have the rights described in section 19 ("Additional Information") of this Prospectus.

The Offer Price of BHD 0.660 per share reflects a price-to-earnings ("P/E") ratio of 5.7 times FY 2017's net profit of BHD 10.4 million. The following chart provides a comparison of APMT Bahrain's 2017 P/E ratio (based on the Offer Price) to the overall GCC stock market's 2017 P/E ratio as well as the individual GCC market indices' 2017 P/E ratios.



Source: Bloomberg as of 29 August 2018

Furthermore, the Offer Price reflects a historical dividend yield of 15.5% based on the FY 2017 total dividends paid which equated to BHD 9.2 million. The following chart provides a comparison of APMT Bahrain's 2017 dividend yield (based on the Offer Price) to the GCC stock market's 2017 dividend yield as a whole as well as the individual GCC market indices' 2017 dividend yield.



Source: Bloomberg as of 29 August 2018

16.1 Pricing of the Offering

The Lead Manager determined the Offer Price through a valuation exercise:

The Company's exclusive right to utilise, manage and operate KBSP is limited to the remaining term of the Concession. The Concession is valid until 31 March 2034. On expiry of the Concession, the Government has the option to take over KBSP's assets, which will result in the end of the Concession and possible liquidation of the Company.

The return for Applicants comprises dividends until the expiry of the Concession and distribution on liquidation.

Therefore, this element of the valuation exercise involved valuing the Issuer using the present value of its expected dividends and terminal value, such that it yields investors an acceptable Internal Rate of Return (IRR) over the remaining term of the Concession. The valuation process involved the following steps:

(a) **Step 1: Project dividend payments**

Based on the Company's historical performance and a market study report prepared by a market consultant appointed by the Company, the Lead Manager estimated the expected future dividends of the Company, after incorporating estimated capital investments required to sustain the business.

(b) **Step 2: Terminal value**

According to the Concession, the Government has the obligation for the purchase of the "New Equipment" and an option to purchase the "Additional Assets" as defined in the Concession at a price which is higher of the appraised fair market value or the net book value, at the end of the Concession period. The book value of equity at the end of the Concession was assumed as the terminal value, less liquidation costs.

(c) **Step 3: Calculate present value based on acceptable IRR for investors**

The Lead Manager discounted the projected dividends of the Company and terminal value using an acceptable IRR to determine the Company's equity value. The calculation is explained below:

$$\text{Equity Value} = \frac{D_1}{(1+R)^1} + \frac{D_2}{(1+R)^2} + \dots + \frac{D_T + T}{(1+R)^n}$$

Where,

D1 = Dividend for year 1

D2 = Dividend for year 2 and so on until

DT = Dividend for the final (terminal) year

R = Investor Expected Internal Rate of Return

T = Terminal value

n = Number of years until expiry of the Concession

(d) **Step 4: Other factors considered in determining the Offer Price**

Other factors considered in determining the Offer Price were the Company's record of operations, its current financial condition, its management, its markets, its future prospects, the economic conditions of and the future prospects for the industry in which it competes and the currently prevailing general conditions in the equity securities markets, including current market valuations of publicly traded companies considered comparable to the Company as well as the application of an appropriate IPO discount.

The final Offer Price, BHD 0.660 per Share, was determined by the Issuer in consultation with the Lead Manager.

16.2 Minimum applications

16.2.1 The minimum allowable application is for one Offer Share.

16.2.2 Applicants who apply for up to (and including) 100,000 Offer Shares will be deemed to be Retail Applicants. Applicants who apply for 100,001 or more Offer Shares will be deemed to be Institutional Applicants.

16.3 Applicant categories and allotment basis

16.3.1 Applicant categories

An Applicant will be categorised as either an Institutional Applicant or a Retail Applicant based on the criteria set out below:

- (a) **Institutional Applicant:** An Applicant is deemed to be an Institutional Applicant if it subscribes for a minimum of 100,001 Offer Shares; and
- (b) **Retail Applicant:** An Applicant is deemed to be a Retail Applicant if it subscribes for less than or equal to 100,000 Offer Shares.

16.3.2 Under-or full subscription

If the total number of Offer Shares applied for by Eligible Applicants is less than or equal to the number of Offer Shares offered, all Eligible Applicants will be allotted the number of Offer Shares they have applied for subject to the finalisation of the allocations with the CBB under its discretions and regulatory powers.

16.3.3 Over-subscription

If the total number of Offer Shares applied for by Eligible Applicants exceeds the number of Offer Shares offered, the Company shall, in consultation with the Lead Manager, establish an Allotment basis in which the Offer Shares will be allocated as set out below:

- (a) If the total number of Offer Shares applied for by Institutional Applicants is equal to or less than 12,600,000 Offer Shares (70% of the Offer Shares) (the “**Institutional Allocation**”), all Institutional Applicants will be allotted the number of Offer Shares they have applied for. Any remaining Offer Shares from the Institutional Allocation, after allocation to Institutional Applicants, will be allotted to Retail Applicants on the Retail Allotment Basis (as defined below);
- (b) If the total number of Offer Shares applied for by Retail Applicants is equal to or less than 5,400,000 Offer Shares (30% of the Offer Shares) (the “**Retail Allocation**”), all Retail Applicants will be allotted the number of Offer Shares they have applied for. Any remaining Offer Shares from the Retail Allocation, after allocation to Retail Applicants, will be allotted pro-rata to Institutional Applicants who were not allotted the full number of Offer Shares they applied for based on the number of Offer Shares each Institutional Applicant applied for; and
- (c) If the total number of Offer Shares applied for by Retail Applicants exceeds the Retail Allocation (i.e., 5,400,000 Offer Shares being 30% of the Offer Shares), then:
 - i each Retail Applicant shall first receive an equal allocation from the Retail Allocation, and only up to the total Retail Allocation available, until such allotment of Offer Shares is equal to the lower of the amount applied for by such Retail Applicant and 15,000 Offer Shares (the “**Initial Minimum Retail Allocation**”); then

- ii Once each Retail Applicant is allotted the Initial Minimum Retail Allocation, any excess Offer Shares from within the Retail Allocation shall be allotted to Retail Applicants who were not allotted the full number of Offer Shares they applied for on a pro rata basis to the Offer Shares applied for by such Retail Applicants (the “**Second Pro-Rata Retail Allocation**”); then
 - iii Once Retail Applicants are allotted the Initial Minimum Retail Allocation and the Second Pro-Rata Retail Allocation, and if the number of Offer Shares applied for by Institutional Applicants is less than the Institutional Allocation (i.e., 12,600,000 Offer Shares being 70% of the Offer Shares), Retail Applicants who were not allotted the full number of Offer Shares they applied for will be allotted any Offer Shares from the Institutional Allocation that was not applied for by Institutional Applicants on a pro rata basis to the Offer Shares applied for by such Retail Applicants (the “**Final Retail Allocation**”).
- (d) The “**Retail Allotment Basis**” shall comprise of the Initial Minimum Retail Allocation, the Second Pro-Rata Retail Allocation, and the Final Retail Allocation.

16.4 Other subscription and allotment conditions

Other subscription and allotment conditions are as follows:

- 16.4.1** The results of the application and confirmation of the basis of allotment will be published in a minimum of two local newspapers in the Bahrain, one in Arabic and the other in English, within two (2) Calendar Days of the Application Closing Date. The decision of the Lead Manager on the basis of allotment and on each individual Allotment shall be final;
- 16.4.2** Minor Applicants should make their applications through their legal guardian;
- 16.4.3** Allotment of the Offer Shares is expected to be completed on the Allotment Date; and
- 16.4.4** No Shares shall be distributed pursuant to this Prospectus on any date falling six (6) months after the date of this Prospectus.

16.5 Selling Shareholders

Pursuant to the Offering, each of the Founders is selling 20% of their shareholding in the Company. Accordingly, APM Terminals B.V. is selling 14,400,000 Shares (representing 16% of the total issued share capital of the Company immediately prior to the Offering) and Yusuf Bin Ahmed Kanoo (Holdings) Co. W.L.L. is selling 3,600,000 Shares (representing 4% of the total issued share capital of the Company immediately prior to the Offering).

Name and address	Designation	Ownership Pre-Offer			Ownership Post-Offer		
		No. of shares	% ownership	Type	No. of shares	% ownership	Type
APM Terminals B.V. Address: Turfmarkt 107, 2511 DP, The Hague, The Netherlands	Shareholder	72,000,000	80%	Ordinary shares	57,600,000	64%	Ordinary shares
Yusuf Bin Ahmed Kanoo (Holdings) Co. W.L.L. Address: Building No. 2, Abu Obeidha Avenue, Block No. 304, Road No. 302, P.O. Box 45, Manama, Kingdom of Bahrain	Shareholder	18,000,000	20%	Ordinary shares	14,400,000	16%	Ordinary shares

16.6 Listing of Shares on Bahrain Bourse

The Company has applied to the CBB and Bahrain Bourse to admit all of the Shares for trading on Bahrain Bourse under the symbol APMTB. All Applicants are required to have an Investor Number (IN) with Bahrain Clear. Applicants who do not have an Investor Number with Bahrain Clear will be required to pay the Investor Number Fee at the time of application. Initially, all Offer Shares purchased in the Offering will be held in Applicants' Investor Accounts.

16.7 Lock-In Period

Under the laws of Bahrain, the Founders shall be restricted from transferring their Shares for a period of one year beginning on the Commencement of Trading Date.

16.8 Plan of distribution

The Underwriting Agreement

The Underwriter is SICO B.S.C.(c), address BMB Centre, 1st Floor, PO Box 1331, Manama, Kingdom of Bahrain.

The Issuer and the Underwriter entered into the Underwriting Agreement on 16 September 2018 in relation to the underwriting of eighteen million (18,000,000) existing Offer Shares offered under the Offering. Subject to the terms and conditions set out in the Underwriting Agreement, the Underwriter undertakes to purchase from the Issuer all Offer Shares which have not been applied for during the Offering Period up to a maximum of eighteen million (18,000,000) Offer Shares at BHD 0.660 per Offer Share.

The Issuer has agreed to pay the Underwriter an underwriting fee equivalent to 0.9% of the Offer Price multiplied by the number of Offer Shares. This underwriting fee is payable by the Receiving Bank from the aggregate of the monies in the Application Monies Bank Account, payable immediately on receipt by the Receiving Bank of a payment instruction from the Company, which the Company is required to issue by no later than the Distribution of Refunds Date.

At the Application Closing Date, the Lead Manager shall determine the number of Offer Shares for which Application Forms have been received.

- **Full Subscription:** If the aggregate number of Offer Shares applied for pursuant to the Application Forms received by the Receiving Bank and the Participating Brokers at the end of the Offering Period amount to at least the full number of eighteen million (18,000,000) Offer Shares the Underwriter can be released and discharged from its obligations.
- **Under Subscription:** If the aggregate number of Offer Shares applied for pursuant to the Application Forms received by the Receiving Bank and the Participating Brokers at the end of the Offering Period does not amount to at least eighteen million (18,000,000) Offer Shares then the Underwriter shall, as principal, apply for and acquire in cash at the Offer Price the number of such shortfall from the eighteen million (18,000,000) Offer Shares offered under the Offering by executing an Application Form by the Allotment Date applying for the remaining Offer Shares.

Under the CBB Rulebook, where an Underwriter has been appointed and the securities offered are not fully subscribed during the Offer Period the Underwriter must purchase the balance of the Offer Shares through a firm commitment underwriting arrangement. The Underwriter and the Company are entering into the Underwriting Agreement to satisfy these requirements. The terms and conditions to this firm underwriting arrangement are set out in the Underwriting Agreement which is a document available for inspection.

The obligation on the Underwriter to underwrite the Offer Shares under the Underwriting Agreement is subject to certain customary conditions, including with respect to the truth and accuracy of certain representations, warranties and undertakings. If the conditions are not satisfied by the required time and continue not to be satisfied or remedied by the Company at the Underwriting Date (as defined in the Underwriting Agreement) then the Underwriter may terminate the Underwriting Agreement by written notice to the Company. The Underwriter may also terminate the Underwriting Agreement by written notice to the Company if any of the warranties or any statement contained in any Offering Document or any of the Supplemental Materials (as such terms are defined in the Underwriting Agreement) is untrue, inaccurate or misleading and has caused a Material Adverse Effect (as defined in the Underwriting Agreement) which persists and has not been remedied by the Company by the Underwriting Date.

The Issuer has made certain representations and warranties and has given certain undertakings to the Underwriter. The Issuer has agreed, subject to certain limitations, to indemnify and hold harmless the Underwriter on a continuing basis from and against certain losses, liabilities, claims, damages, costs and expenses that the Underwriter may suffer or incur in any jurisdiction arising from (among other things) the underwriting, the performance of the Underwriter's obligations under the Underwriting Agreement, and relating to the Offering and certain Offering documents, which is also described in the Underwriting Agreement. There are certain limitations on the liability of the Underwriter under the Underwriting Agreement.

The Underwriting Agreement contains Force Majeure Event (as defined in the Underwriting Agreement) provisions under which it may be suspended upon certain events occurring, including the disruption of Bahrain Bourse's operation and any change or development involving a material adverse change in Bahrain's national or international political, financial or economic conditions since the date of the Underwriting Agreement. The Underwriting Agreement may subsequently be terminated (in accordance with its terms) if the force majeure condition persists.

16.9 Broker Participation Agreement

The Company or the Lead Manager have appointed the Participating Brokers by entering into a Broker Participating Agreement setting out the terms and conditions upon which each Participating Broker agrees to provide brokerage services to its investor clients in relation to the Offering for the purposes of facilitating the submission of applications for Offer Shares by Eligible Applicants. The brokerage services cover the receipt from each Participating Broker's investor clients of instructions for the purchase of Offer Shares through the Offering and the submission, on behalf of such clients, of applications to the Receiving Bank in accordance with the terms of this Prospectus and the OFS together with any other applicable CBB regulations. Each Participating Broker is entitled to forward to its investor clients solely this Prospectus, the Application Form and any other information or material published by the Issuer for public circulation in compliance with the OFS and other applicable CBB regulations.

Offer Shares allotted to an Eligible Applicant who applied through a Participating Broker will be automatically transferred by the Registrar to the Participating Broker following Allotment in accordance with this Prospectus by means of entry of such allotted Offer Shares in the Securities Account with the Registrar indicated in the application, and the Participating Broker will inform the relevant client(s) on receipt of such transfer.

Each Participating Broker shall be entitled to charge to its client a commission for the performance of the IPO brokerage services up to a maximum amount of 0.20% of the aggregate purchase price of all Offer Shares finally allotted to the relevant client having submitted its application through the Participating Broker in accordance with this Prospectus. No other fees, commissions, charge or remuneration whatsoever shall be payable to a Participating Broker by the Lead Manager or any other third party.

Both parties to the Broker Participation Agreement exclude liability (and that of their affiliates, officers, directors, employees, agents and representatives) unless, broadly, damage, loss, expense or liability in the circumstances described arises from the relevant party's or any of its affiliates', officers', directors' and employees', agents' and representatives' respective gross negligence, fraud or wilful misconduct as finally adjudicated by a court of competent jurisdiction.

Each Broker Participation Agreement is subject to termination in accordance with its terms.

16.10 Market making and price stabilisation

The Company has appointed SICO B.S.C.(c) to act as the Market Maker to provide price stabilisation and market making services with the purpose of favouring liquidity and regular trading of the Shares. The appointment is for 6 months from the date of admission to trading on Bahrain Bourse of the Shares, subject to earlier termination by either party with the approval of the CBB. To govern this relationship, the Company and the Market Maker entered into a market making and price stabilisation agreement which will come into effect on the Commencement of Trading Date.

Under the market making and price stabilisation agreement the Market Maker agrees to undertake price stabilisation activities for a period of 30 days from the date of listing of the Shares on Bahrain Bourse and thereafter to provide market making activities for a minimum period to continue until 6 months from the date of listing of the Shares on Bahrain Bourse.

In the initial 30 day price stabilisation period the price stabilisation services are provided by the Market Maker to support the Offer Price in accordance with the market making and price stabilisation agreement. During this initial period no offer will be made by the market maker at above the Offer Price. After this initial period the market making services provided by the Market Maker seek to assist in maintaining liquidity for transactions in Shares on Bahrain Bourse for the remainder of the period of the market making and price stabilisation agreement.

The Market Maker will also provide certain ancillary services in connection with its role, either directly or through SICO Funds Services Company B.S.C.(c) (as permitted), including administration, brokerage and custody services.

In the performance of the Market Making and Price Stabilisation Services (as defined in the market making and price stabilisation agreement), the Market Maker shall operate on a discretionary basis, and in such capacity shall have full power and absolute authority to buy, sell or otherwise effect Transactions (as defined in the market making and price stabilisation agreement). The maximum number of Shares that the Market Maker may own at any time on behalf and for the account of the Company under the market making agreement shall be equal to 3% of the Company's issued share capital subject to CBB approval.

The Market Maker shall not be liable in the event that there is a decline in the value of the Shares. The Market Maker and certain of its representatives and associates exclude liability for any loss suffered by the Company under, or in connection with, or as a result of, the Market Making and Price Stabilization Services or the Ancillary Services (as defined in the market making and price stabilisation agreement) or other action permitted under the agreement, subject to typical exclusions. The Company agrees to indemnify and hold harmless the Market Maker against all damage, direct losses, expenses and liabilities incurred or paid by the Market Maker arising out of its appointment and its performance of the various services in compliance with the agreement, subject to typical exclusions.

For the Market Making and Price Stabilization Services, the Company is charged a fee of 1% per annum, calculated based on the market value of assets in the portfolio subject to a minimum fee of BHD 5k. For the Custody Services and the Administration Services (as defined in the price stabilisation agreement), the Company is charged a custody and administration fee of 0.15% per annum, calculated based on the daily market value of assets under custody. For the Brokerage Services (as defined in the market making agreement), the Company is charged a brokerage transaction commission of 0.275% of the Transaction value in line with Bahrain Bourse standard terms based on the value of each transaction carried out by the Market Maker subject to a minimum amount of BD3 per transaction.

A public announcement shall be made by the Market Maker through Bahrain Bourse on the Business Day immediately following 24 November 2018 stating that the Shares may be subject to stabilisation action, the period during which stabilisation action may be taken and the maximum number of Shares that may be owned at any time by the Market Maker at any given time for and on behalf of the Company. In addition, the Market Maker shall make an announcement through Bahrain Bourse of the cessation of any stabilising action and referring to the commencement of the market making activities, no later than the start of the trading day of the Bahrain Bourse immediately following the day of cessation of the stabilisation action.

The market making and price stabilisation agreement is subject to the rules and regulations of the CBB including but not limited to Volume 6 of the CBB Rulebook, the Bahrain Bourse rules and the Bahrain Bourse Market Making Guidelines.

16.11 Expenses of the Offering

The following table sets out the expenses that the Selling Shareholders are incurring, pro rata to their shareholdings in the Company pre-IPO, as a result of the Offering. The Company is not paying for any of the expenses of the Offering or the expenses associated with earlier proposed placements or offerings of Shares.

Table 31 – Expenses of the Offering

Advisor	Expenses of the Offering are for the account of the Selling Shareholders and will be netted from the Gross Proceeds* BHD
PR, media, advertising, printing, market research, travel and other IPO consulting and issuance expenses	164,000
Lead Manager	150,000
Legal Advisors (at the last practicable date)	150,000
Underwriter	106,920
Financial Due Diligence Advisor	33,365
Receiving Bank	27,144
Allotment Agent	10,000
Market Maker**	6,000

*Subject to minor variation

**Price stabilisation and market making are ongoing services and accordingly certain ongoing expenses will be borne by the Company after the IPO.

16.12 Reasons for the Offer and Use of Proceeds

16.12.1 The Company is required under the terms of the Concession to undertake the Conversion and offer twenty (20) per cent of the issued share capital of the Company through the Initial Public Offering.

16.12.2 The total value of the Offering is expected to be BHD 11,880,000 of which approximately BHD 647,429 will be paid as Offering expenses, including the fees of the financial advisers, Legal Advisers, media and public relations consultants, underwriting expenses, Receiving Bank's expenses, marketing expenses, printing and distribution expenses and other expenses related to the Offering. Furthermore, BHD 292,072 will be reimbursed to the Company from the Gross Proceeds for earlier attempts at initial public offerings and private placements since and including the year 2015.

16.12.3 The Company will distribute the Net Proceeds, which are estimated to amount to BHD 10,940,499 from the Offering to the Selling Shareholders in consideration for their sale of the Offer Shares.

Section 17: Risk Factors and Investment Considerations

17 Risk Factors and Investment Considerations

An investment in Shares in the Company, particularly as the Offer Shares are being offered for the first time, involves a degree of risk and should only be made by prospective investors who have the necessary expertise to fully evaluate the risks and make an informed investment decision and are able to bear the economic risk inherent in the investment. It is strongly recommended that prospective investors also consult their own financial, tax, legal, and other professional advisers regarding the suitability of this investment.

The Board believes that an equity investment may be subject to a number of risks. Before deciding whether to invest, prospective investors should carefully consider and evaluate the risks inherent in the Company's proposed business, including the risks described below, together with all other information contained in this Prospectus. Such risks could have an adverse effect on the Company's proposed business and anticipated financial condition and/or results. In such cases, an investor could lose part or all of its investment. Additional risks and uncertainties not currently known to the Board may also have an adverse effect on the Company's proposed business, and the information set out below does not purport to be an exhaustive summary of the risks affecting, or which may affect, the Company. Unless otherwise stated in the relevant risk factors set forth below, the Company, the Board and the Lead Manager are not in a position to specify or quantify the financial or other implications of any of the risks mentioned herein.

In the case of any forward-looking statements contained in this Prospectus, it should be considered that actual results and the timing of certain events could differ materially from those projected in such forward-looking statements due to a number of factors, including those set forth below and elsewhere in this Prospectus.

Applicants should consider carefully whether investment in the Shares is suitable for them in light of the information in this Prospectus and their personal circumstances. Applicants should also refer to the part entitled "Important Notice" in the preamble of this Prospectus.

17.1 General Risk Factors

17.1.1 General Risks

- (a) Investing in securities in emerging markets generally involves a higher degree of risk.
- (b) Emerging markets, such as Bahrain, are generally susceptible to greater risks than in more developed markets which are likely to have greater stability and settled practices in relation to the manner and environment in which businesses operate. Typically, such emerging market risks will include, to some extent, political, social and economic risks. All or any one of these risks can have a material adverse effect on the business and operations of the Company, especially when considering that all of the Company's revenues are derived from this market.
- (c) Specific examples of country risks which may have a material adverse impact on the Company's business, operating results, cash flows and financial condition, may include:
 - i General country or regional political, social or economic instability;
 - ii Acts of warfare, terrorism or civil unrest;
 - iii Specific government intervention in business operations, e.g. protectionism for, or subsidising, competing businesses;
 - iv Changes in regulatory environment (which may result in difficulties in obtaining new permits and consents for the Company's operations or renewing existing ones); and
 - v Natural disasters, among other things, may impact upon the accessibility of KBSP's single access road, which could disrupt the Company's operations.
- (d) Accordingly, all Applicants are urged to consult with their own legal and financial advisers before making an investment in the Shares, and Applicants should exercise particular care in evaluating the risks involved and must consider those risks in deciding whether an investment in the Shares is appropriate.

- (e) As of the date of this Prospectus, Bahrain has no generally applicable income, corporate or sales taxes. It is anticipated that Bahrain will introduce a broad ranging VAT regime on goods and services in Bahrain, potentially as early as this year, in compliance with the Unified VAT Agreement for The Cooperation Council for the Arab States of the Gulf. Such a system has already been introduced at the start of this year in the Kingdom of Saudi Arabia and the United Arab Emirates although Kuwait, Oman and Qatar are yet to do so. Should the Government decide to impose or increase taxation, future returns may be adversely impacted.

17.1.2 Risks Related to the Company

- (a) **Global trading volumes, regional and global economic, financial and political conditions**

The Company's core business comprises the management and operation of a container terminal and the provision of cargo handling and other port-related services and the results of its operations are affected by the volume of business, which in turn depends on the import and export trade volumes of Bahrain and regional trade volumes. These volumes can be significantly affected by changes in economic, financial and political conditions locally or regionally that are beyond the Company's control, including sanctions, boycotts and other measures as a result of trade barriers, trade disputes and work stoppages, particularly in the transportation services industry, and acts of war, hostilities, terrorism, natural disasters or epidemics.

- (b) **Concentration of revenues**

The Company's operations are solely focused in Bahrain with the bulk of revenues derived from this market (the remaining revenues relate to transshipment). Therefore, the growth of its business depends on the future prospects of Bahrain's economy as well as maintenance or growth of market share in business areas where the Company's rights are non-exclusive.

Any persistent weakness or an economic downturn in Bahrain or the occurrence of any event which has a material adverse effect on the Company's operations could materially and adversely affect the business, financial condition and the results of the Company.

High reliance on certain large customers poses a high commercial risk to the Company. Should those customers develop their own capacity or face economic changes, then the Company's revenue may be adversely affected.

- (c) **Economic risks**

The contribution of the oil sector to Bahrain's GDP continues to be substantial despite the Government's ongoing diversification efforts. Fluctuations in oil prices, in particular material declines in such prices, could have a direct adverse impact on the Bahraini economy and economic activity. Such impact may adversely affect companies operating in Bahrain, including the Company.

- (d) **Seasonality of the shipping industry**

Due to the cyclical nature of the industry, the Company has historically experienced monthly variations in revenue. As a result, the Company's results of operations may fluctuate significantly and comparisons of operating results between different periods within a single financial year, or between different periods in different financial years, may not necessarily be meaningful and should not be relied upon as an indicator of the Company's overall performance.

- (e) **Increase in costs**

The Company could be exposed to increased costs such as a significant increase in water bills from water leakages at KBSP. The Company is negotiating with the Government to find a permanent resolution. Until the time the issue is not resolved, the Company will continue to bear excess charges due to: (i) water leakage; (ii) increase in cost of fuel; (iii) utility cost; (iv) increase in employee/staff cost etc.

(f) **Risk relating to electricity supply**

Not all buildings at KBSP are supported by emergency back-up power supplies although the main operational areas of KBSP are supported with back-up power sources for up to two hours. An electricity collapse or outage may impact on, among other things, the operations at KBSP, which may have an adverse effect on the Company's business, financial conditions and the results of its operations.

(g) **Impact on operating results if tariffs are not increased in a timely manner**

Tariffs which the Company charges its customers are regulated by the PMA and must comply with a published list of maximum tariffs that can be charged. The PMA is responsible for regulating the maximum tariff rates that the Company may charge to customers and approving any changes in those tariffs.

Commercial tariff rates were last revised with PMA's approval in May 2017 and military tariff rates were revised in November 2016 and are fixed for 5 years. There may be time lags between events that cause the Company to petition for an increase and the actual increase in the tariff, which could negatively affect the results of its operations. If the Company is unable to raise tariffs in a timely manner to cover increased expenses or to respond to changes in market conditions, its business, financial condition and the results of its operations may be adversely affected.

(h) **Changes in technology**

The Company's operations depend on key pieces of technologically advanced equipment and machinery, including cranes and yard handling equipment. In case the Company is unable to ensure that such equipment and machinery are in line with the latest industry technological advances then it may result in inefficiencies and in turn may result in loss of customers and loss of revenue.

(i) **Equipment maintenance**

Further, a significant part of the equipment which the Company uses requires regular maintenance or replacement. Despite its planned operating and capital expenditure, there can be no assurance that the equipment will not suffer material damage through wear and tear or will not require further significant capital improvements or maintenance in the future. Additionally, the Company may fail to maintain sufficient financing and budgetary controls, planning and monitoring systems, procurement coordination, scheduling for equipment upgrading and maintenance and efficient use of hired services with respect to its equipment, all of which may interrupt the business operations, increase the cost and may impact on its financial condition.

(j) **Capital investment**

Based on the industrial developments, certain significant capital expenditures may be required in order to maintain its market position.

(k) **Failure of IT systems**

The Company's business spans a wide range of activities that are subject to rapid and significant changes in technology. It currently uses IT systems to facilitate a smooth flow of traffic and transactions, all of which adhere to current standards. The Company operates a variety of software programs and systems that control various aspects of KBSP's operations. Any material failure or breakdown in these systems in the future could interrupt normal business operations and result in a significant slowdown in operational and management efficiency for the duration of such failure or breakdown. Any prolonged failure or breakdown could significantly impact the Company's ability to offer services to its customers, which may have an adverse effect on its business, financial condition, the results of its operations and its prospects. Similarly, any significant delays or interruptions in its IT systems could cause delays and interruptions in the loading or unloading of customer cargo which could negatively impact the Company's reputation as an efficient and reliable terminal operator.

The Company suffered a malware attack on 27 June 2017. The attack caused several operation issues including delay in delivering customers' import containers. Post the attack, a complete IT business continuity review was conducted and accordingly a host of preventive measures of the global attack have been taken in order to avoid reoccurrence. Further measures have also been introduced to help restart the business quickly in the case of disasters occurring in the future.

(l) **Risks relating to intellectual property**

The Company uses certain aspects of the Maersk Group's intellectual property, such as the group registered logo, under the licensing services provisions of the technical services agreement with APM Terminals Management B.V. Any decision by the Maersk Group to restrict the Company's use of the group's intellectual property or a termination of the technical services agreement, although not anticipated, in whole or in part, may have an adverse effect on the Company's business, financial condition, the results of its operations and its prospects.

(m) **Reliance on third party service providers**

The Company relies on certain third party service providers to provide marine services, security services and stevedoring activities at KBSP. In the event that one or more of such third party service providers cease operations or become unable or unwilling to meet the Company's needs, for example, due to work stoppage or labour unrest, there can be no assurance that the Company would be able to replace any such service providers promptly or on commercially reasonable terms. Delay or failure in finding suitable replacements could adversely affect the Company's business, financial condition, the results of its operations and its prospects.

This includes Svitzer Bahrain S.P.C. (previously known as SvitzerWijsmuller Bahrain S.P.C.), an affiliate of the Company's shareholder, Maersk Group, with whom the Company entered into a sub-concession agreement (as amended). This agreement contractually documents the sub-contracting of certain services to be carried out by Svitzer, including maintenance of marine services equipment and the provision of marine services in accordance with the rights and obligations as set out in the Concession in respect of the Company. This agreement is described in more detail in section 10.

(n) **Upgrading or repairs to KBSP**

KBSP may need to undergo upgrading or redevelopment works from time to time and may also require unforeseen ad-hoc maintenance or repairs in respect of faults or problems that may develop or because of new planning laws or regulations. The Company's business and operations may suffer some disruptions and it may not be possible to continue operations on areas affected by such upgrading or redevelopment works.

In addition, physical damage to KBSP resulting from fire, severe weather or other causes may lead to a significant disruption to the business and operations of the Company and, together with the foregoing, may impose unforeseen costs and may have an adverse effect on its business, financial condition, the results of its operations and its prospects.

(o) **Financing risk and funding requirements**

The Company may not generate or obtain funds sufficient to make the necessary or desirable capital expenditure and other investments required to grow its business.

The Company's ability to arrange external financing, and the cost of such financing, depends on numerous factors, including the Company's future financial condition, general economic and capital markets conditions, interest rates, credit availability from banks or other lenders, investor confidence in the Company, applicable provisions of securities laws, and political and economic conditions. There can be no assurance that the Company will be able to arrange any such external financing on commercially reasonable terms, if at all. If the Company is unable to generate or obtain funds sufficient to make, or is otherwise restricted from making, necessary or desirable capital expenditure and other investments, it may be unable to grow its business, which may have a material adverse effect on its business, financial condition, results of operations and prospects.

(p) **Duties**

APMT Bahrain's accrued customs duty is currently BHD 936,550. This relates to historical importing of equipment for use at KBSP and which has not left KBSP. As such these duties have been disputed by the Company but they have been provided for in the Company's financial statements.

(q) **Dependence on APM Terminals B.V. and APM Terminals Management B.V.**

The Company's business and growth prospects may be disrupted if the Company loses the support services of either APM Terminals B.V. or APM Terminals Management B.V. APM Terminals B.V. is the majority shareholder of the Company and provides support to the Company in areas such as IT systems, global insurance packages, training courses, global savings plans, compliance programmes, treasury support and services, which saves considerable costs for the Company. Costs for these items are apportioned between group members using the Maersk Group's Inter Company Partner Guidelines. The Company has also entered into a technical services agreement with APM Terminals Management B.V. under which APM Terminals Management B.V. provides support to enable the Company to fulfil the terms of the Concession. These services include support in relation to development, finance, human resources, operations and safety, records management support, resources and contracting support, equipment acquisitions, IT, insurance procurement, legal and tax functions, sales and marketing activities and maintenance arrangements. This agreement can be terminated by APM Terminals Management B.V. on 12 months' notice.

The Company's current and future success is largely dependent on the continued support of APM Terminals B.V. and APM Terminals Management B.V. If either of these entities were to withdraw their support this could result in a material adverse effect on the business, financial condition and operations of the Company.

(r) **Dependence on key personnel**

The Company's business and growth prospects may be disrupted if the Company loses the services of certain key personnel or is unable to identify and employ expert personnel in the business segments in which the Company operates.

Two of the five members of the Company's executive management team (i.e., Chief Executive Officer and Chief Financial Officer) are on expatriate contracts. The duration of these contracts is typically three years extendable to up to 5 years. Staff members of the Maersk Group entities usually move between members of the Maersk Group entities on the expiry of their contracts.

The Company's current and future success is largely dependent on the continued service of key personnel and employees and the ability to attract and retain qualified personnel. If any of the Company's key personnel were to leave, it may be difficult to quickly replace them and this could result in business disruption, with adverse effect on the Company's financial conditions and results.

The inability to retain key personnel or attract new qualified resources to support the growth of the business or the requirement to offer significantly higher compensation to attract and maintain key personnel could result in a material adverse effect on the business, financial condition and operations of the Company.

(s) **Adequate and timely supply of spare parts and equipment / equipment break down**

Successful operations of the Company depend on its ability to obtain spare parts and equipment from suppliers at commercially acceptable prices and quality in a timely manner. The Company is exposed to the market risk of price fluctuations for certain spare parts and equipment. The prices and availability of such items may vary significantly from period to period due to factors such as consumer demand, production capacity, market conditions and costs of raw materials.

The majority of the material fixed assets no longer have valid warranties. The Company applies maintenance on the basis of original equipment manufacturer guidelines which are designed to preserve the useful life of the assets. Notwithstanding this a substantial failure or breakdown of the material equipment utilised by the Company could occur and could result in a material adverse effect on the business, financial condition and operations of the Company.

(t) **Unexpected business interruption or breach of security measures**

The Company's ability to operate KBSP may be interrupted due to a systems failure, a security breach or a need to shut the port. The port may be vulnerable to damage or interruptions from adverse weather conditions, loss of power, natural disasters, terrorist attacks, war, cutting off of utilities or a similar event. In the event that any of these circumstances does occur it could have a material adverse effect on the Company's business, financial condition and operations.

(u) **Operational risks relating to work stoppages**

The Company may experience disruptions to its operations due to labour disputes or other labour unrest and is exposed to the risk of relations with their employees' union deteriorating, which may adversely affect its business, financial condition, the results of its operations and its prospects.

(v) **Risks relating to operational clearances and approvals**

Certain Government agencies provide the container cargo business with certain clearances and approvals. Any delays in the provision of such clearances or approvals, for whatever reason, could affect business and activities at the port, including the causing of delays to cargo or container clearance. Such circumstances could have a material adverse effect on the Company's business, financial condition and operations.

(w) **Credit risks / deposits**

The Company is exposed to credit risk relating to bad debt from non-paying shipping line agents (acting on behalf of containerised shipping lines). The Company has provided credit facilities to a number of its customers, the majority of which are backed by bank guarantees. Approximately 38.3% of the Company's revenue, during the financial years 2015 to 2017, was derived from general cargo and is primarily cash based. The remaining 61.7% of the Company's revenue was mostly generated through ship liner agents having credit facilities with the Company. Although the Company seeks to limit its credit risk by setting credit limits for agents by taking financial guarantees and monitoring outstanding receivables, its customers may in the future default on their obligations due to bankruptcy, lack of liquidity, operational failure or other reasons. The Company is also exposed to the risk of disputes.

Delayed payment, non-payment or non-performance on the part of one or more of the Company's major customers, or a number of its smaller customers, could have a material adverse effect on its business, financial condition, the results of its operations and its prospects.

Further, excess cash of the company is deposited with A.P. Moller - Maersk as part of the treasury advice and instructions received by the Company from APM Terminals Management BV (as part of technical service agreement and direct agreement signed between the relevant parties). In this regard, although considered unlikely, these deposits may in the future be subject to default, for example, due to bankruptcy, lack of liquidity, operational failure or other reasons. Further, any delay or default in relation to the return of funds placed on deposit with A.P. Moller - Maersk could create cash pressure on the Company. Such events could create a material adverse effect on the Company's business, financial conditions and operations.

(x) **Fluctuations in currency exchange rates**

Although the Company's revenue is denominated in BHD, it is exposed to fluctuations in foreign currency exchange rates in relation to purchases in currencies other than BHD. The Company has incurred, and expects to continue to incur, expenses, such as purchases of machinery, parts and services which are denominated mainly in foreign currency. BHD is currently pegged to US Dollars but any change in this arrangement could have material impact on Company's revenue.

(y) **Insurance risks**

The Company could be exposed to significant risks if insurance cover proves to be inadequate. The Company maintains insurance against risks such as motor fleet, company money in transit, fidelity guarantee, medical, group life, port blockage, terminal operator's liability, property all risks, sabotage and terrorism, employer's liability, and directors' and officers' liability. There are also various policies in place in relation to the sub-concession agreement (summarised in section 10.3 of this Prospectus), relating to protection and indemnity coverage, war risks time policy and certificate of entry, and hull and machinery marine risks, in relation to six marine crafts. Whilst the Company's management believes that these policies are sufficient to compensate for foreseeable incidents, there can be no assurance that the proceeds available from the Company's insurance policies will be sufficient to protect the Company from all potential loss or damage resulting from any insured events. This could have a material adverse effect on the business, operations and financial conditions of the Company.

(z) **Licences**

The Company believes that it has all the necessary regulatory licences, and operating agreements that it needs to operate its present businesses. While the Company actively engages with the Government and other regulatory bodies in advance of the expiry of such licences and operating agreements, and the activities under licence are of a public service nature, there can be no assurance that when such licences and operating agreements expire, it will be possible to renew them on similar or commercially viable terms, or at all. Some of these licences and operating agreements include clauses that allow the grantor to terminate or revoke or alter them in the event of a default or other failure by the Company to comply with applicable conditions of the licence or to promote public interest or for any other reason. Failure to hold or to continue to hold or obtain the necessary licences, concessions and other operating agreements required to operate its business could have a material adverse effect on the Company's business, financial condition and future prospects.

The term of the Concession commences on 1 April 2009 and expires on 31 March 2034. While the term of the Concession may be extended beyond this period with the mutual agreement of the parties to it, the term of the Concession may not be extended, in which case, in broad terms, the key assets and equipment used in operating KBSP must be transferred to the Government prior to the end of the term at a consideration payable by the Government being the higher of the Appraised Fair Market Value or the Net Book Value (as such terms are defined in the Concession), and the Concession rights held by the Company will terminate.

The Bahrain Coast Guard has withdrawn its approval for the Company to use its smaller tugboats for pilot transportation. The Company has received no official notification regarding the reasons for cancellation of the use of tugboats for pilot transfer, nor has it received any information in respect of any standards required to obtain the certificate to transfer pilot by tugboats nor any remedial action points in order to resume operation of pilot transfer by tugboats. This issue limits the Company's ability to optimise its marine resources, and has resulted in service failures/delays which, unless resolved, limits the Company's ability to optimise its resources and has the potential to create or increase customer dissatisfaction.

(aa) **Concession and transshipment requirements**

One of the requirements of the Concession is that the Company must meet certain annual transshipment volumes. According to the relevant clause, in the event that the transshipment target for the year 2015 or any later year shows that the average level of transshipment at KBSP, over the previous four consecutive years, has failed to meet 60% of the transshipment targets set in the Concession relevant to those four years (taken on an average basis over the relevant four year period) then the Government shall have the right, but not the obligation, to terminate the Concession as an event of default by the Company on 30 days' notice. The right of the Government to terminate does not apply in the event that APMT Bahrain can demonstrate to the Government's satisfaction both:

- i that it has taken all reasonable steps (including the expenditure of time and money) to market KBSP so as to secure transshipment business for KBSP during the four consecutive years in question; and
- ii that, notwithstanding the efforts of APMT Bahrain, external economic or other factors beyond APMT Bahrain's and APM Terminals control have prevented APMT Bahrain from achieving the required level of transshipment volume at KBSP.

Since commercial operations began at KBSP, APMT Bahrain has failed to meet the transshipment volumes required under the Concession and is therefore at risk that the Government may terminate the Concession.

The MOTT issued a letter to the Company, dated 28 June 2015, in which the Ministry stated that it shall not apply the termination right in the Concession so long as the Company continues its efforts to reach the required transshipment level and the Ministry is comfortable with the Company's efforts.

In addition, for so long as the transshipment targets are not met, the Nominated Percentage element of the Revenue Charge will be increased by up to 3% (please see sections 10.1.20 and 10.1.21 for further details).

(bb) **Concession and failure to meet specified key performance indicators (KPIs) in it**

The Company is required by clause 13 of the Concession to adhere to certain minimum KPI's. The first such KPI's were set out in schedule 15 of the Concession and were to apply for the first five years. There are four KPI targets set for this first five year period in relation to (i) vessel working rate (ii) crane rate (iii) labour rate and (iv) throughput per berth meter (each as defined and described in the Concession). The Company has exceeded the KPI targets consistently in respect of vessel working rates, crane rates and labour rates. However, the Company has not met its 'throughput per berth meter' KPI target in the years 2014 to 2017 (which have been set by reference to the earlier scheduled targets).

Under clause 13.3 and 13.4 of the Concession there is a process outlined for annually revising the KPIs under which the Company is to provide its proposed minimum KPIs applicable to the following five years incorporating the existing unamended KPIs applicable for the first four years of that period. The PMA shall then have the right to reject or require amendment of the minimum KPIs proposed by the Company if, in its reasonable opinion, such KPIs do not demonstrate that the Company will meet its obligations to run KBSP as world class port facility in accordance with Good International Practices (as defined in the Concession) or to operate KBSP in accordance with the requirements of the Agreement. The process of revising the KPIs for 2018 and subsequently has, thus far, been inconclusive and has led to the Company's suggested throughput per berth meter KPI not being settled upon, leading to financial penalties in relation to increasing the percentage based Revenue Charge payable by the Company under the Concession. Discussions on this are ongoing.

Failure to meet KPIs for a period of 5 consecutive years would constitute the Company's event of default under clause 33.1 of the Concession which may lead to a right of termination of the Concession on the part of the Government should it chose to do so. In a letter dated 14 August 2018 from the MOTT (of which the PMA is a division) to the Company – upon the assurances of

the Company to continue its efforts to increase the size of and develop the operations in KBSP as far as possible and to do its best in order to achieve the KPIs in the Concession – the MOTT intimated that this termination right would not be enforced so long as the Company continues to exert efforts to achieve the KPIs required and that the MOTT is satisfied with such efforts.

In the event that the KPI targets continue to be unmet there is a risk that the Nominated Percentage element of the Revenue Charge could further grow by one per cent per annum until the end of the term of the Concession.

(cc) **Concession termination for convenience**

The Government may terminate the Concession unilaterally as a result of expropriation, compulsory acquisition or nationalisation. In order to exercise this right the Government is required to deliver to APMT Bahrain a notice prior to termination of not less than 90 days specifying the termination date. If the agreement is so terminated then the Government shall make the payments described in section 10.1.45.

(dd) **Vessel Tracking Management System (VTMS) ownership and operation**

Under the clause 6.1.4 of the Concession, the Company was provided with an exclusive right and privilege to operate and provide the vessel tracking management system (VTMS) within Khawr Al Qulay'ah, Sitrah anchorage and the approach channel to all private jetties requiring such a service. This was coupled with an obligation under clause 10.2.3 of the Concession to provide throughout the term of the Concession the VTMS for the same area. These obligations and rights were carried out until the Government in 2011 requested that the VTMS and its associated operation be transferred to it. This transfer arrangement was concluded through a memorandum of understanding with the Government dated 28 December 2011 and legal and operational management and control of the VTMS together with certain other assets specified in the memorandum of understanding were transferred. Pursuant to this memorandum of understanding, the Government also paid the Company for these assets. In February 2018, notwithstanding the memorandum of understanding and the payment and operations by the Government of the VTMS since 2011, the Government has sought to reinstate the initial position outlined above under the Concession. The Company has requested clarification in relation to this request given the course of dealings and documented understanding in relation to the ownership of VTMS. Discussions in relation to this issue are ongoing. There is a risk, however, that should the Government insist on the transfer back, the Company may incur capital expenses and subsequent operational expenses associated with the reversion back to the position anticipated in the Concession.

(ee) **Competition**

The port industry in the region in which the Company operates is highly competitive. The Company faces significant competition from other ports in the region, such as Jebel Ali Port (Dubai), King Abdul Aziz Port (Dammam), Jubail Commercial Port (East Coast of KSA) and Port of Doha for trade volume and is a potential threat to the transshipment ambitions of the Company in relation to KBSP.

Some of the Company's competitors have greater financial resources, greater capacity, larger facilities and other capabilities, including better connectivity or location, which generally results in better cost and other efficiencies for customers. As a result, there can be no assurance that the Company will be able to compete successfully in building its transshipment volume in the future against existing or potential competitors or that its business, financial condition, the results of its operations and its prospects will not be adversely affected by increased competition.

There can be no assurance that the Company will be able to retain its transshipment customers in the face of increased competition. If the Company is unable to compete effectively against its competitors, it may not be able to maintain or increase its market share and may lose customers or be forced to offer better incentives to retain customers, which could have a material adverse effect on its financial condition, the results of its operations and its prospects.

Certain aspects of the Company's business in Bahrain, such as towage services, are conducted on a non-exclusive basis. If the Company is unable to compete effectively against its competitors, or if it faces new competition, in this respect, it may not be able to maintain or increase its market share and may lose customers or be forced to offer better incentives to retain customers, which could have a material adverse effect on its financial condition, the results of its operations and its prospects.

Pursuant to the Concession, the Government may only permit the construction and operation of any other port facilities within Bahrain (other than private jetties and fishing harbours) from 1 April 2024 onwards. In addition, until 1 April 2024 no port operating licence will be granted to any port facility including private jetties allowing such facilities or jetties to handle containers, general cargo, grain or feed (with the exception of Mina Salman in relation to grain and feed) on behalf of third parties other than the loading and unloading of dhows at the dhow piers. The granting of any such permissions or licences from such date onwards could result in an increase to competition with the Company's business, which could have a material adverse effect on its financial condition, the results of its operations and its prospects. In a letter from the MOTT to the Company dated 14 August 2018, the MOTT provided comfort to the Company that it has no plans to construct, operate or grant concession rights to third parties for the purpose of constructing or operating a new container port in the medium and short term.

Various supply chain related value added services (such as LCL (less than container load), FCL (full container load), warehousing, stripping and stuffing) which are currently offered inside the terminal are being developed by private entities outside the terminal posing a direct competition to KBSP and therefore could lead to revenue loss.

(ff) **Environmental, health and safety and spills**

The Company, like other port operators globally and regionally, is subject to and currently complies with comprehensive health and safety requirements and takes precautions to avoid any environmental impact resulting from the operation of the KBSP. There have been no complaints or notices from governmental or regulatory agencies regarding health and safety or environmental issues in respect of operations at KBSP in recent years. Management does not consider there to be any potential of having to pay compensation related to any health and safety or environmental concerns and consequently does not view this as a material risk. However, in operating such a business there is potential for health and safety or environmental issues to arise which could result in a successful claim against the Company and in turn there could be a material adverse effect on the business, financial condition and results of the Company's operations.

The Company's business and operating facilities may also be adversely affected by fires or severe weather conditions, such as flooding, haze, dense fog and low visibility, climatic changes or natural disasters such as earthquakes, tremors, tsunamis and hurricanes. Such fires or severe weather conditions, climatic changes or natural disasters may force the Company to temporarily suspend operations.

The transportation of hazardous materials (such as petroleum or chemicals), handled by the Company or third-party operators is subject to the risk of leaks and spills, which may cause environmental damage. The Company's management believes that it does not handle or store hazardous chemicals in quantities that are in violation of any applicable regulations.

There were 26 containers that were reported as leaking between November 2015 and January 2018, some of which were noted as hazardous. APM has confirmed that none of these leaks have led to any claims being made by any third parties or any health and safety issues. There have been no material financial impacts in relation to these and no other serious leaks.

The Company has a dedicated storage area to store the leaking or spilled containers. This storage area is fitted with platform bunds to minimise the leakage reaching the ground and is regularly monitored to efficiently manage immediate concerns.

The PMA has stressed the importance of the Supreme Council of the Environment guidelines and its emissions control measures to prevent the spread or spillage of dust in handling bulk construction materials. The PMA instructed the Company to stop receiving imports of construction materials at KBSP, citing that inadequate emission control measures were affecting the environment. The PMA will not lift the order until dust suppressing equipment, such as eco-friendly hoppers, are used which will control the dust. This issue is ongoing, and the Company is considering investing in purpose built equipment for the handling of construction materials at KBSP. The Company plans to evaluate options for investing in an eco-friendly hopper subject to the PMA granting an approval/exclusivity for handling construction materials.

The PMA has stated that the Company is not allowed to handle the commodity direct reduced iron (DRI). Part of the reasoning for this restriction is as a result of a spillage of a DRI load in the road leading into KBSP.

The Company is working with the PMA to find a solution to allow the handling of aggregates and DRI at KBSP.

While the Company's operations are centered around a strict safety focus with on-going safety initiatives and learning, there is a high possibility of industrial accidents, including ship collision with equipment and port infrastructure, which could have a material adverse effect on KBSP's capacity.

(gg) Access channel dredging to KBSP

In part of the access channel to KBSP there is currently a depth of only 13.6 meters at low tide. This means that vessels arriving with a deeper draft will have to wait for high tide before being able to enter the access channel and hence can be delayed on their arrival to KBSP.

Currently the Company receives 1-2 vessels/month of the 14,000 TEU size that have challenges, but with the global development in container ship size the Company could potentially over the coming years have more vessels with size constraints, which could make it less attractive to use KBSP as a preferred port in the Upper Gulf.

(hh) Cruise terminal – Diyar Al-Muharraq

There are plans to develop a cruise terminal known as Diyar Al-Muharraq developed by a UAE based developer in the Kingdom of Bahrain. This may result in loss of cruise business at KBSP.

17.2 Risks Related to the Offer Shares

17.2.1 Control by the Founders

APM Terminals B.V. will hold the largest shareholding block (57,600,000 shares out of 90,000,000 or 64% of the total equity) in the Company post IPO and with its significant shareholding may influence the outcome of important decisions relating to the Company's business, including with respect to resolutions at Shareholder and Board level regarding the appointment of related parties of the Founders (and the terms thereof) to provide certain services, equipment or materials to the Company. Depending upon the actual number of Board members recommended at the Constitutive General Assembly, APM Terminals B.V. is entitled to nominate one Director to the Board for each 10% of the issued shares of the Company held by APM Terminals B.V. As a result, APM Terminals B.V. can exercise substantial control in relation to most matters requiring approval of the Shareholders, including the election of directors, significant corporate transactions and the amount and timing of payment of any dividends. The interests of APM Terminals B.V. may differ from the Company's interests or those of its minority Shareholders.

17.2.2 Absence of a prior market for the Shares

Prior to this Offering, there has been no public market for the Shares. The Issuer cannot assure potential Applicants that the price at which the Shares will sell in the market after this Offering will not be lower than the Offer Price or that an active trading market for the Shares will develop and continue after this Offering.

17.2.3 Liquidity and volatility in the share price

There may be fluctuations in the securities markets which may result in volatility in the price of the Shares. Stock markets have historically, on occasion, experienced periods of significant price and volume fluctuation that are not related to the operating performance of particular companies but may be due to changes in market conditions or changes in government regulations or several other reasons. There are no assurances that this will not occur at some point in the future on Bahrain Bourse and Applicants may not be able to sell their Shares at or above the Offer Price.

17.2.4 Future sales and offerings

Pursuant to the CBB's regulations, the Founders are not entitled to dispose of their shareholding for a period of one (1) year starting from the date of listing of the Company on Bahrain Bourse. Following the expiry of this one (1) year period, the Founders may decide to sell a portion of their Shares in the market. Sales of substantial amounts of the Shares by any Founder, or the perception that these sales may occur, could adversely affect the market price of the Shares. However, APM Terminals B.V. under the direct agreement with the Government is required at all times to hold at least 51% of the Company's issued Shares.

17.2.5 Dividend payment

The distribution of dividends will be dependent upon a number of factors. There can be no assurance that any dividend will ever be paid, nor can there be an assurance as to the amount, if any, which will be paid in any given year. The ability to pay a dividend may also be subject to the terms and conditions of financing agreements entered into by the Company. Furthermore, the dividend policy of the Company may change from time to time.

17.2.6 Delay in listing or failure to list Shares

The Company's listing may be potentially delayed or aborted upon the occurrence of certain events, including its inability to meet the public shareholding requirement of having at least 20% of its Shares for which listing is sought being held by at least 100 public shareholders. If the listing is aborted, investors will not receive any Shares and the Selling Shareholders or the Company will return in full, without interest but less the expenses of the transfer back, all monies paid in respect of any application for Shares.

17.2.7 Future fundraising may dilute Shareholders' equity

- (a) The Company may require additional funding for growth. This may result in dilution of the Shareholders' equity, or restrictions imposed by additional debt funding such as maintenance of a certain level of current ratio, gearing ratio and/or dividend pay-outs, amongst others.
- (b) An issue of Shares or other securities to raise funds may dilute Shareholders' equity interests and may, in the case of a rights issue, require additional investments by Shareholders.

17.2.8 Free float

Pursuant to rule OFS-1.6.1(c), through the Offering, at least 100 shareholders who are not employees or associated persons of the Company must cumulatively receive at least 10% of the total issued share capital of the Company, i.e. at least 50% of the Offer Shares, subject to the discretion of the CBB and BHB to amend this amount taking into account the interests of the market. If the Offering is permitted to complete without this rule being satisfied then, among other things, this may impact on the liquidity of the Shares, the volatility of their market price once admitted to trading on Bahrain Bourse, and it may influence voting decisions among Shareholders.

Section 18: Application Terms and Conditions

18 Application Terms and Conditions

All Applicants must carefully read this Prospectus and the Application Form prior to signing and submitting their Application Form and transmitting Application Funds to the Receiving Bank (either directly or through a Participating Broker).

A signed Application Form submitted to the Participating Broker or Receiving Bank will represent a legally binding agreement between the Company and the Applicant upon acceptance by the Participating Broker or the Receiving Bank for and on behalf of the Company of the Application Form. Once an Application Form has been accepted by the Participating Broker or the Receiving Bank and Application Funds have been transferred to the Participating Broker or the Receiving Bank by an Applicant, the Application Form cannot be withdrawn and the Application Funds will not be returned except under the circumstances described in this Prospectus.

Each Applicant acknowledges that any information in their respective Application Form may be shared with third parties involved in various stages of the Offering including but not limited to data processing companies.

18.1 Application Procedures

18.1.1 Applicants applying for Shares in the Offering are required to complete an Application Form, indicating the number of Shares they wish to purchase. Application Forms should be completed in full in Arabic or English and in accordance with instructions contained therein.

18.1.2 Each Applicant is required to submit the Application Form to a Participating Broker or the Receiving Bank during the Offering Period accompanied by the relevant documents stated below. Applicants opting to submit an Application Form through a Participating Broker are required to have (or open) a brokerage account with such Participating Broker. Applicants may alternatively submit an Application Form through the Receiving Bank without the requirement to have an account with the Receiving Bank or any Participating Broker.

A web-based electronic IPO application process (E-IPO) may be made available to prospective Applicants during the Offering Period by Bahrain Clear as an alternative application process to those described in this Prospectus. Details of the E-IPO process and requirements for such an application may be made available on the website of the Bahrain Bourse at www.bahrainbourse.com.

18.1.3 The Participating Broker or the Receiving Bank will verify the validity of all copies of each Applicant's identification documents.

18.1.4 All Applicants are required to have an Investor Number (IN). Applicants who do not have an Investor Number will be required to pay the Investor Number Fee at the time of submitting the Application Form.

18.2 Application by Individuals

Except as otherwise provided in this Prospectus, individual Eligible Applicants over the age of 21 are eligible to subscribe to the Offer. Applicants under the age of 21 should make their applications through their legal guardians. Each individual Applicant must submit the following documentation together with a completed Application Form:

- (a) The original and copy of the individual's valid passport or valid international travel document;
- (b) The original and copy of the individual's valid national identification card or an equivalent document:
 - i Bahrain nationals: National identity card;
 - ii GCC nationals: Official identification card or equivalent document issued by the individual's country of citizenship, or, if a resident of Bahrain, Bahraini national identity card; or
 - iii Other nationalities: Official identification card or equivalent document issued by the individual's country of citizenship.
- (c) Proof of permanent residential address if an Application Form is submitted with Application Funds in excess of BHD 5k. The proof can consist of a copy of a recent utility bill, bank statement or similar

statement from another bank or financial institution licensed in the country, which have been issued within three months prior to their presentation, or official documentation, such as a smartcard, from a public/governmental authority, or a tenancy agreement;

- (d) If an individual Applicant has an existing IN, proof of such IN is required in the form of a Bahrain Clear investor card or statement of account, or a Bahrain Clear system print-screen.;
- (e) Bank account details from the Applicant's bank in the form of a bank statement, a bank online system print-screen or a bank letter indicating the account details, including the IBAN and bank name. The Applicant's bank account details will be utilised for any future dividend distributions by the Company; and
- (f) Payment or proof of payment in accordance with section 18.18, 'Mode of Payment' below.

The following additional documents are required when a person is signing on behalf of an individual Applicant by way of a power of attorney:

- (a) The original and copy of the valid passport or international travel document of the person applying and signing on behalf of the individual Applicant;
- (b) The original and copy of the valid national identification card or an equivalent document of the person applying and signing on behalf of the individual Applicant; and
- (c) The original and copy of the notarised power of attorney.

The following additional documents are required for applications on behalf of Minors:

- (a) The original and copy of the valid passport or valid international travel document of the legal guardian applying and signing on behalf of the Minor;
- (b) The original and copy of the government-issued valid national identification card or an equivalent document of the legal guardian applying and signing on behalf of the Minor; and
- (c) Unless the legal guardian signing on behalf of the Minor is the Minor's father, the original and copy of the proof of guardianship to the applying Minor.

18.3 Application by Corporate entities

All corporate entities must provide the following documentation together with a completed Application Form:

- (a) A copy of a valid commercial registration certificate of the corporate entity;
- (b) A copy of the memorandum and articles of association, or equivalent, of the corporate entity;
- (c) The original and copy of the valid passport or international travel document of the person(s) signing on behalf of the corporate entity;
- (d) The original and copy of a valid national identification card of the person(s) signing on behalf of the corporate entity:
 - i Bahrain nationals: National identity card;
 - ii GCC nationals: Official identification card or equivalent document issued by the individual's country of citizenship, or, if a resident of Bahrain, Bahraini national identity card; or
 - iii Other nationalities: Official identification card or equivalent document issued by the individual's country of citizenship.
- (e) If the corporate entity has an existing IN, proof of such an IN is required in the form of a Bahrain Clear investor card or statement of account, or a Bahrain Clear system print-screen;

- (f) The original and copy of the document authorising the person(s), whose signature(s) appear(s) on the Application Form to sign such document on behalf of the corporate entity. Such a document can be either a power of attorney or a resolution of the board of the corporate entity;
- (g) Bank account details from the Applicant's bank in the form of a bank statement, a bank online system print-screen or a bank letter indicating the account details, including the IBAN and bank name. The Applicant's bank account details will be utilised for any future dividend distributions by the Company; and
- (h) Payment or proof of payment in accordance with section 18.18, 'Mode of Payment' below.

18.4 Acknowledgments

- 18.4.1** By completing and delivering an Application Form the Applicant (and, if the Application Form is being signed on behalf of the Applicant by a third person or a corporate entity under a power of attorney, that person or corporate entity on behalf of the Applicant) must agree to the Application Terms and Conditions set out in sections 18.5 to 18.21 below, which shall be legally binding on the Applicant from the time the respective Application Form is submitted to the Participating Broker or the Receiving Bank.
- 18.4.2** In the case of Applicants making a joint Application the Application Terms and Conditions shall apply to each Applicant and the Applicants' liability shall be joint and several.
- 18.4.3** The Applicant acknowledges that where it remits its Application Funds to a Participating Broker, it is the sole responsibility of the Applicant to ensure that the Application Funds are then remitted from the Participating Broker to the Application Monies Bank Account with the Receiving Bank before the end of the Offering Period. The Applicant further acknowledges that failure of its Application Funds to arrive in the Application Monies Bank Account before the end of the Offering Period may result in its application for Offer Shares being rejected.

18.5 Reliance on this Prospectus only

All Applicants shall:

- 18.5.1** confirm that, in making an application, the Applicant is not relying on any information or representation in relation to the Company other than the information contained in this Prospectus, and, accordingly, the Applicant agrees that no person responsible solely or jointly for this Prospectus or any part thereof or involved in the preparation thereof shall have any liability for any information other than the information contained in this Prospectus;
- 18.5.2** agree that none of the Participating Broker or the Receiving Bank or the Lead Manager will treat the Applicant as their customer by virtue of the Applicant's application being accepted or owe the Applicant any duties or responsibilities concerning the price of the Offer Shares or the suitability for the Applicant of the Offer Shares or be responsible to the Applicant for providing the protections afforded to their customers; and
- 18.5.3** agree that, having had the opportunity to read this Prospectus, the Applicant shall be deemed to have had notice of all information and representations concerning the Company and the Offer Shares contained herein, including those contained in the Memorandum and Articles of Association and the Post-Conversion Memorandum and Articles of Association.

18.6 Capacity and compliance with laws

All Applicants shall:

- 18.6.1** represent and warrant that the Applicant has the legal capacity and authority and is permitted by applicable law to execute and deliver the Application Form and that, if somebody else signs the Application Form on behalf of the Applicant, that other person has due authority to do so on behalf of the Applicant, and the Applicant will also be bound accordingly and will be deemed also to have given the confirmations, representations, warranties, undertakings and authorities contained herein and undertake to enclose the other person's power of attorney or appropriate authority or a copy thereof duly certified by a solicitor or bank with the Application Form;

- 18.6.2** represent and warrant that the Applicant has sufficient knowledge and experience in financial and business matters, and that the Applicant is capable of evaluating and has evaluated the merits and risks of acquiring Offer Shares;
- 18.6.3** warrant that, if the Applicant is an individual, the Applicant is over the age of 21 and has the legal capacity to complete the Application Form. Applicants under the age of 21 should make their applications through their legal guardian;
- 18.6.4** represent and warrant that the Applicant is an Eligible Applicant;
- 18.6.5** represent and warrant that the Applicant is not a US Person and not a citizen of a country sanctioned by the Kingdom of Bahrain; and
- 18.6.6** represent and warrant that all consents required to be obtained and all legal requirements necessary to be complied with or observed in order for the Application Form and the Allotment and transfer of Offer Shares to the Applicant to be lawful and valid under the laws of any jurisdiction to which the Applicant is subject have been obtained, complied with and observed.

18.7 Acceptance of applications

The Applicant shall:

- 18.7.1** agree to subscribe for the number of Offer Shares specified in the Application Form (or such lesser number for which the application is accepted) on the terms of and subject to the conditions of this Prospectus, the Application Terms and Conditions, and subject to the Memorandum and Articles of Association and the Post-Conversion Memorandum and Articles of Association;
- 18.7.2** understand that the Company and the Lead Manager reserve the right to reject in whole or part, or to scale down or limit, any application. The Company may treat applications as valid and binding even if not made in all respects in accordance with the prescribed instructions and the Application Terms and Conditions. If any application is not accepted in full, the Application Funds or as the case may be, the balance thereof, will be returned in the currency in which they were paid at the Applicant's risk and without deduction or profit save in relation to the costs of the transfer of funds back to the Applicant;
- 18.7.3** agree that, in consideration of the Company and the Lead Manager processing the Applicant's application, the Application Form cannot be amended or revoked after it is submitted to the Participating Broker or the Receiving Bank, and the Application Funds, once deposited with the Participating Broker or the Receiving Bank, will not be returned except if the Application Form is rejected; and
- 18.7.4** agree that (i) the allotment of the Offer Shares to Applicants will be subject to the approval of the CBB and as such the CBB may under its powers require the Company, Lead Manager and Allotment Agent not to allot certain Offer Shares to certain Applicants and (ii) the Company, the Lead Manager, Allotment Agent and Bahrain Bourse shall not be liable in respect of any such decision not to approve specific allotments.

18.8 Money laundering and reporting

The Applicant shall:

- 18.8.1** consent to the passing on of any information about the Applicant to any relevant regulatory authorities by the Company, the Participating Broker or the Receiving Bank or their delegates and any onward transmission by those regulatory authorities of such information;
- 18.8.2** acknowledge that due to money laundering requirements operating within their respective jurisdictions, the Company and/or the Participating Broker and/or the Receiving Bank and/or the Lead Manager may require further identification of the Applicant(s) and source of funds before applications for Offer Shares can be processed and the Applicant shall hold the Company, the Participating Broker, the Receiving Bank and the Lead Manager harmless and indemnified and shall keep them held harmless

and indemnified against any loss arising from the failure to process the application for Offer Shares, if such information as has been required from the Applicant has not been provided within the allotted time to the satisfaction of the party requesting such information; and

- 18.8.3** understand and agree that any funds to be returned may be retained pending clearance of the Applicant's remittance and the completion of any verification of identity and/or source of funds required by the Company and/or the Receiving Bank and/or the Participating Broker (if applicable) and/or the Lead Manager.

18.9 Continuing obligations

All Applicants shall:

- 18.9.1** repeat these undertakings, representations and warranties to the Company, the Receiving Bank, the Lead Manager and the Selling Shareholders on such future occasions as the Company and/or the Receiving Bank and/or the Lead Manager and/or the Selling Shareholders may request, and will immediately provide on request such certificates, documents or other evidence as the Company and/or the Receiving Bank and/or the Lead Manager and/or the Selling Shareholders may reasonably require to substantiate such undertakings, representations and warranties;
- 18.9.2** notify the Company immediately if the Applicant becomes aware that any of these undertakings, representations and warranties are no longer accurate and complete in all respects, and agrees immediately to tender to the Company for redemption a sufficient number of Offer Shares to allow the undertaking, representation or warranty to be made accurately and complete; and
- 18.9.3** understand that if any of the representations, warranties, or undertakings given by the Applicant in the Application Form is untrue at any time, the Directors in their sole discretion may require a retroactive redemption of all or some of the Applicant's Offer Shares at the Offer Price.

18.10 Indemnity

The Applicant shall agree to indemnify and hold harmless and keep indemnified and held harmless the Company, the Directors, the Lead Manager, the Participating Broker through which they submitted their Application Form, the Receiving Bank, the Selling Shareholders, their affiliates and each other person, if any, who controls or is controlled by any thereof, against any and all loss, liability, claim, damage and expense whatsoever (including, but not limited to, any and all expenses and costs (including internal and external attorneys' costs) incurred in investigating, preparing or defending against any litigation commenced or threatened or any claim whatsoever) arising out of or based on:

- 18.10.1** any false or misleading or inaccurate representation or warranty or breach or failure by the Applicant to comply with any covenant or agreement made by the Applicant or in any other document furnished by the Applicant to any of the foregoing in connection with the Offering; and/or
- 18.10.2** any actions for securities laws violations instituted against the Applicant which is resolved by judgment against the Applicant;
- 18.10.3** any breach of the Application Terms and Conditions by the Applicant; and/or
- 18.10.4** the Applicant's failure to provide source of funds information.

The Applicant further acknowledges and agrees that, without limitation as to the remedies available to any interested party in any circumstance, a breach of the Application Terms and Conditions by or on behalf of the Applicant or any misrepresentation by or on behalf of the Applicant may result in (among other things) the Applicant forfeiting the Offer Shares allotted to them and/or the associated allotment of Offer Shares being declared void, without recourse for the Applicant in respect of the Application Funds paid by the Applicant or any other costs or expenses incurred by the Applicant.

18.11 Multiple applications

The Applicant shall represent and warrant that only one Application Form in relation to the Offering will be submitted by the Applicant or on behalf of the Applicant.

18.12 Entire agreement

The Applicant shall understand that this Prospectus and the Application Form and all related terms, conditions and covenants shall be binding upon and inure to the benefit of the Company, the Participating Broker through which they submitted their Application Form, the Receiving Bank and the Lead Manager and their respective successors, permitted assigns, executors, administrators and heirs, provided that, except as specifically contemplated herein, neither this Prospectus nor the Application Form nor any of the rights, interests or obligations arising pursuant hereto or thereto shall be assigned, transferred, made the subject of a contract or delegated by the Applicant without the prior written consent of the Company. This Prospectus and the Application Form set forth the entire agreement and understanding between the Applicant and the parties listed above and supersede all prior and contemporaneous discussions, agreements and understandings among the Applicant and the parties listed above in connection with the application for Offer Shares.

An Applicant that receives a copy of this Prospectus or the Application Form in any territory may not treat the same as constituting an invitation to the Applicant to acquire, subscribe for or purchase Offer Shares unless such an acquisition, subscription or purchase complies with any registration or other legal requirements in the relevant territory.

18.13 Exclusion of liability

The Applicant acknowledges and agrees that the Company, the Directors and the Founders shall in no event be liable to the Applicant in the event that the Applicant is not allotted any or all of the Offer Shares for which it applies for any reason whatsoever (whether on account of the Applicant's Application Form being lost or misplaced, due to miscommunication in relation to the Applicant's application details or otherwise) or if the Offering does not complete for any reason.

Each Applicant acknowledges and agrees that in the event that the Offering does not proceed for any reason, or in the event that it is allotted none or only some of the Offer Shares for which it applied, in compliance with the OFS, in such circumstances the only entitlement or remedy of any kind of an Applicant shall be its entitlement to (a) the refund by the Receiving Bank in accordance with this Prospectus of its relevant Application Funds, and (b) the refund by the Receiving Bank in accordance with this Prospectus of any applicable Investor Number Fee and excess Participating Broker Fee paid, in each case in BHD net of any banking, wire and transfer processing charges. Each Applicant acknowledges and agrees that in no circumstance (including, but not limited to, in case of loss of application) will it have, or may it claim, any entitlement to ownership of, or any interest in, any Shares (including for the avoidance of doubt the Offer Shares) beyond the Offer Shares actually allotted to it through the Offering.

18.14 Restrictions

18.14.1 The Shares will be registered and indivisible. The Offer Shares are offered to Applicants fulfilling the Application Terms and Conditions.

18.14.2 The Founders, including their subsidiaries, associates, affiliates, substantial shareholders (being those who own five percent or more of the issued shares of the Founders and their spouses and children), parent companies or APMT Bahrain's related parties are not allowed to apply in this Offering.

18.15 Offering Period

18.15.1 The Offering Period starts at the commencement of normal banking hours on Thursday 8 November 2018 and closes at the cessation of normal banking hours on Saturday 24 November 2018. The operating hours for each Participating Broker and each Approved Branch of the Receiving Bank are set out in section 18.16 below.

18.15.2 The Participating Brokers and/or the Receiving Bank may extend the collection hours or days after obtaining the necessary approvals.

18.16 The Participating Brokers and the Receiving Bank

The Participating Brokers and the Receiving Bank will collect all Application Funds during the Offer Period. The address, contact details and operating hours of the Participating Brokers and the Approved Branches of the Receiving Bank as set out below will receive the completed Application Forms together with Application Funds from Applicants in accordance with the Application Terms and Conditions.

Table 32 – Participating Brokers' Addresses, Contact Details and Opening Times

No.	Name	Address	Telephone Number(s)	Fax Number	Opening Days	Operating Hours
1	SICO B.S.C.(c)	BMB Centre, 1st Floor, Diplomatic Area, Manama, Bahrain	+(973) 17515000	+(973) 17514000	Sunday – Thursday	8:30 – 14:00
2	BBK B.S.C.	43 Government Avenue, Manama, Bahrain	+(973) 17207262, 17207593, 17207505	+(973) 17216164	Sunday – Thursday	8:00 – 15:30
3	Ahli United Bank B.S.C.	Building 2495, Road 2832 Al Seef District 428, P.O Box. 2424, Manama, Bahrain	+(973) 17585555	-	Sunday – Thursday	7:30 – 15:30
4	Global Investment Bank B.S.C.(c)	NBB Tower, 19th Floor, Government Avenue, Building 131, Office 191, Bahrain	+(973) 17210011	+(973) 17210222	Sunday – Thursday	8:00 – 16:00

Table 33 – Receiving Bank's Approved Branches Addresses, Contact Details and Opening Times

No.	Branch Name	Address	Telephone Number(s)	Fax Number	Opening Days	Morning Hours	Evening Hours
1	Manama Branch	Car Park Building, 126 Government Avenue, Manama	17221800	17215558	Saturday – Thursday	7:30 – 13:30	-
2	Muharraq Branch	Seef Mall Muharraq (Building 154, Road 29, Block 240)	17562721	-	Saturday – Thursday Sunday, Tuesday & Wednesday	7:30 – 13:30 -	- 16:30 – 18:30
3	Gudaibiya Branch	Al Hadi Complex No. 243, Gudaibiya	17290440, 17290255	17297741	Sunday – Thursday Sunday, Monday & Wednesday	7:30 – 13:30 -	- 16:30 – 18:30
4	Budaiya Branch	Shop A1321, Road 5043, Al Maqshaa, Block 450	17594696	17594503	Sunday – Thursday Monday, Tuesday & Thursday	7:30 – 13:30 -	- 16:30 – 18:30
5	Riffa Branch	Shops 122, 124, 126 and 128, Shaikh Ali bin Khalifa Road, Riffa	17760223 17778335	17776012	Sunday – Thursday Sunday, Tuesday & Wednesday	7:30 – 13:30 -	- 16:30 – 18:30

6	Sitra Branch	Shop 128, Al Matrook Showroom, Road 10 Al Kharijiya, Sitra 606	17736783	17736401	Saturday – Wednesday	7:30 – 13:30	-
					Saturday, Monday & Tuesday	-	16:30 – 18:30
7	Hamad Town Branch	Shop 253 & 237, Road 305, Block 1203, Hamad Town, Souq Waqif	17415242	17413415	Sunday – Thursday	7:30 – 13:30	-
					Sunday, Monday & Wednesday	-	16:30 – 18:30
8	Isa Town Mall Branch	Building 3324, Road 1012, Block 810, Isa Town Mall	17684470	17689591	Sunday – Thursday	7:30 – 13:30	-
					Sunday, Monday & Wednesday	-	16:30 – 18:30
9	Exhibition Road Branch	Shop 68, Exhibition Road, Building 393, Road 1805, Area 318	17533670	17536142	Saturday – Wednesday	7:30 – 13:30	-
					Saturday, Sunday, & Tuesday	-	16:30 – 18:30
10	Mercado Mall (Saar) Branch	Shop 112, Building 108, Avenue 79, Janabiya 575	17562749/8	-	Saturday – Thursday	10:30 – 17:30	
11	Bahrain Bourse Desk	4th Floor, Bahrain Financial Harbour Mall	-	-	Sunday – Thursday	8:00 – 15:00	
12	APM Terminals Desk	Khalifa Bin Salman Port, Administration Building, Building 107, Avenue 13, Block 115, Hidd	-	-	Sunday – Thursday	8:00 – 16:00	

The Receiving Bank may extend the number of Approved Branches during the IPO and receive applications through an offsite location subject to regulatory approval.

18.17 Participating Broker Fee

- 18.17.1** Where a Participating Broker Fee is agreed between an Applicant and its Participating Broker, the Applicant shall pay the Preliminary Broker Fee Payment as part of its application for Offer Shares.
- 18.17.2** For the avoidance of doubt, no Participating Broker Fee or Preliminary Broker Fee Payment applies to Applicants submitting an Application Form directly at the Receiving Bank rather than through a Participating Broker.
- 18.17.3** On the Distribution of Refunds Date, the Receiving Bank shall: (a) pay to the relevant Participating Broker the relevant Participating Broker Fee in respect of the relevant Applicant; and (b) where an Applicant does not receive the full number of Offer Shares for which it applied through its Participating Broker, refund to the relevant Applicant, as further detailed in section 18.21 herein, the difference between the Participating Broker Fee and the Preliminary Broker Fee Payment.

18.18 Mode of Payment

- 18.18.1** Applicants must remit to the Receiving Bank (either directly or through a Participating Broker) their cleared Application Funds in Bahraini Dinars together with any applicable Investor Number Fee and Preliminary Broker Fee Payment, net of any bank charges at the time of submitting their Application Form. If for any reason the instrument by which they have paid their Application Funds is returned, or insufficient Application Funds are received, or cleared funds are not available in the Application Monies Bank Account within two Calendar Days after the Application Closing Date, the application may be rejected in whole or in part.
- 18.18.2** For the avoidance of doubt, one of the Application Terms and Conditions that each Applicant must satisfy is that each Applicant remits its Application Funds to the Application Monies Bank Account. Therefore, where an Applicant remits their Application Funds to a Participating Broker, it is the sole responsibility of that Applicant to ensure that the Application Funds are then remitted from the Participating Broker to the Application Monies Bank Account with the Receiving Bank before the end of the Offering Period. Failure of an Applicant's Application Funds to arrive in the Application Monies Bank Account before the end of the Offering Period may result in the Applicant's application for Offer Shares being rejected.
- 18.18.3** Applicants may make payments in the Application Monies Bank Account as follows:
- (a) by way of internal transfer from an account held with the Receiving Bank;
 - (b) by way of manager's cheque/demand draft (to be drawn in Bahraini Dinars for the Receiving Bank); or
 - (c) by way of telegraphic transfer to the Application Monies Bank Account with the Receiving Bank (either directly or through the Participating Broker) (payment instructions to clearly mention the related Application Form number and the amount of funds that are payable, net of any bank charges).
- 18.18.4** The Applicants are responsible to pay any fees or charges associated with the transfer of Application Funds to the Participating Broker or the Receiving Bank. Furthermore, any fees or charges associated with the transfer of an Applicant's Application Funds by the Participating Broker to the Application Monies Bank Account at the Receiving Bank shall be for the account of the Applicant.
- 18.18.5** Cash deposits or personal cheques will not be accepted.
- 18.18.6** All telegraphic transfers made directly to the Receiving Bank must include the following information:
- | | |
|-----------------|--|
| Bank: | Ahli United Bank B.S.C. |
| Account name: | APM IPO |
| Account number: | 0016-259352-001 |
| IBAN: | BH36AUBB00016259352001 |
| SWIFT: | AUBBBHBM |
| Currency: | Bahraini Dinar |
| Reference: | Application Number (Application Form number) |
- 18.18.7** All Application Funds received should be net of any banking fees and charges. All such fees and charges such as transfer charges and manager's cheque/banker's demand draft fees shall be borne by the Applicant. The fees and charges of the Participating Broker and/or the Receiving Bank that might be charged for each mode of payment are as determined by the Participating Broker and/or the Receiving Bank.

- 18.18.8** Applicants will receive a receipt of acknowledgement from the Participating Broker or the Receiving Bank on submission of their Application Form. No profit or interest shall be payable to Applicants in respect of Application Funds collected by the Participating Broker or the Receiving Bank in the account regardless of whether such funds are returned to the Applicant in whole or in part.

18.19 Rejected Applications

- 18.19.1** Applications for the allotment of Offer Shares pursuant to the Offer may be rejected in whole or in part at the discretion of the Lead Manager, the Company, the Participating Broker or the Receiving Bank and the following factors may or may not be taken into account in making this decision:
- (a) The Applicant's eligibility to apply for Offer Shares pursuant to the Offering;
 - (b) Whether Application Funds have been paid in full in the Application Monies Bank Account before the Application Closing Date;
 - (c) Whether the Application Form is incomplete or inaccurate as to any detail or the required documents are not attached with the Application Form or are not provided within requested timeframes; and/or
 - (d) The Applicant submitted more than one Application Form.
- 18.19.2** Applicants will be informed of any rejected applications on the Distribution of Refunds Date.
- 18.19.3** A decision by any of the Company, the Lead Manager, the Participating Broker or the Receiving Bank rejecting an Application Form and the Allotment of Offer Shares shall be final and conclusive.

18.20 Allotment

- 18.20.1** The Offer Shares shall be allotted to Applicants on the Allotment Date.
- 18.20.2** An Applicant will be categorised as either an Institutional Applicant or a Retail Applicant based on the criteria set out below:
- (a) An Applicant is deemed to be an Institutional Applicant if it subscribes for a minimum of 100,001 ordinary Shares; and
 - (b) An Applicant is deemed to be a Retail Applicant if it subscribes for less than or equal to 100,000 ordinary Shares.
- 18.20.3** If the total number of Offer Shares applied for by Eligible Applicants exceeds the number of Offer Shares offered, the Company shall, in consultation with the Lead Manager, establish an Allotment basis in which the Offer Shares will be allocated as set out below:
- (a) If the total number of Offer Shares applied for by Institutional Applicants is equal to or less than 12,600,000 Offer Shares (70% of the Offer Shares) (the "**Institutional Allocation**"), all Institutional Applicants will be allotted the number of Offer Shares they have applied for. Any remaining Offer Shares from the Institutional Allocation, after allocation to Institutional Applicants, will be allotted to Retail Applicants on the Retail Allotment Basis (as defined below);
 - (b) If the total number of Offer Shares applied for by Retail Applicants is equal to or less than 5,400,000 Offer Shares (30% of the Offer Shares) (the "**Retail Allocation**"), all Retail Applicants will be allotted the number of Offer Shares they have applied for. Any remaining Offer Shares from the Retail Allocation, after allocation to Retail Applicants, will be allotted pro-rata to Institutional Applicants who were not allotted the full number of Offer Shares they applied for based on the number of Offer Shares each Institutional Applicant applied for; and

- (c) If the total number of Offer Shares applied for by Retail Applicants exceeds the Retail Allocation (i.e., 5,400,000 Offer Shares being 30% of the Offer Shares), then:
- i each Retail Applicant shall first receive an equal allocation from the Retail Allocation, and only up to the total Retail Allocation available, until such allotment of Offer Shares is equal to the lower of the amount applied for by such Retail Applicant and 15,000 Offer Shares (the “**Initial Minimum Retail Allocation**”); then
 - ii Once each Retail Applicant is allotted the Initial Minimum Retail Allocation, any excess Offer Shares from within the Retail Allocation shall be allotted to Retail Applicants who were not allotted the full number of Offer Shares they applied for on a pro rata basis to the Offer Shares applied for by such Retail Applicants (the “**Second Pro-Rata Retail Allocation**”); then
 - iii Once Retail Applicants are allotted the Initial Minimum Retail Allocation and the Second Pro-Rata Retail Allocation, and if the number of Offer Shares applied for by Institutional Applicants is less than the Institutional Allocation (i.e., 12,600,000 Offer Shares being 70% of the Offer Shares), Retail Applicants who were not allotted the full number of Offer Shares they applied for will be allotted any Offer Shares from the Institutional Allocation that was not applied for by Institutional Applicants on a pro rata basis to the Offer Shares applied for by such Retail Applicants (the “**Final Retail Allocation**”).
- (d) The “**Retail Allotment Basis**” shall comprise of the Initial Minimum Retail Allocation, the Second Pro-Rata Retail Allocation, and the Final Retail Allocation.

18.20.4 If the total number of Offer Shares applied for by Eligible Applicants is less than or equal to the number of Offer Shares offered, all Eligible Applicants will be allotted the number of Offer Shares they have applied for.

18.20.5 Other Allotment and transfer conditions are set out below:

- (a) Any Share allotment amounts that result in fractions will be rounded down to the nearest integer.
- (b) The results of the application and confirmation of the basis of Allotment will be published in two (2) local newspapers in the Kingdom of Bahrain, one in Arabic and one in English, within two (2) Calendar Days of the Application Closing Date. The decision of the Lead Manager on the basis of Allotment and on each individual Allotment shall be final.
- (c) Minor Applicants should make their applications through their legal guardians.
- (d) No Shares shall be allotted pursuant to this Prospectus on any date falling six (6) months after the date of the registration of this Prospectus with the CBB.
- (e) All Eligible Applicants will be required to make payment at the time that they submit an Application Form, and such funds will be held in the Application Monies Bank Account maintained by the Receiving Bank. On the Distribution of Refunds Date, Applicants’ deposits in the Application Monies Bank Account will be transferred to the Selling Shareholders, net of any refunds, all Offering expenses, any applicable Investor Number Fees and excess Participating Broker Fee paid, and net of the expenses pertaining to previous IPO and private placement activities of the Shares since 2015 which were not executed and which expenses were the subject of the EGM resolution referred to in section 2.3, in accordance with the terms of the Offer.
- (f) The final allocation of Offer Shares will be determined by the Company, such that an Applicant may receive fewer than the number of Offer Shares applied for. Neither the Company nor the Receiving Bank nor any other person provides any Applicant with any assurance, representation, warranty, covenant or other statement to the effect that it will receive the full Allotment of Offer Shares requested by the Applicant in the Application Form.

18.21 Distribution of Allotment Notices and Refunds

- 18.21.1** Following the allotment of the Offer Shares offered and by no later than the Distribution of Refunds Date, Allotment Notices informing all Applicants of their respective allotments of the Offer Shares pursuant to the IPO will be made available for collection from Bahrain Clear or the Applicants' designated brokerages or the Participating Broker at which they submitted their Application Form.
- 18.21.2** On the Distribution of Refunds Date, the Receiving Bank will:
- (a) pay to the Selling Shareholders in BHD an amount equal to the Offer Price multiplied by the number of Offer Shares allotted to Applicants less (i) any refunds, (ii) the Offering expenses, (iii) the expenses pertaining to previous IPO and private placement activities of the Shares since 2015 which were not executed and which expenses were the subject of the EGM resolution referred to in section 2.3 (with an amount equivalent to such expenses to be paid by the Receiving Bank to the Company); and (iv) any applicable Investor Number Fees and excess Participating Broker Fee paid;
 - (b) return, in BHD, the Application Funds paid by Applicants in respect of Offer Shares they applied for and were not transferred except for wire and/or cheque/draft issuance expenses; and
 - (c) (i) pay to the relevant Participating Broker any relevant Participating Broker Fee in respect of a relevant Applicant; and (ii) where an Applicant does not receive the full number of Offer Shares for which it applied through its Participating Broker, refund to the relevant Applicant, as further detailed in this section 18.21, the difference between the Participating Broker Fee and the Preliminary Broker Fee Payment.
- 18.21.3** All funds distributed by the Participating Broker and/or the Receiving Bank will be distributed without deduction, except for wire and/or cheque/draft issuance expenses, but will not include any profit or interest derived from such funds, which, if any, shall be for the account of the Participating Broker and/or the Receiving Bank.
- 18.21.4** Any refund amount will be returned by the Receiving Bank in one of the following forms, as and if applicable:
- (a) By way of refund cheques for Applicants who paid their Application Funds by way of manager's cheques/ demand drafts. Such Applicants shall be required to collect their respective refund cheques (if any) from the particular Approved Branch of the Receiving Bank at which they submitted their Application Forms, within 30 Calendar Days starting on the Distribution of Refunds Date;
 - (b) By way of telegraphic transfers for Applicants who paid their Application Funds by way of telegraphic transfers. All bank charges for such telegraphic transfers shall be borne by the Applicant;
 - (c) By way of crediting the Applicant's bank account for Applicants who hold bank accounts with the Receiving Bank and have paid their Application Funds by way of internal transfers from such accounts; or
 - (d) By way of crediting the Applicant's account with the Participating Broker for those Applicants who have paid their Application Funds through such Participating Broker.
- 18.21.5** All Applicants authorise the Company, the Participating Broker and the Receiving Bank to make the respective refunds, if any, through the applicable methods described above.
- 18.21.6** In the event that an application is rejected in whole or in part or if the Offering does not proceed, the Application Funds or the balance thereof will be returned to the Applicant at the risk and cost of the Applicant and without accounting for any profit or interest derived from such funds which, if any, shall be for the account of the Receiving Bank.

- 18.21.7** The Offer Shares will be in a dematerialised form, and there will be no physical certificates representing the Offer Shares. Delivery of the Allotment Notices shall not constitute proof of ownership of the Offer Shares. Receipt of the Allotment Notice is proof that the Offer Shares have been transferred into the Applicant's Investor Account. The Allotment Notice must not be used to sell the Offer Shares before the listing on Bahrain Bourse. The Allotment Notice shall provide all relevant details to the Applicant regarding the transfer of the Offer Shares.
- 18.21.8** Allotted Shares pertaining to those Applicants that have applied through the Receiving Bank will be credited to such Applicant's Investor Account at Bahrain Clear. Following such allotment, and to enable an Applicant to subsequently trade the Shares starting on the Commencement of Trading Date, an Applicant is required to transfer the Shares from their Investor Account to a Securities Account of their choice through a request made to Bahrain Clear. Such request is to be made by completing Bahrain Clear's Form 6 'Transfer Application Between CSD and Broker' a copy of which may be downloaded from Bahrain Bourse's website together with payment of the Securities Account Fee.
- 18.21.9** Allotted Shares pertaining to Applicants that submitted an application through a Participating Broker will be automatically transferred by Bahrain Clear from their Investor Account to their Securities Account at the Participating Broker that processed their Application Form.
- 18.21.10** If excess Application Funds are not refunded or securities are not dispatched within the timeframe required by the OFS then interest may be payable to applicable Applicants as required by, and in accordance with, the OFS.

18.22 Announcements

- 18.22.1** The Issuer, the Lead Manager and/or other appointed advisors appointed by the Issuer will make the following announcements in relation to this Offering:
- (a) An announcement of the Offering together with a summary of this Prospectus will be published in a minimum of two (2) local newspapers in the Kingdom of Bahrain, one (1) in Arabic and one (1) in English, five (5) calendar days before the Application Opening Date;
 - (b) The results of the Offering and confirmation of the basis of Allotment will be published in a minimum of two (2) local newspapers in the Kingdom of Bahrain, one (1) in Arabic and one (1) in English, within two (2) Calendar Days of the Application Closing Date; and
 - (c) An announcement will be made on the Distribution of Refunds Date in a minimum of two (2) local newspapers in the Kingdom of Bahrain, one (1) in Arabic and one (1) in English, to the effect that Allotment Notices to all Applicants are made available for collection from Bahrain Clear or the Applicants' designated brokerages or the Participating Broker at which they submitted their Application Form, and that excess Application Funds, if any, are either ready for collection (in the form of cheques) or have been processed for crediting the Applicants' bank account or account with the Participating Broker, as the case may be.

Section 19: Additional Information

19 Additional Information

19.1 Share capital structure

As at the date of registration of this Prospectus the Company's authorised, issued and fully paid-up share capital amounted to BHD 9,000,000 divided into 90,000,000 ordinary shares of nominal value BHD 0.100 each. The following table presents the pre-IPO and the post-IPO shareholding in the Company based on 18,000,000 existing Offer Shares being allotted in the Offering.

Shareholder	Ownership Pre-Offer			Ownership Post-Offer		
	Number of shares	% of ownership	Type	Number of shares	% of ownership	Type
APM Terminals B.V.	72,000,000	80%	Ordinary shares	57,600,000	64%	Ordinary shares
Yusuf Bin Ahmed Kanoo (Holdings) Co. W.L.L.	18,000,000	20%	Ordinary shares	14,400,000	16%	Ordinary shares
New investors	N/A	N/A	N/A	18,000,000	20%	Ordinary shares
Total	90,000,000	100%	Ordinary shares	90,000,000	100%	Ordinary shares

There is no agreement for the purchase of Shares or for options to purchase Shares or any commitments for the issue or transfer of Shares in the Company.

19.2 Post-Conversion Memorandum and Articles of Association

The Post-Conversion Memorandum and Articles of Association set out in Appendix B to this Prospectus will govern the Company upon its Conversion to a public joint stock company. Below is a summary of some of the key matters described in the Post-Conversion Memorandum and Articles of Association.

Shareholders rights and obligations

- 19.2.1** Each shareholder will particularly enjoy the following rights: (i) receiving his share of dividends in the event a resolution is passed to distribute the same to the shareholders, (ii) receiving his share of the Company's assets upon liquidation, (iii) participating in the Company's management, (iv) obtaining a printed booklet, following each financial year, containing the balance sheet, profit and loss account, Board of Directors report and the Auditors' report, (v) filing lawsuits to invalidate any resolution issued by the General Meeting or by the Board of Directors in contravention of the law, the public order or the Memorandum or the Articles of Association, (vi) disposing of the shares he owns and having priority in subscribing for new shares, (vii) examining the Company's records, and (viii) filing a claim against the Company for the court to judge as it deems appropriate, if the Company's operations are conducted or being conducted in an unfair manner prejudicial to the interests of one or more shareholder, as per the law.
- 19.2.2** Ownership of a share shall mean acceptance of the provisions of the Company's Memorandum and Articles of Association and the General Meeting's resolutions. Each shareholder shall in particular have the following obligations: (i) to pay the amounts which have been previously agreed upon regarding the paid-up capital or any increase thereof, (ii) to pay the expenses incurred by the Company in recovering the overdue amounts due from him regarding the paid-up capital, (iii) to refrain from any act that may be harmful to the Company, (iv) to implement any resolution that may be lawfully passed by the General Meeting.
- 19.2.3** The General Meeting of the shareholders may not: (i) increase the financial liabilities of the shareholders nor increase the value of the share except within the ambit of the Commercial Companies Law, (ii) impose any new conditions other than those contained in the Articles of Association of the Company with respect to the right of a shareholder to attend General Meetings and vote thereat, and (iii) restrict the right of a shareholder to institute action against all or some of the Directors in respect of compensation for damages suffered by him pursuant to the provisions of the law.

Board of Directors

- 19.2.4** Based on the Memorandum and Articles of Association, the Commercial Companies Law and the Company's corporate governance framework, the Board shall meet at least four times in every financial year, or more frequently, as deemed necessary. Decisions of the Board are made by an affirmative vote of a simple majority of its members present at a meeting.
- 19.2.5** A member of the Board of Directors shall fulfil the following conditions: (a) shall enjoy the legal capacity to act, (b) shall not have been previously convicted for an offence of bankruptcy by default or fraud nor for any crime affecting his honor or integrity nor for an offence by reason of his breach of the provisions of the law unless he has been reinstated, (c) shall not be prohibited from taking membership of the Board of Directors of a joint stock company in accordance with the provisions of any law in force in the Kingdom, (d) shall meet the conditions specified by the relevant authority for independent, non-executive and executive members of the board of directors, (e) shall meet any other conditions imposed by the General Meeting of the Company or any other requirement stipulated under Article 173 of the Commercial Companies Law and the CBB regulations. If a Director forfeits any of the aforesaid conditions, he shall cease to be a member of the Board of Directors from the date of forfeiture. The Chairman of the Board of Directors or his Deputy, shall not combine this position and the position of the Senior Director of the Company. Where a Director has misused his/her position as a Director in carrying on business that is competitive to that of the Company or if he/she causes actual damage to it, this shall lead to termination of the Director's membership.
- 19.2.6** Regardless of how a Director qualifies for his/her position on the Board, the Post-Conversion Memorandum and Articles of Association do not specify any requirement for involuntary retirement so a Director can continue his/her role indefinitely dependent on being re-elected every three years.
- 19.2.7** In addition, Shareholders representing at least 10% of the Company's paid-up capital could request in writing the removal of all or any of the members of the Board and such request shall be decided upon by the General Assembly of the Company.
- 19.2.8** Subject to the provisions of the Post-Conversion Memorandum and Articles of Association, the Company may borrow by issuing debentures by resolution of the General Assembly following a proposal by the Board indicating the extent of the Company's need for borrowing and the conditions for issue of debentures, with the prior approval of the CBB in accordance with Articles 81 to 85 of the CBB Law and the regulations issued to its effect.
- 19.2.9** Individually, a Director cannot vote on any contract or arrangement in which he/she has a material interest. A Director must notify the Board of his/her personal interest in any existing or proposed transaction or contract, whether direct or indirect, and cannot participate in any further deliberations or voting passed in this respect.
- 19.2.10** The Ordinary General Meeting shall establish the remuneration of members of the Board of Directors. The Board of Directors shall establish a Remuneration Committee to review and approve the remuneration policies, monitor the remuneration system to ensure proper implementation and operation, make recommendations for remunerations of the Board to the General Meeting, and ensure compliance with applicable laws and regulations.

The total of the remuneration shall not exceed 10% of the net profit in any financial year, after the deduction of all legal reserve funds and after the distribution of the Company's profits of not less than 5% of the Company's paid-up capital to the Shareholders.

A report by the Board of Directors' is submitted to the General Meeting which includes a comprehensive account of all payments to the board members during the financial year, including salaries, profit shares, representation allowances, attendance allowances and expenses and the like. The report shall also include an account of the amounts paid to the members of the board in their capacities as employees and administrators of the Company, and what they have received for technical, administrative or consulting services or any other business with the Company. In the years that the Company has not generated any profits, remuneration to members of the Board of Directors shall be in compliance with Article (188) of the Commercial Companies Law.

- 19.2.11** In relation to their voting rights, Directors are unable to vote on any resolution relating to their salaries and remunerations. In addition, this will be subject to the restrictions of the Bahrain Code of Corporate Governance and the recommendations of the Company's nominating and remuneration committee.

- 19.2.12** No member of the Board of Directors or manager may take part in transactions conflicting with the Company's interest and any such act shall be considered null and void without prejudice to the Company's right to claim from the violator compensation for damages when deemed appropriate. A Board approval is required for any transaction or contract in which the Chairman or a Board member is conflicted. Detailed reporting on such contracts and transactions shall be made by the Board to the General Meeting, accompanied by a report from the External Auditor. Non-compliance with the requirements applicable to events of conflict of interest may entail liability of the directors and invalidity of the transaction or contract related thereto. Shareholders holding at least 10% of the company's capital shall be entitled to access the papers and documents related to these contracts or acts and to obtain copies or extracts thereof.

Company's Shares

- 19.2.13** In relation to the Shares the Post-Conversion Memorandum and Articles of Association dictate that the rights attached to each Share entitle each Shareholder to his/her share of the dividends, if declared, on distribution of the profits of the Company by way of dividend, his/her share of the capital in case of any reduction of the capital and his/her share of the Company's surplus assets upon liquidation.
- 19.2.14** The Shareholder who is entitled to any dividend which is declared is the Shareholder registered as the owner of the Shares in the Company's register at the time of approval by the General Assembly of the financial statement and the distribution of profits. If two or more persons jointly own one share or more, only one person shall represent them vis-a-vis the Company. If shares are owned by two or more persons, only the first named in the share certificate shall be entitled to receive any rights or communications in respect of such shares at the address shown in the share register, unless agreed otherwise amongst the joint owners and notified to the Company.
- 19.2.15** Each Share entitles its owner to one vote at the General Assembly. The Company's major Shareholders do not have different voting rights to the other Shareholders. Capital can be increased by the issuing of new Shares to cover the required increase or through transferring reserve funds to the capital.

General Assembly Meetings

- 19.2.16** The Chairman has the authority to summon an ordinary General Assembly, at a time and place decided upon by the Board. Such an assembly is required at least once every financial year (within three (3) months following the end of the financial year) but must also be summoned by the Board if requested by the Company's external auditors or a number of Shareholders representing at least 10% of the capital of the Company. The MoICT may also summon a General Assembly if: a proposed meeting is missed and a further month elapses; if the number of members of the Board falls below the required quorum for holding the Board's meetings; if a number of Shareholders representing 10% of the Company's capital request for a meeting and the Board fails to call for the meeting within one (1) month from the Board's receipt of such a request from the 10% Shareholders; or the MoICT may by resolution summon the General Assembly whenever he/she deems that there are reasons requiring such action, or the relevant regulator requests such meeting.
- 19.2.17** Proxies and the capacity of the delegation with the Company must be received at least twenty-four (24) hours before the General Assembly meeting.

Ordinary General Assembly

- 19.2.18** An ordinary General Assembly shall not be valid unless attended by Shareholders having voting rights and representing more than one half (1/2) of the Shares. If that quorum is not obtained, the ordinary General Assembly shall be called to convene for a second meeting, with the same agenda, to be held within a period of not less than seven (7) days and not more than fifteen (15) days from the date of the first ordinary General Assembly meeting. The second ordinary General Assembly meeting shall be valid if attended by Shareholders having the right to vote and representing at least thirty per cent (30%) of the Company's capital. If that quorum is not obtained, the Shareholders shall be called to convene for a third meeting, with the same agenda, to be held within a period of not less than seven (7) days and not more than fifteen (15) days from the date of the second ordinary General Assembly meeting. The third ordinary General Assembly meeting shall be valid irrespective of the number of Shareholders present. New notices of the second and third ordinary General Assembly meetings need not be sent, if their dates were fixed in the notice given in respect of the first ordinary General Assembly meeting, provided that the notice shall be published to the effect that these two ordinary General Assembly meetings were not held, as the case may be, in at least two (2) daily Arabic newspapers, one of which shall be local.

19.2.19 All resolutions at the ordinary General Assembly must be adopted by a majority of Shares represented at the ordinary General Assembly meeting, and in the event of a tie, the Chairman of the meeting shall have a casting vote.

19.2.20 At the ordinary General Assembly, the Shareholders may consider all matters relating to the Company and adopt appropriate resolutions in relation to any such matters, except such matters that are specifically reserved by the Commercial Companies Law to be deliberated upon at the EGM. The Shareholders may, among other actions, take the following actions at an ordinary General Assembly:

- (a) Elect and/or dismiss members of the Board;
- (b) Determine the remuneration of the members of the Board;
- (c) Consider and approve the Board's report on the Company's activities and financial position during the preceding financial year;
- (d) Discharge or refuse to discharge the members of the Board from any liability;
- (e) Appoint one or more auditors for the following financial year and determine their fees, or authorise the Board to do the same;
- (f) Consider the auditor's report on the financial statements for the preceding financial year;
- (g) Approve the profit and loss account, the statement of financial position and the statement allocating the net profits, and determine the dividends; and
- (h) Consider and decide on the recommendations relating to the issuance of bonds, borrowing, mortgaging and the issuing of guarantees.

Extraordinary General Meeting

19.2.21 An EGM is held on summons from the Board or by a written request from the Shareholders making up at least 10% of the Company's capital. If it is the latter, the Board will be required to call for the EGM within one month of receiving the request. If this does not materialise, the MoICT shall have the ability to call the meeting within the fifteen (15) days after the expiry of the one month timeframe.

19.2.22 Resolutions at an EGM are, generally speaking, passed by a two-thirds (2/3) majority of Shares represented at the meeting. If the resolution relates to the increase or reduction of the Company's capital, extension of the term of the Company, or dissolution or merger of the Company with another company, then the resolution must be passed by a 75% majority of the Shares present.

19.2.23 An EGM shall not be validly held unless attended by Shareholders representing at least two-thirds (2/3) of the Shares. If that quorum cannot be obtained, summons should be sent for a second EGM which shall be held within the next fifteen (15) days following the date of the first EGM. The quorum for the second EGM shall be valid if it was attended by Shareholders representing more than one third (1/3) of the Shares. If a quorum cannot be obtained for the second EGM, summons shall be sent for a third EGM which shall be held within fifteen (15) days of the second EGM. The third EGM shall be valid if attended by Shareholders representing one quarter (1/4) of the Shares. New notices for the second and third EGMs need not be given if their dates were fixed in the notice given in respect of the first EGM, provided that the notice shall be published to the effect that these two EGMs were not held, as the case may be, in at least two (2) daily Arabic newspapers, one of which shall be local.

19.2.24 The Company's Shareholders may take the following actions at the EGM:

- (a) Amend the Company's Memorandum and Articles of Association and extend its term;
- (b) Increase or reduce the Company's share capital;
- (c) Dispose of more than half of the assets of the Company;
- (d) Purchase the Company's own Shares for investment purposes;
- (e) Sell the entire project carried out by the Company or dispose of it in any other manner; and
- (f) Wind up the Company or agree to merge it with another company.

19.2.25 The EGM may resolve to reduce the capital of the Company either by reducing the nominal value of the Shares or cancelling a number of Shares equal to the amount of the decided reduction. If the capital reduction is made by way of cancelling a number of Shares, a number of Shares owned by each Shareholder shall be cancelled in proportion to the percentage of the capital reduction, provided that the Shareholder shall not be deprived of his sharing in the Company.

- 19.2.26** Resolutions adopted at the General Assembly in accordance with the Commercial Companies Law or the Post-Conversion Memorandum and Articles of Association shall be binding on all Shareholders whether they were present at the General Assembly meeting at which the said resolutions were passed or absent or whether they voted for or against such resolutions.
- 19.2.27** The Commercial Companies Law and all other applicable laws and regulations will determine all the matters of the Company of a governance nature which are not expressly addressed in the Post-Conversion Memorandum and Articles of Association.
- 19.2.28** Except where expressly stated in this Prospectus, no limitations are set out in the Post-Conversion Memorandum and Articles of Association on the rights to own Shares.

19.3 Shareholder Legal and Regulatory Matters

Set out below is a descriptive summary of some additional provisions set forth in the Post-Conversion Memorandum and Articles of Association that will govern the Company upon its Conversion to a public joint stock company, the Commercial Companies Law and the regulations of the MoICT that pertain to the Company's share capital, management, periodical and occasional disclosures, as well as other corporate issues applicable to the Company are set out below.

This is not an exhaustive summary of the matters addressed. It merely provides an overview of some provisions of the Post-Conversion Memorandum and Articles of Association, Commercial Companies Law and the regulations of the MoICT.

The descriptions in this Prospectus of the rights and obligations of each Shareholder by virtue of their owning Shares in the Company do not constitute advice and are not intended to be exhaustive, but rather they are an indication of some of the rights and obligations which will attach to the Shares. Applicants should ensure that they are advised independently as to the full extent of these rights and obligations.

19.3.1 General

- (a) The Company is currently a closed joint stock company incorporated under the laws of Bahrain and has applied to the MoICT to convert to a public joint stock company. Its head office is located in the Kingdom of Bahrain. Documentation of the Company's incorporation is duly registered with the MoICT under commercial registration number 60982.
- (b) The Shares shall begin trading on Bahrain Bourse on the Commencement of Trading Date under the symbol APMTB.

19.3.2 Corporate Purpose

The Company's corporate purpose, as described in the Post-Conversion Memorandum and Articles of Association, consists of the activities set out below.

- (a) The business of the Company shall comprise constructing, operating, managing and providing port facilities/ for port users within the Kingdom of Bahrain and all other incidental matters. Such business shall be carried out by or under the management of the Board in accordance with such regulations as the Board from time to time may prescribe.
- (b) Without limiting the generality of (a) above, the Company shall:
 - i benefit from, operate and manage the ports;
 - ii provide marine services to the ports and outside of the ports but within the territorial waters of Bahrain;
 - iii provide pilotage services, within Khawr Al Qulay'ah, Sitrah anchorage and the approach channel as required;
 - iv operate and provide the vessel tracking management system for Bahrain's ports and approaches;
 - v provide any service to customers within ports;
 - vi negotiate and grant exclusive and non-exclusive concessions and/or licenses to third parties selected by the Company, by tender or otherwise, for the provision of all or any facilities or services which the Company may determine to be necessary or desirable within the ports;

- vii enter into contracts with third parties for the benefit of the Company or customers generally within the ports; and
- viii do all such things as may be deemed to be incidental or conducive to the attainment of the above objects or any of them.

19.3.3 Restrictions on certain share transfers

Pursuant to the laws of Bahrain, the Founders are restricted from transferring their Shares for a period of one year beginning on the Commencement of Trading Date.

19.4 Material Contracts

Material contracts which the Issuer is currently a party to were disclosed in sections 8 and 10 of this Prospectus and the Issuer confirms that there are no material contracts which have been terminated in the past two (2) years.

19.5 Exchange Controls

There are no currency or exchange control restrictions currently in force under the laws of Bahrain and the free transfer of currency into and out of Bahrain is permitted, subject to any anti-money laundering regulations and international regulations in force from time to time.

19.6 Taxation

Except for certain taxes imposed on oil and gas companies and insurance against unemployment, Bahrain levies no taxes on income, capital gains, sales, estates, interest income, dividends, royalties or fees. Furthermore, no withholding taxes exist. It is anticipated that Bahrain will introduce a broad ranging VAT regime on goods and services in Bahrain, potentially as early as this year, in compliance with the Unified VAT Agreement for The Cooperation Council for the Arab States of the Gulf. Such a system has already been introduced at the start of this year in the Kingdom of Saudi Arabia and the United Arab Emirates although Kuwait, Oman and Qatar have yet to do so.

19.7 Dividends

The dividend policy of the Company is described in section 14.6.2 of this Prospectus.

Shareholders are entitled to dividends, once declared and approved at a meeting of the Shareholders which must be convened within three (3) months of the Company's financial year-end. The Offer Shares will entitle holders to receive dividends declared by the Company after the approval of the Offering by the CBB for the financial years ending 31 December 2018 onwards.

Dividends to non-resident natural or legal persons will be remitted by wire transfer.

19.8 The Securities Market in Bahrain

19.8.1 Bahrain Bourse

Bahrain Bourse was established pursuant to Law No. 60 of 2010 to replace the Bahrain Stock Exchange that was established in 1989.

Bahrain Bourse is administered by a board of directors appointed by resolution 3 for 2016 dated 27th December 2016 issued by the Economic Development Board of Bahrain. At least three of the directors are non-executive independent directors who are persons that do not represent the interests of the shareholder (which is the Government of Bahrain) but have proven experience and credentials in the business and financial services community.

Bahrain Bourse is governed by rules and legislation including Bahrain Bourse's law and all its internal regulations that are issued by the CBB concerning the capital markets sector in Bahrain. In addition, Bahrain Bourse's Internal Regulations issued by Resolution No. 13/1988 govern administration and membership of Bahrain Bourse and the rules governing listing and trading of securities, including clearing, settlement of trades and the operation of the central depository system. Further information is available on Bahrain Bourse website: www.bahrainbourse.com.

19.8.2 Bahrain Clear

Bahrain Clear was incorporated as a closed joint stock company in Bahrain on 4 October 2016 and is ultimately owned by Bahrain Bourse. It is regulated by the CBB under the capital markets sub-category "Licensed Clearing, Settlement and Central Depository Systems" and it provides a number of capital markets services in Bahrain, including services relating to the maintaining of a central depository, clearing and settlement activities and share registrar services.

19.8.3 Settlement of securities listed on Bahrain Bourse

Each investor must open an Investor Account and also a trading account with one of the brokerage firms in Bahrain to the extent that they do not already have such accounts. A broker is an authorised party licenced to conduct share transactions and who is allowed to execute the buy and sell orders on behalf of an investor.

In order to buy shares in Bahrain, investors must draft a cheque in favour of their brokers in respect of the value of the shares which they wish to buy and the broker's commission in the settlement bank to avoid any delay or failure.

In order to sell shares in Bahrain, investors must already hold shares in their Investor Accounts. The broker enters the investor's orders (sell/buy) in Bahrain Bourse's automated trading system. These orders are matched electronically throughout the trading system without any human intervention.

For any transaction of buying/selling shares, the broker is under an obligation to provide the investor with a confirmation statement for all transactions which the broker has conducted on behalf of the investor on a certain day. By 09:30 hours local time two Business Days after the day of the transactions, both brokers (buyer's and seller's) should finalise all of their obligations on their transaction.

19.8.4 Capital Markets Supervision Directorate

By Decree No. 21/2002 and the CBB Law, the CBB was empowered with supervisory, legislative and regulatory authority over Bahrain Bourse and its activities. The CBB established the CMSD with the mandate of supervising and regulating Bahrain's capital markets. The CMSD's primary objective is to maintain a transparent, fair and orderly market by upholding and enforcing international standards and protecting investors, thereby upholding Bahrain's integrity and reputation as a financial hub.

The CMSD has responsibility for the primary and secondary markets in Bahrain. Furthermore, the CMSD regulates and supervises all applications for the listing of securities and any other instruments offered to the general public, ensuring that applications fulfil all legal requirements. The CMSD also enforces international disclosure standards in order to enhance the transparency of Bahrain's market and supervises Bahrain Bourse, the clearing system, the settlement system, the depository and custodial systems, brokerage firms and market makers. The Company is required to comply with the provisions of the CBB's Rulebook Volume 6 (Capital Markets) and Bahrain Bourse's Internal Regulations issued by Resolution No. 13/1988 once it has been converted into a public joint stock company in Bahrain.

CBB Resolution No. 11 of 2018, we summarise its contents as follows provided that Bahrain Bourse shall issue its regulations in relation to listing securities and financial instruments, to be approved by the CBB. It also provides that Bahrain Bourse shall be the main point of contact for all listing applications during the submission and follow up phase. Bahrain Bourse has issued a draft of its proposed listing rules for consultation and it is anticipated that the listing rules, which apply to listing and ongoing requirements in relation to listed companies on Bahrain Bourse will be formally instituted this year which the Company, in common with all listed companies in Bahrain will be required to comply with.

Section 20: Disputes, Legal Proceedings and Litigations

There are no material outstanding or pending litigations, legal or arbitration proceedings, including those relating to money laundering, financial crimes, bankruptcy, receivership or similar proceedings nor any material dispute involving any third party, which are expected to have, or have had in the last 12 months immediately preceding the date of this Prospectus, material effects on the Company's financial position or profitability.

Certain customs duties payable to the Import and Customs Authority are outstanding, with BHD 937k having accrued since 2009 in connection with import duties on heavy equipment and machinery. The Company has requested that the above amount be waived for reasons explained to the Import and Customs Authority. The above amount has been provided for.

Aside from the disputes/claims mentioned above there are no other material disputes with any other third parties.

Section 21: Applicable Law

The Company is incorporated under the laws of the Kingdom of Bahrain. The Offering, including the Allotment and distribution of the Offer Shares and the listing of the Shares on Bahrain Bourse, is governed by the laws of the Kingdom of Bahrain, and any disputes arising thereunder will be submitted to the courts of the Kingdom of Bahrain. All agreements relating to this Offering, including the Underwriting Agreement, are also governed by the laws of the Kingdom of Bahrain.

Section 22: Documents Available for Inspection

The following documents or copies thereof, may be inspected at the Company's head office at Building 107, Block 115, Hidd, Kingdom of Bahrain, during usual business hours on any Business Day from the date of the registration of this Prospectus with the CBB and shall be available for inspection for a period of at least 6 months thereafter:

- The Company's commercial registration certificate;
- The Company's Memorandum and Articles of Association;
- The following material contracts:
 - Concession Agreement between APMT Bahrain and the Government of Bahrain dated 8 November 2006;
 - KBSP Lease Agreement between APMT Bahrain and the Government of Bahrain dated 8 November 2006;
 - Sub-Concession Agreement between APMT Bahrain and Svitzer Bahrain S.P.C (previously known as SvitzerWijsmuller Bahrain S.P.C.) dated 7 November 2006 and its amendments;
 - Shareholders' Agreement between A. P. Moller – Maersk A/S, Yusuf Bin Ahmed Kanoo (Holdings) Co. W.L.L. and APMT Bahrain dated 8 November 2006;
 - Deed of Adherence between APM Terminals B.V., Yusuf Bin Ahmed Kanoo (Holdings) Co. W.L.L., Maersk A/S and APMT Bahrain dated 15 December 2008;
 - Deed of Termination of Shareholders' Agreement between Maersk A/S, Yusuf Bin Ahmed Kanoo (Holdings) W.L.L., APMT Bahrain and APM Terminals B.V. dated 10 September 2018;
 - Technical Services Agreement between APMT Bahrain and APMT International B.V. dated November 2006 and its amendments;
 - Direct Agreement between A.P. Moller – Maersk A/S, APM Terminals B.V., the Government of the Kingdom of Bahrain, and APMT Bahrain dated 15 December 2008;
 - Collective Bargaining Agreement between APMT Bahrain and The General Union of Marine Ports Labourers dated 17 April 2018;
- Letters of appointment for the Board of Directors;
- The Audited Financial Statements of APMT Bahrain for the five financial years ended 31 December 2013, 2014, 2015, 2016 and 31 December 2017;
- The interim financial statements of APMT Bahrain for the period to 30 June 2018;
- The Underwriting Agreement;
- Market making and price stabilisation agreement;
- Receiving Bank agreement;
- SICO – Broker participation agreement;
- AUB – Broker participation agreement;
- Global – Broker participation agreement;
- BBK – Broker participation agreement;
- The following licences and certifications granted to the Company:
 - Port operating licence;
 - Ship station licences;
 - Navigation licences;
 - Frequency licences, clinic healthcare professional licence cards from National Health Regulatory Authority;
 - Ship management services licence and stevedoring licence;
 - Clinic licences from the Office of Licensure Registration, Ministry of Health of the Kingdom of Bahrain;
 - Certification of the completion of the International Code for the Security of Ships and of Port Facilities, Port Facility Security Officer Training Course, Statement of compliance with the International Code for the Security of Ships and of Port Facilities; and

- Corporate Governance Documents (subject to CBB approval):
 - Corporate governance manual;
 - Corporate social responsibility policy;
 - Whistle blowing policy;
 - Code of conduct and ethics;
 - Board charter;
 - Audit, risk and compliance committee charter;
 - Nominating, remuneration and governance committee charter;
 - Shareholder manual; and
 - Compliance risk assessment guideline.
- The financial due diligence report prepared for the Company by KPMG;
- Letter dated 28 June 2015 from the MOTT in respect of transshipment targets;
- Letter dated 7 February 2018 from the PMA in respect of IPO time frame;
- Letter dated 13 September 2018 from the PMA confirming the offer can include non-Bahraini nationals and corporate entities;
- Letter dated 14 August 2018 from the MOTT in respect of KPI penalties;
- Letter dated 14 August 2018 from the MOTT in respect of new container ports;
- Letter dated 14 August 2018 from the MOTT in respect of events of default;
- Consent letter dated 6 September 2018 from the financial due diligence advisors;
- Consent letter dated 17 September 2018 from the auditors;
- Consent letter dated 23 September 2018 from the Lead Manager, Underwriter and Market Maker;
- Consent letter dated 23 September 2018 from the Legal Advisors;
- Consent letter dated 23 September 2018 from the Registrar and Allotment Agent; and
- Consent letter dated 25 September 2018 from the Receiving Bank.

شروط وأحكام الكتتاب

في حالة وجود تباين بين شروط الكتتاب وشروط فتح الحساب، فإن الأولوية سوف تكون لشروط الكتتاب. أية كلمات غير مترجمة في هذا نموذج سوف تحمل المعنى المعطى لها في شروط الكتتاب. شروط وأحكام فتح الحساب مضملة بشكل كامل في شروط الكتتاب.

الفتح	جميع الأموال المدفوعة به أن تكون لصالح "APM IPO" تفصيل الحساب المصرفي لبنك الإستثمار مبنية على القيد التالي: البنك: الأهلي المتحد ش.م.ب
اسم الحساب:	APM IPO
رقم الحساب:	0016-259352-001
رقم الحساب المصرفي الدولي:	BH36ALBB00016259352001
الرموز:	ALBB888EM
المعلة:	الدينار البحريني
الإشارة المرجعية:	رقم نموذج طلب الكتتاب

يتمن على مقدمي الطلبات دفع أموال الكتتاب بالدينار البحريني، مباشرة أو عن طريق وسيط مشتريات. في وقت تسليم نموذج طلب الكتتاب، على أن يكون صافي من أية رسوم بنكها أو غيرها. أية رسوم من هذا الصل، والتي من الممكن أن تشمل رسوم التحويل التلغرافي، أو رسوم إصدار شيك، إداري أو كميالة، أو رسوم تحويل عملة أجنبية، سوف يتحملها مقدم الطلب.

يحب على مقدمي الطلبات الذين ليس لديهم رقم مستثمر مع شركة البحرين للمضاربة أن يملأوا مبلغ رسم رقم المستثمر وذلك باستكمال القسمين 3D و F من نموذج الطلب حدا و دفع رسم المستثمر مع أموال الطلبات.

يتمن على مقدمي الطلبات، الذين يتقدمون بالطلبات من خلال وسيط مشتريات والذين أعلنوا معه على دفع رسم الوسيط المشترك، إيداع مبلغ رسم الوسيط المشترك الذي في القسم 4م من نموذج الطلب ودفع رسم الوسيط المشترك الذي في مع أموال الطلبات.

وسائل الدفع

يمكن لمقدمي الطلبات دفع أموال الكتتاب على النحو التالي:

- بواسطة تحويل داخلي من حساب مصرفي لدى بنك الإستثمار؛ أو
- بواسطة شيك إداري، كميالة (بالدينار البحريني) أو بنك الإستثمار؛ أو

تحويل الأموال تلقائياً إلى الحساب المصرفي لصالح الطلبات (مباشرة أو عن طريق وسيط مشتريات) (بحسب الذي يوصيه مقدم الطلب) في موعد لا يتجاوز تاريخ إيداع الأموال. سيوف تبدأ فترة الكتتاب في يوم الخميس، ٨ نوفمبر ٢٠١٨، وتنتهي يوم السبت، ٢٤ نوفمبر ٢٠١٨، وذلك في ساعات العمل المحددة لدى كل وسيط مشتريات أو لكل فرع مصرفي، وأجنبية في القسم ١٨ من شروط الكتتاب.

البيانات الشخصية والشيكات الشخصية أو تظيل، والدفع يجب أن يكون بالدينار البحريني فقط.

ولشأن إنشاء، ادع شروط و أحكام الكتتاب التي يجب على مقدم الطلب متابعتها أو أن يقوم كل مقدم مبلغ بتحويل مبالغ الطلبات إلى الحساب المصرفي لصالح الطلبات. وذلك، عندما يقوم مقدم الطلب بتحويل مبالغ الطلبات إلى وسيط مشتريات، تقع على عاقد مقدم الطلب هذه مسؤولية ضمان أن مبالغ الطلبات يتم تحويلها إلى الحساب المصرفي لصالح الطلبات لدى بنك الإستثمار قبل نهاية فترة الكتتاب. إن عدم وصول مبالغ طلبات مقدم الطلب إلى الحساب المصرفي لصالح الطلبات قبل نهاية فترة الكتتاب، قد يؤدي إلى رفض طلب الكتتاب لمقدم الطلب.

تسليم نموذج الطلب

يمكن لمقدمي الطلبات تقديم طلباتهم لدى الوسيط المشترك أو في الفرع المعتمدة لبنك الإستثمار (كما هو مبين في القسم ١٨ من شروط الكتتاب) خلال فترة الكتتاب. سيوف تبدأ فترة الكتتاب في يوم الخميس، ٨ نوفمبر ٢٠١٨، وتنتهي يوم السبت، ٢٤ نوفمبر ٢٠١٨، وذلك في ساعات العمل المحددة لدى كل وسيط مشتريات أو لكل فرع مصرفي، وأجنبية في القسم ١٨ من شروط الكتتاب.

معلومات عامة

أ) الفرع إخراج الأسهم العادية للشركة في بورصة البحرين وتداولها كحدا من قبل مقدمي الطلبات. فإنه يتمن على مقدم الطلب الذي أو يودع أية رقم مستثمر لدى شركة البحرين للمضاربة تقديم طلب التمويل على رقم مستثمر من شركة البحرين للمضاربة مع رقم الطلب. إن عدم تقديم الطلب من قبل وسيط مشتريات، ولتأخير أدع الوسيط المشتركين المذكورين في نموذج الطلب، فإن توافق على أن الأسهم المخصصة، إن وجدت، سيتم إيداعها في حساب الأوراق المالية الخاص بك مع الوسيط المشترك المختار.

ب) تضع أموال الطلبات المدفوعة لشروط وأحكام الكتتاب المتضمنة عليها في شروط الكتتاب.

ج) يجب على مقدمي الطلبات قراءة نموذج طلب الكتتاب بالكامل مع شروط الكتتاب وبنية النموذج بالكامل بكل إيجابيات النموذج.

د) قد تخضع أسهم الطرح التي يموعد لا يتجاوز تاريخ إيداع المبالغ المستردة سوف تكون إضرابات التخصيص مودودة للمستثمرين من شركة البحرين للمضاربة أو من الوسيط المختين لمقدم الطلب أو الوسيط المشترك الذين تم من خلالها تقديم طلب الكتتاب.

هـ) إن قبول نموذج الطلبات حدا من قبل الوسيط المشترك أو في الفرع المعتمد لبنك الإستثمار لا يعتبر إبراءاً من الشركة أو الوسيط المشترك أو بنك الإستثمار بأن مقدم الطلب قد إلتزم بشروط وأحكام الكتتاب هذه، كما أنه لا يشكل أي إلتزام على الإطلاق على الشركة أو الوسيط المشترك أو بنك الإستثمار بملء هذا الطلب.

و) أية أموال مستردة سيتم إيداعها من قبل بنك الإستثمار بإحدى الطرق التالية:

أ) **شيك مصرفي:** مقدمي الطلبات الذين قدموا أموال الطلبات عن طريق شيك إداري/كميالة، يتوجب على مقدمي الطلبات هؤلاء، أن يستكملوا الشيكات (إن وجدت) من نفس الفرع المعتمدة لبنك الإستثمار التي قدموا فيها مبالغ طلب الكتتاب، وذلك في غضون ٢٠ يوماً إبتداءً من تاريخ توزيع المبالغ المستردة.

• **قيد مبالغ:** مقدمي الطلبات الذين قدموا أموال الطلبات عن طريق تحويلات داخلية من حسابات مصرفية لهم في بنك الإستثمار، سوف تيدع المبالغ المستردة في حساباتهم المصرفية.

• **تحويل بولي:** مقدمي الطلبات الذين قدموا أموال الطلبات عن طريق التحويلات البرقية، كل رسوم التحويلات البرقية سوف يتحملها مقدم الطلبات المعنوي.

• **وسيط مشتريات:** عن طريق الفرع في حساب مقدم الطلب لدى الوسيط المشترك لمقدمي الطلبات الذين قدموا أموال الطلبات عن خلال الوسيط المشترك.

الوثائق المطلوبة

للأفراد:

- أ) جواز السفر الأصلي المفعول وصحة عنه أو وثيقة سفر دولية صالحة لمقدم الطلب؛ و
- ب) بطاقة الهوية الوطنية للأهلية السارية المفعول وصحة عنها أو أية وثيقة معادلة لمقدم الطلب:
- للمواطنين البحرينيين: بطاقة الهوية الوطنية
- لمواطني دول مجلس التعاون الخليجي: بطاقة الهوية الرسمية أو ما يعادلها صادرة من الدولة التي ينتمي إلى جنسيتها، أو، في حال كان مقيماً بالخارج، بطاقة الهوية الوطنية الجبرينة
- الجنسية الأخرى: بطاقة الهوية الرسمية، أو وثيقة معادلة، صادرة من الدولة التي ينتمي إلى جنسيتها.
- ج) إثبات على السجل المالي في حال كان العميل مبلغ يتوقع ٥٠٠٠ دينار بحريني يمكن أن يكون هذا الإثبات على شكل نسخة من مقودة حديثة لكوترا، أو إقرار الحد الأدنى، كشف حساب بنكي أو بيان مالي صادر عن بنك أدر أو عن مؤسسة مالية برخصة في الكويت، صدر عن شخص أو أنه اشترى قبل تدقيقه، أو وثيقة رسمية مثل البطاقة أدعية، صادرة عن هيئة عامة / حكومية، أو غير إداري.
- د) إثبات على كل لدى مقدم الطلب من الأوراق رقم مستثمر لدى شركة البحرين للمضاربة، يجب إيداع دليل على وجود هذا، والرمز في صورة بطاقة المستثمر أو كشف الحساب من شركة البحرين للمضاربة، أو صفحة مطبوعة من شاشة نظام الحاسوب لشركة البحرين للمضاربة.
- هـ) تفاصيل الحساب المصرفي من بنك مقدم الطلب في شكل كشف حساب، أو صفحة مطبوعة من شاشة نظام البنك، أو خطاب مصرفي يشير إلى تفاصيل الحساب. بما في ذلك رقم القبول المصرفي الدولي IBAN واسم البنك. سيتم استخدام تفاصيل الحساب المصرفي لمقدم الطلب من أجل أي توزيعات أرباح مستقبلية من قبل الشركة.
- و) والدفع أو إثبات دفع وفقاً لشروط الكتتاب.

الوثائق الإضافية المعنية أدناه مطبوعة في حال وقع شخص بإيأة عن مقدم الطلب من خلال توكيل قانوني:

- أ) جواز السفر الأصلي الساري المفعول وصحة عنه أو وثيقة سفر دولية صالحة للشخص الموقع بإيأة عن مقدم الطلب؛
- ب) بطاقة الهوية الوطنية للأهلية السارية المفعول وصحة عنها أو أية وثيقة معادلة للشخص الموقع بإيأة عن مقدم الطلب؛
- ج) الوثيقة القانونية للأهلية المصعدة وصحة عنه.
- الوثائق الإضافية المعنية أدناه مطبوعة في حال وقع شخص بإيأة عن مقدم الطلب من مقدم فامسر:
- أ) جواز السفر الأصلي الساري المفعول وصحة عنه أو وثيقة سفر دولية صالحة للشخص الموقع بإيأة عن الفامسر؛
- ب) بطاقة الهوية الوطنية للأهلية السارية المفعول وصحة عنها أو أية وثيقة معادلة للشخص الموقع بإيأة عن الفامسر؛
- ج) فيما عدا إذا كان الشخص الموقع بإيأة عن الفامسر هو والد الفامسر، وإثبات الوصاية القانونية للأهلية المصعدة وصحة عنها.

للمؤسسات:

- أ) نسخة من شهادة السجل التجاري للمؤسسة السارية المفعول؛ و
- ب) نسخة من عقد التأسيس والنظام الأساسي للمؤسسة أو ما يعادلها؛ و
- ج) جواز السفر الأصلي الساري المفعول وصحة عنه أو وثيقة سفر دولية سارية المفعول للشخص (الشخاص) الذي يوقع بإيأة عن المؤسسة؛ و
- د) بطاقة الهوية الوطنية السارية المفعول (الشخاص) أو بطاقة الهوية الشخصية (الشخصية) وصحة عنها للشخص الذي يوقع بإيأة عن المؤسسة.
- للمواطنين البحرينيين: بطاقة الهوية الوطنية
- لمواطني دول مجلس التعاون الخليجي: بطاقة الهوية الرسمية أو ما يعادلها صادرة من الدولة التي ينتمي إلى جنسيتها، أو، في حال كان مقيماً بالخارج، بطاقة الهوية الوطنية الجبرينة
- الجنسية الأخرى: بطاقة الهوية الرسمية، أو وثيقة معادلة، صادرة من الدولة التي ينتمي إلى جنسيتها؛ و
- هـ) إثبات على كل لدى المؤسسة رقم مستثمر لدى شركة البحرين للمضاربة، يجب إيداع دليل على وجود هذا، والرمز في صورة بطاقة المستثمر أو كشف الحساب من شركة البحرين للمضاربة، أو صفحة مطبوعة من شاشة نظام الحاسوب لشركة البحرين للمضاربة.
- و) الوثيقة القانونية وصحة عنها التي لتحويل الشخص (الشخاص) الذي يظهر توقيعيه على نموذج طلب الكتتاب بالتوقيع على مثل هذه الوثائق بإيأة عن المؤسسة، يمكن لهذه الوثيقة أن تكون توكيداً رسمياً أو قراراً لمجلس إدارة الشركة.
- ز) تفاصيل الحساب المصرفي من بنك مقدم الطلب في شكل كشف حساب، أو صفحة مطبوعة من شاشة نظام البنك، أو خطاب مصرفي يشير إلى تفاصيل الحساب. بما في ذلك رقم القبول المصرفي الدولي IBAN واسم البنك. سيتم استخدام تفاصيل الحساب المصرفي لمقدم الطلب من أجل أي توزيعات أرباح مستقبلية من قبل الشركة.
- ح) والدفع أو إثبات دفع وفقاً لشروط الكتتاب.

Application Terms and Conditions

To the extent of any inconsistency between the Prospectus and this Application Form, the Prospectus shall prevail. Capitalised terms not defined in this Application Form shall have the meaning set out in the Prospectus. The full Application Terms and Conditions are set out in the Prospectus.

1. PAYMENT

Payments to the Receiving Bank should be made to the order of "APM IPO". The Receiving Bank account details are:
Bank: ANI United Bank B.S.C.C.
Account name: APM IPO
Account number: 0016-259352-001
IBAN: BH36ALBB00016259352001
SWIFT: ALBB888EM
Currency: Bahraini Dinar
Reference: Application Form number

Applicants must remit to the Receiving Bank, directly or through a Participating Broker, at the time of submitting this Application Form, their cleared Application Funds in Bahraini Dinars net of any bank or other charges. All such charges, which may include charges for transfer, telegraphic transfer, issue of manager's cheque or demand draft, and foreign currency conversion charges, shall be fully borne by the Applicant.

Applicants who do not have a Bahrain Clear Investor Number are required to add the Bahrain Clear Investor Number Fee to their total by completing sections 3D and F of the Application Form and pay the Bahrain Clear Investor Number Fee together with their Application Funds.

Applicants who are applying through a Participating Broker and who have agreed with their Participating Broker to pay a Participating Broker Fee, are required to fill in the amount of the Preliminary Broker Fee Payment in section 3E of the Application Form and pay the Preliminary Broker Fee Payment together with their Application Funds.

2. METHODS OF PAYMENT

Applicants may make payments as follows:

- by way of internal transfer from an account held with the Receiving Bank;
- by way of manager's cheque/demand draft to be drawn in Bahraini Dinars for the Receiving Bank; or
- by way of telegraphic transfer to the Application Monies Bank Account with the Receiving Bank (either directly or through the Participating Broker) (payment instructions to clearly mention this Application Form number and the amount of funds that are payable, net of any bank charges).

Cash deposits or personal cheques will not be accepted. Payments must be in Bahraini Dinars only.

For the avoidance of doubt, one of the Application Terms and Conditions that each Applicant must satisfy is that each Applicant remit its Application Funds to the Application Monies Bank Account. Therefore, where an Applicant remits their Application Funds to a Participating Broker, it is the sole responsibility of that Applicant to ensure that the Application Funds are then remitted from the Participating Broker to the Application Monies Bank Account with the Receiving Bank before the end of the Offering Period. Failure of an Applicant's Application Funds to arrive in the Application Monies Bank Account before the end of the Offering Period may result in the Applicant's Application for Offer Shares being rejected.

3. APPLICATION SUBMISSION

Applicants can apply for Offer Shares at a Participating Broker or Approved Branches of the Receiving Bank (as set out in section 1B of the Prospectus) during the Offering Period. The Offering Period shall commence on Thursday 8 November 2018 and shall close on Saturday 24 November 2018, during the specific working hours of each Participating Broker and Approved Branch as detailed in section 1B of the Prospectus.

4. IMPORTANT INFORMATION

- a) For the purpose of listing the Company's Shares on Bahrain Bourse and subsequent trading of the Company's Shares by Applicants, Applicants who do not have a Bahrain Clear Investor Number are required to apply for a Bahrain Clear Investor Number by completing sections 3D and F of this Application Form and paying the Bahrain Clear Investor Number Fee together with their Application Funds. By applying through a Participating Broker, and selecting one of the Participating Brokers shown in this Application Form, you consent that allotted Shares, if any, will be automatically deposited to your Securities Account with the selected Participating Broker.
- b) The Application Funds paid are subject to the Application Terms and Conditions as set out in the Prospectus.
- c) This Application Form must be read in full together with the Prospectus and completed in full with all the required details.
- d) Following the Allotment of the Offer Shares and no later than the Distribution of Refunds Date, Allotment notices shall be available at Bahrain Clear or from the Applicant's designated brokerage or the Participating Broker at which they submitted their Application Form.
- e) Acceptance of this Application Form by a Participating Broker or an Approved Branch of the Receiving Bank is not deemed to be an acknowledgement by the Company or the Participating Broker or the Receiving Bank that the Applicant has adhered to the Application Terms and Conditions nor does it create any obligation whatsoever on the Company or the Participating Broker or the Receiving Bank to accept this Application Form.
- f) Any refund amounts will be returned by the Receiving Bank by one of the following methods:
 - **Refund cheques:** For payments made by way of manager's cheque/demand draft. The Applicant shall be required to collect higher respective refund cheque (if any) from the Receiving Bank branch where the Applicant submitted the Application Form within 30 calendar days starting on the Distribution Date.
 - **Direct credit:** For payments made by way of internal transfer from an account held by the Applicant with the Receiving Bank. The Applicant's account with the Receiving Bank shall be credited with the refund amount due to the Applicant.
 - **Telegraphic transfer:** For payments made by way of telegraphic transfer. All bank charges for such telegraphic transfers shall be borne by the Applicant.
 - **Participating Broker:** By way of crediting the Applicant's account with the Participating Broker for those Applicants who have paid their Application Funds through such Participating Broker.

5. REQUIRED DOCUMENTS

For individuals:

- a) The original and copy of the individual's valid passport or valid international travel document;
- b) The original and copy of the individual's valid national identification card or an equivalent document:
 - Bahrain nationals: National Identity Card
 - GCC nationals: Official identification card or equivalent document issued by the individual's country of citizenship, or if a resident of Bahrain, Bahraini National Identity Card;
 - Other nationalities: Official identification card or equivalent document issued by the individual's country of citizenship;
- c) Proof of permanent residential address (if an Application Form is submitted for Application Funds in excess of BHD 5,000. The proof can consist of a copy of a recent utility bill, bank statement or similar statement from another bank or financial institution licensed in the country, which have been issued within three months prior to their presentation, or official documentation, such as a smartcard, from a public/governmental authority, or a tenancy agreement;
- d) If an individual Applicant has an existing Bahrain Clear Investor Number, proof of such an Bahrain Clear Investor Number is required, in the form of a Bahrain Clear investor card or statement of account, or a Bahrain Clear system print-screen.
- e) Bank account details from the individual Applicant's bank in the form of a bank statement, a bank online system print-screen or a bank letter indicating the account details, including the IBAN and bank name. The Applicant's bank account details will be utilized for any future dividend distributions by the Company; and
- f) Payment or proof of payment in accordance with the Prospectus.

The following additional documents are required when a person is signing on behalf of an individual Applicant by way of a power of attorney:

- a) The original and copy of the valid passport or international travel document of the person applying and signing on behalf of the individual Applicant;
 - b) The original and copy of the valid national identification card or an equivalent document of the person applying and signing on behalf of the individual Applicant; and
 - c) The original and copy of the notarised power of attorney.
- The following additional documents are required for applications on behalf of Minors:
- a) The original and copy of the valid passport or valid international travel document of the legal guardian applying and signing on behalf of the Minor;
 - b) The original and copy of the government-issued valid national identification card or an equivalent document of the legal guardian applying and signing on behalf of the Minor; and
 - c) Unless the legal guardian signing on behalf of the Minor is the Minor's father, the original and copy of the proof of guardianship to the applying Minor.

For corporate entities:

- a) A copy of a valid commercial registration certificate of the corporate entity;
- b) A copy of the memorandum and articles of association, or equivalent, of the corporate entity;
- c) The original and copy of the valid passport or international travel document of the person(s) signing on behalf of the corporate entity;
- d) The original and copy of a valid national identification card of the person(s) signing on behalf of the corporate entity:
 - Bahrain nationals: National Identity Card
 - GCC nationals: Official identification card or equivalent document issued by the individual's country of citizenship, or if a resident of Bahrain, Bahraini National Identity Card;
 - Other nationalities: Official identification card or equivalent document issued by the individual's country of citizenship;
- e) If the corporate entity has an existing Bahrain Clear Investor Number, proof of such an Bahrain Clear Investor Number is required in the form of a Bahrain Clear investor card or statement of account, or a Bahrain Clear system print-screen;
- f) The original and copy of the document authorising the person(s), whose signature(s) appear(s) on the Application Form to sign such document on behalf of the corporate entity. Such a document can be either a power of attorney or a resolution of the board of the corporate entity;
- g) Bank account details from the corporate entity's bank in the form of a bank statement, a bank online system print-screen or a bank letter indicating the account details, including the IBAN and bank name. The Applicant's bank account details will be utilized for any future dividend distributions by the Company; and
- h) Payment or proof of payment in accordance with the Prospectus.

Appendix B: Post-Conversion Memorandum and Articles of Association

Memorandum of Association of APM TERMINALS BAHRAIN (B.S.C.) C.R. No.60982

On the of 1439 Hijra corresponding to of 2018 Gregorian calendar

Before me

Attended:

Mr. National, holding CPR/ Passport No. in his capacity as representing APM TERMINALS BAHRAIN B.S.C. by virtue of the Resolution of the Extra Ordinary General Meeting held on 11th of June, 2018 and the Board Resolution dated and requested notarisation of the following:

Article (1)

1. Whereas APM Terminals Bahrain B.S.C. (the “**Company**”) was incorporated as a closed joint stock company according to the Memorandum and Articles of Association dated 13 Rabia II 1427H, corresponding to 11 May 2006G and pursuant to the provisions of applicable laws of the Kingdom of Bahrain. The Company has been registered with the Commercial Registry at the Ministry concerned with the trade affairs in the Kingdom of Bahrain under CR No. 60982.
2. Whereas the Company entered into a Concession Agreement with the Government of the Kingdom of Bahrain and whereas it is a requirement by the Government of the Kingdom of Bahrain that the Company should be converted into a Public Joint Stock Company, and 20% of the Company's shares must be offered through an Initial Public Offering and the Company's shares must be listed on Bahrain Bourse, without prejudice to the rights of the Founding Shareholders of the Company to continue as shareholders in the Company.

APM Terminals BV and Yusuf Bin Ahmed Kanoo (Holdings) Co. W.L.L. shall hereinafter be referred to as “**Founding Shareholders**”.
3. The Founding Shareholders of the Company accordingly passed a resolution at the Extra Ordinary General Meeting on 11 June 2018 to amend the Memorandum and Articles of Association of the Company to give effect to the requirement of the Government of the Kingdom of Bahrain.
4. Therefore, the Founding Shareholders decided to amend the Memorandum and Articles of Association of the Company. These Articles of Association replace the entire previous version of Articles of Association and all amendment thereto as hereinafter.
5. The Memorandum and Articles of Association were amended, notarised and registered in accordance with the provisions of the law and the Company's Articles of Association before the notary public and in the company's register at Bahrain Investors Center at the Ministry of Industry, Commerce and Tourism on 3 Safar 1428 H corresponding to 21 February 2007G, 18 Sha'ban 1430H corresponding to 9 August 2009G and September 6, 2018.
6. The Company operates in compliance with the Commercial Companies Law promulgated by virtue of Legislative Decree no 21 of 2001 as amended and the Central Bank of Bahrain Law (Law No. (64) of 2006) and the regulations issued thereunder, in addition to the present Articles of Association and Memorandum of Association attached thereto.

Article (2)

Name of the Company

The name of the Company shall be “**APM TERMINALS BAHRAIN B.S.C.**” a Bahraini Public Shareholding Company.

Article (3)

Principal office and legal domicile of the Company

The Company's Head Office shall be at Hidd in the Kingdom of Bahrain. The Board of Directors may also establish branches, offices or agencies in or outside the Kingdom of Bahrain.

Article (4)

Duration of the Company

The duration of the Company shall be indefinite and shall end upon striking off its name in the Registry of Commerce for any reasons mentioned in Article (57) and (58) of the Articles of Association.

Article (5)

Objects of the Company

1. The business of the Company shall comprise constructing, operating, managing and providing port facilities for port users within the Kingdom of Bahrain and all other incidental matters. Such business shall be carried out by or under the management of the Board of Directors in accordance with such regulations as the Board of Directors from time to time may prescribe.
2. Without limiting the generality of (1) above, the Company shall:
 - (a) benefit from, operate and manage the ports;
 - (b) provide Marine Services to the ports and outside of the ports but within the territorial waters of Bahrain;
 - (c) provide pilotage services, within Khawr Al Qulay'ah, Sitrah anchorage and the approach channel as required;
 - (d) operate and provide the vessel tracking management system for Bahrain's ports and approaches;
 - (e) provide any service to customers within ports;
 - (f) negotiate and grant exclusive and non-exclusive concessions and/or licences to third parties selected by the Company, by tender or otherwise, for the provision of all or any facilities or services which the Company may determine to be necessary or desirable within the ports;
 - (g) enter into contracts with third parties for the benefit of the Company or customers generally within the ports;
 - (h) to do all such things as may be deemed to be incidental or conducive to the attainment of the above objects or any of them.

Subject to the provisions of law, regulations, orders and decisions in effect and obtaining the necessary licences to undertake such objects.

Notwithstanding this Article, the Company shall at all times comply with the Bahrain Commercial Companies Law promulgated by Legislative Decree No. (21) of 2001 and its amendments and the Central Bank of Bahrain and Financial Institutions Law No. (64) of 2006 and its amendments as well as the regulations issued to its effect, and any directives, orders, procedures, rules, and regulations as may be issued by the Central Bank of Bahrain from time to time, and in particular, the Company shall observe and comply with the rules, articles, instructions, directives, procedures, regulations and codes issued by the Central Bank of Bahrain from time to time.

Article (6)

The Company's Capital

- i) The Company's authorised capital shall be BD 9,000,000 (Bahraini Dinars nine million) divided into 90,000,000 (ninety million) ordinary shares each with a nominal value of fils 100 (one hundred fils).
- ii) The Company's issued and paid up capital is BD 9,000,000 (Bahraini Dinars nine million) divided into 90,000,000 (ninety million) ordinary shares each with a nominal value of fils 100 (one hundred fils), paid in full.
- iii) The shareholders have subscribed to all the issued shares and paid their value in full.

Article (7)

The Articles of Association accompanying this Memorandum is complementary and an integral part of it.

Article (8)

The Amended Memorandum of Association have been executed pursuant to the Central Bank of Bahrain's no objection letter No. dated and Ministry of Industry, Commerce and Tourism's approval dated No.

Authorized Signatory

In accordance with the above the Memorandum of Association were made in one original and four counterparts which was signed by the parties concerned upon having been read out by me and its contents made known to the parties. Four copies of this Articles of Association were delivered to the parties for further action.

**Articles of Association of
APM TERMINALS BAHRAIN B.S.C.
C.R. No.60982**

On the of 1439 Hijra corresponding to of 2018 Gregorian calendar

Before me

Attended:

Mr. National, holding CPR/ Passport No. in his capacity as representing APM TERMINALS BAHRAIN B.S.C. by virtue of the Resolution of the Extra Ordinary General Meeting held on 11th of June, 2018 and the Board Resolution dated and requested notarisation of the following:

**CHAPTER I
Elements of Company Incorporation**

Article (1)

1. Whereas APM Terminals Bahrain B.S.C. (the “**Company**”) was incorporated as a closed joint stock company according to the Memorandum and Articles of Association dated 13 Rabia II 1427H, corresponding to 11 May 2006G and pursuant to the provisions of applicable laws of the Kingdom of Bahrain. The Company has been registered with the Commercial Registry at the Ministry concerned with the trade affairs in the Kingdom of Bahrain under CR No. 60982.
2. Whereas the Company entered into a Concession Agreement with the Government of the Kingdom of Bahrain and whereas it is a requirement by the Government of the Kingdom of Bahrain that the Company should be converted into a Public Joint Stock Company, and 20% of the Company's shares must be offered through an Initial Public Offering and the Company's shares must be listed on Bahrain Bourse, without prejudice to the rights of the Founding Shareholders of the Company to continue as shareholders in the Company.

APM Terminals BV and Yusuf Bin Ahmed Kanoo (Holdings) Co. W.L.L. shall hereinafter be referred to as “**Founding Shareholders**”.

3. The Founding Shareholders of the Company accordingly passed a resolution at the Extra Ordinary General Meeting on 11 June 2018 to amend the Memorandum and Articles of Association of the Company to give effect to the requirement of the Government of the Kingdom of Bahrain.
4. Therefore, the Founding Shareholders decided to amend the Memorandum and Articles of Association of the Company. These Articles of Association replace the entire previous version of Articles of Association and all amendment thereto as hereinafter.
5. The Memorandum and Articles of Association were amended, notarised and registered in accordance with the provisions of the law and the Company's Articles of Association before the notary public and in the company's register at Bahrain Investors Center at the Ministry of Industry, Commerce and Tourism on 3 Safar 1428 H corresponding to 21 February 2007G, 18 Sha'ban 1430H corresponding to 9 August 2009G and September 6, 2018.
6. The Company operates in compliance with the Commercial Companies Law promulgated by virtue of Legislative Decree no 21 of 2001 as amended and the Central Bank of Bahrain Law (Law No. (64) of 2006) and the regulations issued thereunder, in addition to the present Articles of Association and Memorandum of Association attached thereto.

Article (2)

Name of the Company

The name of the Company shall be “**APM TERMINALS BAHRAIN B.S.C.**” a Bahraini Public Shareholding Company.

Article (3)

Principal office and legal domicile of the Company

The Company's Head Office shall be at Hidd in the Kingdom of Bahrain. The Board of Directors may also establish branches, offices or agencies in or outside the Kingdom of Bahrain.

Article (4)

Duration of the Company

The duration of the Company shall be indefinite and shall end upon striking off its name in the Registry of Commerce for any reasons mentioned in Article (57) and (58) of these Articles of Association.

Article (5)

Objects of the Company

1. The business of the Company shall comprise constructing, operating, managing and providing port facilities/ for port users within the Kingdom of Bahrain and all other incidental matters. Such business shall be carried out by or under the management of the Board of Directors in accordance with such regulations as the Board of Directors from time to time may prescribe.
2. Without limiting the generality of (1) above, the Company shall:
 - (a) benefit from, operate and manage the ports;
 - (b) provide Marine Services to the ports and outside of the ports but within the territorial waters of Bahrain;
 - (c) provide pilotage services, within Khawr Al Qulay'ah, Sitrah anchorage and the approach channel as required;
 - (d) operate and provide the vessel tracking management system for Bahrain's ports and approaches;
 - (e) provide any service to customers within ports;
 - (f) negotiate and grant exclusive and non-exclusive concessions and/or licences to third parties selected by the Company, by tender or otherwise, for the provision of all or any facilities or services which the Company may determine to be necessary or desirable within the ports;
 - (g) enter into contracts with third parties for the benefit of the Company or customers generally within the ports;
 - (h) to do all such things as may be deemed to be incidental or conducive to the attainment of the above objects or any of them.

Subject to the provisions of law, regulations, orders and decisions in effect and obtaining the necessary licences to undertake such objects.

Notwithstanding this Article, the Company shall at all times comply with the Bahrain Commercial Companies Law promulgated by Legislative Decree No. (21) of 2001 and its amendments and the Central Bank of Bahrain and Financial Institutions Law No. (64) of 2006 and its amendments as well as the regulations issued to its effect, and any directives, orders, procedures, rules, and regulations as may be issued by the Central Bank of Bahrain from time to time, and in particular, the Company shall observe and comply with the rules, articles, instructions, directives, procedures, regulations and codes issued by the Central Bank of Bahrain from time to time.

Chapter II Shares and Capital

Article (6)

The Company's Capital

- i) The Company's authorised capital shall be BD 9,000,000 (Bahraini Dinars nine million) divided into 90,000,000 (ninety million) ordinary shares each with a nominal value of fils 100 (one hundred fils).
- ii) The Company's issued and paid up capital is BD 9,000,000 (Bahraini Dinars nine million) divided into 90,000,000 (ninety million) ordinary shares each with a nominal value of fils 100 (one hundred fils), paid in full.
- iii) The shareholders have subscribed to all the issued shares and paid their value in full.

Article (7)

Shares of the Company

The shares of the Company are nominal, tradeable and the title thereof may be transferred in accordance with Central Bank of Bahrain and Financial Institutions Law and the regulations issued to its effect as well as the applicable regulations of the Bahrain Bourse.

Article (8)

Each share shall be indivisible. If two or more persons jointly own one share or more, only one person shall represent them vis-à-vis the Company. If shares are owned by two or more persons, only the first named in the share certificate shall be entitled to receive any rights or communications in respect of such shares at the address shown in the share register, unless agreed otherwise amongst the joint owners and notified to the Company. Joint owners of a share shall be jointly liable for the obligations in respect of such ownership.

Article (9)

Dealing in the Company's Shares

Dealing in the Company's shares shall be undertaken in accordance with Article (90) of the Central Bank of Bahrain and Financial Institutions Law and the regulations issued pursuant thereto.

Article (10)

Shareholders' Rights

Each share entitles its owner to equal rights and obligations. Each shareholder will particularly enjoy the following rights:

1. Receiving his share of dividends in the event a resolution is passed to distribute the same to the shareholders.
2. Receiving his share of the Company's assets upon liquidation.
3. Participating in the Company's management in accordance to these Articles of Association.
4. Obtaining a printed booklet, following each financial year, containing the balance sheet, profit and loss account, Board of Directors report and the Auditors' report.
5. Filing lawsuits to invalidate any resolution issued by the General Meeting or by the board of directors in contravention of the law, the public order or the Memorandum or the Articles of Association.
6. Disposing of the shares he owns and having priority in subscribing for new shares.
7. The right to examine the Company's records.
8. The right to file a claim against the Company for the Court to judge as it deems appropriate, if the Company's operations are conducted or being conducted in an unfair manner prejudicial to the interests of one or more shareholder, as per the law.
9. Other rights stipulated in the Laws of the Kingdom of Bahrain.

Article (11)

Shareholders' Obligations

1. Ownership of a share shall mean acceptance of the provisions of the Company's Memorandum and Articles of Association and the General Meeting's resolutions.
2. Each shareholder shall in particular have the following obligations:
 - a. To pay the amounts which have been previously agreed upon regarding the paid-up capital or any increase thereof.
 - b. To pay the expenses incurred by the Company in recovering the overdue amounts due from him regarding the paid-up capital.
 - c. To refrain from any act that may be harmful to the Company.
 - d. To implement any resolution that may be lawfully passed by the General Meeting.
3. Unless permissible under the applicable law, the General Meeting of the shareholders may not:
 - a. increase the financial liabilities of the shareholders nor increase the value of the share except within the ambit of the Commercial Companies Law;

- b. impose any new conditions other than those contained in the Articles of Association of the Company with respect to the right of a shareholder to attend General Meetings and vote thereat; and
- c. restrict the right of a shareholder to institute action against all or some of the Directors in respect of compensation for damages suffered by him pursuant to the provisions of the law.

Article (12)

Deposit and Registration of Securities

The deposit and registration of the Company's securities shall be made in accordance with Article 94 of the Central Bank of Bahrain and Financial Institutions Law and the regulations issued to its effect.

Article (13)

Mortgage of Securities

Securities of the Company may be mortgaged, pledged and licensed in accordance with Article 95 of the Central Bank of Bahrain and Financial Institutions Law and the regulations issued to its effect. No trading of Securities under pledge or liens shall be permitted, except upon the discharge of the pledge or the liens.

Article (14)

Repurchase of Securities by the Company

The Company may buy or resell its Securities which shall be made in accordance with Article 93 of the Central Bank of Bahrain and Financial Institutions Law and the regulations issued to its effect.

CHAPTER III Alteration of Capital

Article (15)

Increase of Capital

The Company's authorised capital, by a resolution to be passed by the Extraordinary General Meeting, may be increased. The issued capital of the Company, by a resolution to be adopted by the Ordinary General Meeting, may also be increased within the authorised capital amount, provided that the issued capital must be paid in full before the increase. The approved increase in the issued capital must be made within three years following the date on which a resolution authorising the increase is issued. The issuance of new shares shall be approved by the Central Bank of Bahrain in accordance with Article 81 to 85 of the Central Bank of Bahrain and Financial Institutions Law and the regulations issued to its effect. The nominal value of the new shares shall be equivalent to the nominal value of the original shares.

The Extraordinary General Meeting may, however, resolve to issue shares at a premium to be added to the nominal value and may fix the value of such premium. The net total of the said premium shall be added, after deduction of expenses of the share issue, to the Legal Reserve Account even if its amount reaches to half the capital.

The Central Bank of Bahrain and the Ministry in charge of trade affairs shall be furnished with reports and reasons necessitating an increase in all cases of increase of capital.

The capital may be increased in one of the following methods:

1. Issuing new shares to cover the required increase, the value of which must be fully paid in cash or in kind.
2. Transfer of reserve funds to capital, either by:
 - A. Increasing the nominal value of the original shares without the Company requiring the shareholders to pay the difference but the difference to be recovered from the reserve funds and the new share shall be marked with its new value.
 - B. Issuance of new shares for the value of the increase and the new shares to be distributed to the shareholders, without any consideration, in proportion to the number of original shares they are holding.

Article (16)

Issuance of New Shares

1. In the event new shares are issued in accordance with Article 15 above:
 - a) Priority to subscribe to the new shares shall be given to existing shareholders in the manner specified in articles (128) and (129) of the Commercial Companies Law. The Company shall follow the procedures set out in the said two Articles. The shareholders have the right to waive their priority right to these shares by a resolution to be passed by the Extraordinary General Meeting.
 - b) If the new shares are offered for public subscription, a subscription prospectus shall be prepared and shall include in particular the information required by Article (82) of the Central Bank of Bahrain and Financial Institutions Law and the regulations issued to its effect and the provisions of the Article (130) of the Commercial Companies Law. The prospectus shall be signed by the Chairman of the Board of Directors and the auditor who shall be jointly responsible for the accuracy of the details stated therein.
2. In respect to underwriters:
 - a) In the event of a capital increase, the Company may have one or more underwriter(s) to subscribe to the remaining unsubscribed shares in accordance with the provisions of the Central Bank of Bahrain and Financial Institutions Law.
 - b) Underwriter(s) contracted by the Company with respect to purchasing all the remaining shares not purchased by those shareholders entitled to do so, shall have shares allotted to them as provided hereinabove. Underwriter(s) may offer shares to which they have subscribed for by public subscription through the Bahrain Bourse.
3. The Board of Directors shall publish the resolution issued in approval of the capital increase in the Official Gazette and one local daily newspaper. Such resolution shall be registered with the Commercial Register within one month from the date of increase.

Article (17)

Reduction of Capital

1. An Extraordinary General Meeting of shareholders may resolve to reduce the capital of the Company if the same is in excess of its needs or if there has been a loss and the Company resolves to reduce its paid up capital to the actual value thereof with the prior approval of the Central Bank of Bahrain.
2. The resolution reducing the capital shall be issued only after reading the reports of the Board of Directors and the auditors on the reasons of the reduction, the obligations of the Company and the effect of such reduction on these obligations, a copy of each of the reports of the board of directors and the auditor shall be submitted to the Ministry concerned with trade affairs.
3. Capital reduction shall be made, if the Company's capital is more than the Company's needs, by reducing the nominal value of the shares, either by giving back a part of it to the shareholders equal to the decided percentage of reduction or by discharging them of the unpaid instalments of shares' value in proportion to the decided reduction. If the reduction is due to the Company's losses, a number of shares equal to the decided amount of reduction shall be cancelled. In all cases the nominal value of the shares must not be less than the value of the new issued and paid up shares
4. The reduction of Company's capital shall be recorded in the Registry of Commerce and the reduction resolution shall be published in the Official Gazette and one local daily newspapers.
5. If the capital reduction is made by way of cancelling a number of the Company's shares, a number of shares owned by each shareholder shall be cancelled in proportion to the percentage of the capital reduction, provided that the shareholder shall not be deprived of sharing in the Company. The Company shall, within one month from the date of cancellation, redeem the cancelled share certificates from the shareholders and destroy them and enter the same in the shareholders' register and notify the Ministry concerned with trade affairs and Bahrain Bourse accordingly.
6. The reduction shall not be effective against creditors who expressed their objection and submitted their supporting documents within fifteen (15) days from the date of the publication in the Official Gazette, unless these creditors have paid their due debts or have been provided with adequate guarantees for the payment of their deferred debts.

Section IV

Bonds and Debentures

Article (18)

Issuing Bonds and Debentures

1. The Company may borrow by issuing debentures by resolution of the Ordinary General Meeting following a proposal by the Board of Directors indicating the extent of the Company's need for borrowing and the conditions for issue of debentures, with the prior approval of the Central Bank of Bahrain in accordance with Article 81 to 85 of the Central Bank of Bahrain and Financial Institutions Law and the regulations issued to its effect.

The resolution of the Ordinary General Meeting may authorise the Board of Directors to choose the date of issuing the debentures, provided that it shall take place within two years from the date of the resolution. The approval of the Central Bank of Bahrain shall be required for borrowing by the issue of debentures.

2. Debentures may not be issued unless the issued capital of the Company has been fully paid up and the balance sheet and profit and loss account for at least two financial years are published.
3. Debentures shall be nominal, or made to bearer and negotiable, having equal value or denominations on the issue date and shall have a maturity of no less than two years. Debentures of the same issue shall confer upon their holders equal rights as against the Company.

Article (19)

Cover of the value of debentures

The Company may cover the value of debentures by one of the following two methods:

1. By means of public subscription in which case the rules and provisions prescribed for share subscription in these Articles of Association shall be applicable in a manner that does not conflict with the provisions of the law.
2. By sale of debentures through banks, finance and investment companies and underwriters, in which case the prevailing custom and practice shall be applicable without prejudice to the provisions of applicable law.

Article (20)

Subscription in the offered debentures or giving up the loan

If 50% or more of the debentures offered for public subscription are subscribed for during the fixed period, or any other extended period for subscription, such subscription shall be deemed to have been completed, otherwise the General Meeting may either cancel issuing the debentures and refund amounts of subscriptions to subscribers or be satisfied with the number of debentures subscribed and cancel the balance.

Article (21)

Convertible debentures

The Company's Extraordinary General Meeting may, upon a proposal with reasoning from the Board of Directors, issue bonds convertible to shares. Such issue shall in all respects be governed by the provisions of Articles (149) to (154) of the Commercial Companies Law.

Chapter V

Management and Corporate Governance of the Company

Article (22)

Corporate Governance

The Company adheres to corporate governance policies and procedures in accordance with the Corporate Governance Code issued by the Central Bank of Bahrain as well as Ministerial Order No. 19 of the year 2018.

Article (23)

Board of Directors

The Company shall be managed by a Board of Directors with a number of members that is not less than five members and not more than 15. The Board shall include a number of independent and non-executive members, in accordance with the corporate governance principles issued by the Central Bank of Bahrain (HC Module – Rulebook 6) and the controls set by the virtue of Ministerial Order No. 19 of the year 2018.

By reasoned decision of the Ministry concerned with trade affairs, may extend the term of the Board of Directors by no more than six months, at a reasoned request of the Board of Directors.

Article (24)

Conditions of Membership of the Board of Directors

A member of the Board of Directors shall fulfil the following conditions:

- a. shall enjoy the legal capacity to act.
- b. shall not have been previously convicted for an offence of bankruptcy by default or fraud nor for any crime affecting his honour or integrity nor for an offence by reason of his breach of the provisions of the law unless he has been reinstated.
- c. shall not be prohibited from taking membership of the board of directors of a joint stock company in accordance with the provisions of any law in force in the Kingdom.
- d. The Chairman of the Board of Directors or his Deputy, shall not combine this position and the position of the Senior Director of the Company.
- e. Conditions specified by the relevant authority for independent, non-executive and executive members of the board of directors.
- f. Any other conditions imposed by the General Meeting of the Company.
- g. Any other requirement stipulated in the Commercial Companies Law, especially Article 173 thereof and the Central Bank of Bahrain and Financial Institutions Law and the regulations issued to its effect.

If a Board member forfeits any of the aforesaid conditions, he shall cease to be a member of the Board of Directors from the date of forfeiture

Article (25)

Election and Appointment of Members of the Board of Directors

- i) The General Meeting shall elect the members of the Board through secret ballot cumulatively in accordance with the provisions of Article 176 of the Commercial Companies Law. The Board shall be elected for a renewable term of three financial years and in all cases the Board shall remain in office until approval by the General Meeting of the financial statements related to its term. A corporate person who has appointed one or more members of the Board may replace them by others whether during the said period or on its expiry by sending a notice in writing to the Chairman. An elected member of the Board may be re-elected upon the expiry of his term of office, and this shall be considered to be a new nomination which requires satisfaction by such member of all the terms and conditions required to be satisfied by a person nominated for the Board membership for the first time.
- ii) At the end of the Board's term, the General Meeting shall elect at its ordinary meeting new members for the Board of Directors.
- iii) Notwithstanding Article 23, 24, 25(ii) and 26 (iii) of these Articles, any shareholder owning 10% or more of the shareholding capital shall have the right to nominate members in the Board of Directors using the percentage he owns in the shareholding, rounding the decimal to the nearest round figure, and the shareholder shall lose the right to vote with the percentage used for nomination. Each shareholder who did not use his right to nominate or who does not have a percentage allowing him to nominate members of the Board of Directors, shall be entitled to use such percentage in voting during the elections of members of the Board of Directors at the General Meeting. The shareholder shall lose his right in nominating or electing if these rights were not used.

In all cases, the terms of the these Articles of Association as well as the conditions set out under Article 172 of the Commercial Companies Law, the Central Bank of Bahrain Law and regulations issued thereunder shall be followed in constituting the Board of Directors of the Company.

Article (26)

Filling Vacancies in the Board of Directors

- i) Without prejudice to Article 25(iii) above, in case of any vacancy on the Board, the Board of Directors shall appoint a new member, the person who obtained the next highest number of votes at the most recent elections for the Board. If this is not possible, the Board shall elect by a secret ballot a replacement from amongst the nominees to be recommended by the Nomination, Remuneration and Governance Committee and such appointment shall be subject to ratification of the General Meeting at its next meeting. In all such cases, the new member shall complete the remaining term of his predecessor on the Board.
- ii) If vacancies on the Board of Directors amount to one quarter of the total number of Directors, the Board of Directors shall convene an Ordinary General Meeting within two months from the date of the last office becoming vacant to fill the vacant offices.
- iii) In case the vacant offices exceed more than half the members of the Board of Directors, the Board shall be deemed to be dissolved, and new elections of the Board of Directors shall be called by the Ministry in charge of commercial affairs.

Article (27)

Termination of Membership in the Board of Directors

A director's membership of the Board of Directors terminates in the following events:

1. In accordance with Article 18 (bis), Article 18 (bis)1, 178 and 197 of the Commercial Companies Law.
2. If he was appointed or elected contrary to the provisions of the Central Bank of Bahrain rules and regulations, the Commercial Companies Law and/or these Articles of Association.
3. If he forfeits any of the conditions stated in Article 28 above of the Articles of Association.
4. If he mis-uses his position as director in carrying on personal matters or business in which he has a personal interest, or that is competitive to that of the Company or if he causes any type of actual damage to the Company or adversely affected its reputation. Termination from the Board of Directors shall not prejudice the Company's right to compensation.
5. If he fails to attend at least 75% of all the Board meetings in a given financial year without lawful excuse notified in writing to the Board, and the Board shall resolve on this matter as it may deem fit.
6. If he resigns or withdraws from his office, provided the foregoing shall be done in an opportune and suitable time, otherwise he shall be liable to pay compensation to the Company.
7. If he accepts appointment in any other office in the Company for which he would receive salary or remuneration other than that which the Board of Directors may decide from time to time to remunerate him because of the executive nature of his duties.
8. If the shareholder who appointed him submits a request for his termination as his representative.

Article (28)

Removal of the Directors

The General Meeting may terminate the membership of all or some of the members of the Board of Directors. Requests for termination shall be presented to the Board of Directors by shareholders representing at least 10% of the capital. The Board shall forward such request to the General Meeting within a maximum period of one month from the date of its submission; otherwise the Ministry in charge of trade affairs may issue notice for the meeting. The General Meeting may not consider a request with respect to the said termination unless the request is on the agenda, save when serious developments are revealed during the meeting requiring such termination.

The terminated board member may claim compensation from the Company if the termination has not been justified or made in an inconvenient time.

The board member may resign his office provided that he resigns in a convenient time otherwise he shall be liable to pay compensation.

Article (29)

Powers of the Board of Directors

- a. The Board of Directors shall have all necessary authority to carry out the functions required for the achievement of the Company's objectives save to the extent limited by the Commercial Companies Law, the Central Bank of Bahrain regulations, these Articles of Association, the resolutions of the General Meeting or any other applicable law.
- b. The Board of Directors shall lay down the internal regulations relating to the financial, administrative and technical matters and other by-laws relating to personnel and their remuneration. The Board shall also lay down the rules covering its activities and meetings and the distribution of authorities and responsibilities.
- c. The Board of Directors shall in particular have the power to establish the necessary regulations for the organisation of work and management of the Company's business, appoint manager(s), officers or employees and remove them, determine their duties and fix their remuneration. The Board of Directors is empowered to form Executive, Audit, Remuneration and other Committees, appoint their members and specify their powers.
- e. The Board shall form committees either amongst members or non-members to study issues referred to them or to report on such issues in accordance with the rules of the Central Bank of Bahrain.
- f. The Board may delegate to any of its members or any other person to undertake certain duties or conclude transactions and grant him the necessary authority for such purposes.
- g. The Board may, at any time, dissolve committees formed by it or withdraw authority granted to a person for any specific duties.
- h. The Board may have all the powers set out in the Corporate Governance Code issued by virtue of Ministerial Order No. 19 of the year 2018.

Article (30)

Chairman, Deputy Chairman and Chief Executive Officer

1. The Board of Directors shall elect by secret ballot its Chairman and Deputy Chairman each of whom shall hold office for up to a three year term renewable further for one or more terms.
2. The Board of Directors may appoint a Chief Executive Officer, and specify his/her duties and powers. The Chief Executive Officer shall have the right to sign for and on behalf of the Company severally or jointly as the Board of Directors may resolve.
3. The Ministry concerned with trade affairs and the Central Bank of Bahrain shall be furnished with copies of resolutions of election and appointment of the Chairman, the Deputy Chairman and the Chief Executive Officer.

Article (31)

The Chairman and members of the Board of Directors shall inform the Board of any direct or indirect personal interest in the matters raised before the Board, with a detailed statement of the details of this interest covering all of its core issues, and he may not participate in the deliberation or attend the meeting or vote on decisions issued in this regard, and the report shall be recorded in the minutes of the meeting.

Article (32)

Representation of the Company

The Chairman of the Board of Directors shall represent the Company in its relation with third parties and before courts. His signature shall be deemed as that of the Board of Directors in respect of the Company's relations with third parties. The Chairman shall manage the Company and undertake its operations within the objects specified herein and according to the provisions of the laws in force and the Company's Articles of Association. The Chairman shall comply with and execute the resolutions and recommendations of the Board of Directors and the General Meeting. The Deputy Chairman shall act for the Chairman in his absence, or where there is a lawful or acceptable reason for the same.

The Board of Directors may by resolution, and within the limits of authority decided by it, appoint one or more of its members or any other person(s) to sign on behalf of the Company severally or jointly with others, including the Chairman or his Deputy pursuant to the preceding paragraph.

Article (33)

Meetings of the Board of Directors

The board of directors shall convene a meeting at an invitation by the chairman or by two members at least.

The meeting shall be valid only if attended by half of the members in person or by video or audio conference call, provided that three members thereof at least are present.. The resolutions of the board of directors shall be passed by the majority of the present members. In case of equal vote, the chairman shall have the casting vote, and any objecting member shall put his objection on the minutes of the meeting.

The board of directors shall meet at least four times in the financial year.

Non-attendance at Board meetings does not absolve non-attending directors of their responsibilities as directors.

The Board may hold its meetings or the meetings of its committees through, tele-conferencing, video-conferencing or accept remote participations of its members in the meetings deliberation, subject to the Commercial Companies Law provisions.

Except for resolutions approving the Company's financial statements, the Board may adopt its resolutions by circulations upon the unanimous approval of its members, and may carry out the same subject to resolutions being listed for ratification in the agenda of the following meeting. The Board may set mechanisms, terms and conditions for circulating its resolutions and their management. The resolutions by circulation shall not be deemed as a Board meeting, hence the minimum number of Board meetings per financial year set out under the Articles shall be followed.

Any member to whom a proposed resolution is sent in his place of residence and who fails to respond within three working days following the date on which the proposed resolution is sent to him shall be considered to have approved the resolution.

A director is prohibited from voting on any contract, matter arrangement or any other proposal in which he has a material interest in, whether direct or indirect.

Article (34)

Minutes of Meetings of the Board of Directors

The Board of Directors may appoint from amongst its members or a non-member, a Secretary. A special register shall be maintained for recording the minutes of meetings of the Board to be signed by the members present at the meeting and the secretary. Any member of the Board who objects to any resolution may ask for his opinion to be minuted. Those members who sign the minutes of any meeting shall be jointly answerable for the accuracy of the details contained therein.

The minutes shall set out the names of the directors present and those who are absent and the justification for absence, if any, of the absent members. The minutes shall also include the names of persons who are not members whose presence in the meeting is required by law stating the names of those who attended the meeting and those who were absent. A record in the minutes shall also be made of non-members who attended the meeting or any part of it.

The minutes of meeting shall embody a detailed summary of the deliberations of the Board covering every event that took place at the meeting and any matter that the members had required to be recorded in the minutes.

Article (35)

Annual report

The board of directors shall prepare for each financial year, within a period not exceeding three months from the end thereof, a report on the company's activities and financial position during the ended year and the company's balance sheet and the profit and loss account. The chairman and another member of the board shall sign the report, the balance sheet and the profit and loss account. The board members shall be responsible for the implementation thereof.

Article (36)

List of names of the Chairman, Deputy Chairman and members of the Board of Directors and executive management

The Company shall prepare, for each year, a detailed list approved by the chairman of the Board and the managing director – if any – of the names of the chairman and members of the Board and their designation and the names of the Company's managers. The Company shall maintain a copy of this list and send the original to the Ministry concerned with trade affairs and the Central Bank of Bahrain attached with the annual report prepared by the Board of Directors and the Company's balance sheet and the profits and losses account. The Company shall notify the said Ministry and the Central Bank of Bahrain of any changes that may take place in the list during the year.

Article (37)

Annual Strategy

The Board of Directors shall be responsible for the adoption and annual review of strategy, of management structure and responsibilities, and of systems and controls framework, and monitoring the implementation of strategy by management, in accordance with the rules and regulations of the Central Bank of Bahrain.

Article (38)

Liability of Directors and exemption from liability

1. The chairman and the members of the board shall be jointly liable before the Company, the shareholders and third parties for all acts of fraud and misuse of powers and any violation of the law or the Company's memorandum of association or these articles and for mismanagement.
2. The liability referred to in the foregoing paragraph shall be either personal relating to a specific member or joint for all board members. In the latter case the members shall be jointly liable for paying compensation unless some of them have objected to the decision causing the liability and put their objection in the minutes of the meeting.
3. The absence of a member from the meeting, in which the resolution was passed, shall not be a reason for exemption from liability unless he proves that he was unaware of the resolution or that he was aware of it but was unable to object to it.
4. The liability actions shall be time-barred after the elapse of five years from the date of the General Meeting at which the board of directors reported on its management.
5. The Company shall have the right to file an action of liability against the board members whose wrongdoing has caused damages to the shareholders. The General Meeting shall pass a resolution to file the action which shall be carried out by the chairman of the board. If the chairman of the board is among those litigated by the Company, the General Meeting shall appoint another board member to file the action. However, if the action was against all board members, the General Meeting shall appoint a non-Board member to file the action.
6. In case the Company has not initiated an action of liability against the board members, a shareholder may individually file this action to be compensated for damages resulting from their wrongdoing. The shareholder must notify the Company of those wrongdoings prior to initiating action by a minimum of 30 days.
7. In case of the Company's bankruptcy, the bankruptcy trustee shall file the action, and if the Company is in the process of liquidation, the liquidator shall file the action following a resolution by the General Meeting.
8. A decision by the General Meeting absolving the board of directors of liability shall not preclude instituting action of liability against it.

Article (39)

Remuneration of Members of the Board of Directors

1. The Ordinary General Meeting shall establish the remuneration of members of the Board of Directors, subject always to the provisions set forth in the Commercial Companies Law and orders of the Minister concerned with trade affairs.
2. The Board of Directors shall establish a Remuneration Committee to review and approve the remuneration policies, monitor the remuneration system to ensure proper implementation and operation, and make recommendations for remunerations of the Board to the General Meeting. The Remuneration Committee may (as necessary) appoint and oversee outside consultants and firms to carry out its duties.

The Remuneration Committee shall ensure compliance with applicable laws and regulations, including but not limited to the Central Bank of Bahrain laws, regulations and Rulebook and the Commercial Companies Law, as may be amended from time to time.

3. Total remuneration of the Board of Directors shall not exceed 10% of the Company's net profits, after deducting statutory reserves and after distributing a profit of not less than 5% of the Company's paid capital, subject always to the approval of the General Meeting.

The Board of Directors' report to the General Meeting shall include a comprehensive account of all payments to the board members during the financial year, including salaries, profit shares, representation allowances, attendance allowances and expenses and the like. The report shall also include an account of the amounts paid to the members of the board in their capacities as employees and administrators of the Company, and what they have received for technical, administrative or consulting services or any other business with the Company.

4. In the years that the Company has not generated any profits, remuneration to members of the Board of Directors shall be in compliance with Article (188) of the Commercial Companies Law.

Article (40)

Personal interest

No member of the Board of Directors or manager may take part in transactions conflicting with the Company's interest and any such act shall be considered null and void without prejudice to the Company's right to claim from the violator compensation for damages when deemed appropriate.

- (a) The Chairman or members of the Board of Directors of the Company or any of its directors shall not have any direct or indirect personal interest in the contracts and actions in which the Company is a party without the approval of the Board of Directors.
- (b) The Chairman of the Board of Directors shall inform the General Meeting of the results of contracts and actions approved in accordance with the provisions of paragraph (a) of this Article at the first meeting following the execution of the contract or completion of the action. The notification shall be accompanied by a special report from the external auditor. The Company shall disclose these contracts and the actions in its financial statements and annual report. The disclosure shall include the details of such contracts, the actions, the nature and extent of interest and the interested party, whether chairman, board member or director.
- (c) Without prejudice to the good faith of third parties, violation of the prohibition referred to in paragraph (b) of this article shall entail the possibility of claiming the invalidity of the contract or the action if its conditions are unfair or involve a conflict of interest, and to compel the offender to compensate and to refund to the Company any profit or benefit as a result of such violation.

Without prejudice to the provisions of paragraph (b) of Article (18 bis) and Article (186) of this Commercial Companies Law, the Board of Directors shall be questioned jointly with the dissenting party for all of this, if he had proclaimed the said violation or knew or would have known about it.

- (d) Shareholders holding at least 10% of the company's capital shall be entitled to access the papers and documents related to the contracts or acts referred to in paragraph (b) of this Article and to obtain copies or extracts thereof.

Article (41)

Executive Committee

The Board of Directors may form, from amongst its members, an executive committee and specify the number of its members and its authority and establish its terms of reference.

Article (42)

Senior management

The Board shall appoint or remove senior management to manage and operate the activities of the Company, and to report to and under the direction of the Board of Directors. Senior management shall include a Chief Executive Officer, a Chief Financial Officer, a Corporate Secretary, the Internal Auditor and any other persons considered appropriate by the Board of Directors.

Article (43)

Chief Executive Officer

- a. The Chief Executive Officer shall be accountable to the Board of Directors and may be empowered by the Board of Directors, to administer the Company and all its activities. The foregoing powers may include the organisation and establishment of the administrative, technical and executive departments of the Company, employment and dismissal of staff, engagement of advisors, the signing of and making amendments to contracts pertaining thereto from time to time as may be required for effective administration of the Company, and any other powers granted by resolution of the Board of Directors. Any actions taken by the Chief Executive are always subject to the general policy and guidelines established by the Board of Directors.
- b. The Chief Executive Officer shall be responsible for the preparation of plans, policies and procedures necessary for the activities of the Company, including business investment proposals, and the implementation thereof after obtaining approval from the Board of Directors or the concerned committee(s), as applicable.
- c. The Chief Executive Officer shall have the power to delegate to other officers, departmental heads and managers, and any other members of staff, any or all of the powers delegated to him, unless otherwise provided by the Board of Directors.

CHAPTER VI

The General Meeting

Article (44)

Types of General Meetings

There are two types of General Meetings of the shareholders:

1. Ordinary General Meeting of the shareholders;
2. Extraordinary General Meeting of the shareholders;

Article (45)

Ordinary General Meeting

1. Convening

- a. The Ordinary General Meeting shall convene upon an invitation by the Chairman or Deputy Chairman of the Board of Directors at the time and place determined by the Board of Directors, subject always to the Commercial Companies Law.
- b. The Ordinary General Meeting shall meet at least once in every financial year within three months following the end of the financial year of the Company.
- c. The Board of Directors may summon the Ordinary General Meeting at any time if so requested by the auditors or a number of shareholders representing not less than 10% of the share capital of the Company.
- d. The auditor may summon the Ordinary General Meeting in the cases provided in these Articles of Association and Article 218 of the Commercial Companies Law.
- e. The Ministry concerned with trade affairs may summon the General Meeting to convene as provided under the Law.

2. Quorum

The Ordinary General Meeting shall not be valid unless attended by shareholders having voting rights and representing more than one half of the shares of the Company. If this quorum is not obtained, the General Meeting shall be called to convene for a second meeting with the same agenda to be held after no less than seven days and not more than fifteen days after the date of the first meeting. The second meeting shall be valid if attended by shareholders having the right to vote and representing at least 30% of the Company's capital. The third meeting shall be valid irrespective of the number of shareholders present. New notices of the second and third meetings need not be sent, if their dates were fixed in the notice given for the first meeting, provided that notice is published in at least two Arabic newspapers, one being local, that neither of these two meetings was held.

3. Voting

1. Voting in the General Meeting is conducted through a show of hands or any other method decided upon by the General Meeting. Voting must be conducted by secret ballot if the resolution is related to the election or dismissal of the members of the board of directors or to filing liability action against them or if the chairman of the board or a number of members representing at least one-tenth of the present votes at the meeting so requests.
2. The members of the board of directors shall not vote on the General Meeting's resolutions relating to the determination of their salaries and remuneration or to discharging them or exempting them from liability for their management.
3. Resolutions of the General Meeting shall be valid if passed by the majority of shares represented at the meeting.

4. Competence of the Ordinary General Meeting

Except for what the Commercial Companies law or these articles has reserved for the Extraordinary General Meeting, the Ordinary General Meeting shall be competent to consider all matters relating to the Company and pass the appropriate resolutions thereon. In particular, it shall consider the following:

- a) Electing and dismissing members of the Board of Directors.
- b) Determining the Directors' fees.
- c) Discussing and ratifying the Board of Directors' report about the Company's business activities and its financial position during the financial year that ended.
- d) Discharging the Board members from liability or refusing to discharge them from liability.
- e) Appointing one auditor or more for the next financial year, fixing their remuneration or authorising the Board of Directors to fix such remuneration.
- f) Hearing and discussing the auditor's report about the Company's financial statements for the financial year that ended.
- g) Ratification of the profit and loss statement, balance sheet, statement regarding the utilisation of the net profits and determining the dividends to be paid out for each share.
- h) Discussing the proposals concerning the issue of bonds, borrowing, mortgage, granting guarantees and adopting decisions in this respect.

Article (46)

Discussions of the General Meetings

The General Meeting shall not consider matters not listed on the agenda unless in compliance with Article 207 of the Commercial Companies Law.

Article (47)

Extraordinary General Meeting

1. Convening

An Extraordinary General Meeting shall convene upon the summons from the Board of Directors or on a written request addressed to the Board of Directors by shareholders representing not less than 10% of the Company's share capital.

The Board of Directors shall, in the latter event, call for an Extraordinary General Meeting within one month from the date of receiving such request; otherwise the Ministry of Industry, Commerce and Tourism shall call for the meeting within fifteen days from the date of expiry of said period.

2. Quorum

The Extraordinary General Meeting shall not be valid unless it is attended by shareholders representing at least two thirds of the shares of the Company. If such quorum could not be obtained, an invitation shall be sent out for a second meeting which shall be held within fifteen (15) days following the date of the first meeting. The quorum for the second meeting shall be valid if it is attended by shareholders representing more than one third of the Company's shares. If the quorum for the second meeting is not available, an invitation for a third meeting to be held within fifteen (15) days from the date of the second meeting shall be sent out. The third meeting shall be valid if attended by members representing one fourth of the shares of the Company. New notices of the second and third meetings need not be sent, if their dates were fixed in the notice given for the first meeting, provided that notice be published in at least two Arabic newspapers, one being local, that neither of these two meetings was held.

3. Voting

Resolutions at the Extraordinary General Meeting shall be passed by a two third majority of the shares represented at the meeting, unless the resolution relates to the increase or reduction of the Company's capital, the dissolution or merger of the Company with another company, in which case resolutions shall only be valid if adopted by 75% of the shares of the shareholders present at the Extraordinary General Meeting. Resolutions of the Extraordinary General Meeting shall not be valid unless they have been pre-fact approved by the Ministry of Industry, Commerce and Tourism and the Central Bank of Bahrain.

4. Competence of the Extraordinary General Meeting

- a) The Extraordinary General Meeting shall have competence over the following matters:
 - 1. Amendments of the Memorandum of Association and the Articles of Association of the Company.
 - 2. Increase or decrease of the Company's share capital, including issuance of new shares.
 - 3. Disposal of more than half of the assets of the company, subject to the provisions of the Commercial Companies Law.
 - 4. Sale of the business of the Company or disposal thereof in any other manner.
 - 5. Dissolution or merger of the Company with another body corporate.
 - 6. Any other matters provided for in the Commercial Companies Law.
- b) The Extraordinary General Meeting may adopt resolutions in respect of matters falling within the competence of the Ordinary General Meeting provided that both these conditions are met:
 - 1. the quorum and voting majority required for the Ordinary General Meeting are available; and
 - 2. the subject of the resolution is included in the agenda.

Article (48)

Common Provisions

- 1. The invitation for convening a General Meeting shall be published in at least two daily newspapers issued in Arabic, at least twenty one days prior to the date of the meeting. The notice shall also contain the agenda of the meeting.
- 2. Resolutions adopted at the General Meeting in accordance with the provisions of the Commercial Companies Law and these Articles of Association shall be binding upon all shareholders, whether they were present at the meeting at which the resolutions were passed, or were absent, regardless of whether they voted for or against them.
- 3. The Board of Directors shall implement the resolutions of the General Meeting.
- 4. Without prejudice to the rights of any bona fide third party, all resolutions adopted by the General Meeting contrary to the provisions of the Commercial Companies Law, the Implementing Regulations and/or the Company's Memorandum and Articles of Association shall be deemed null and void.
- 5. The Shareholder may file lawsuits to invalidate any resolution adopted by the General Meeting in accordance to articles (215) and (215 bis) of the Commercial Companies Law.
- 6. The names of the shareholders shall be entered in a special register to be prepared for this purpose at the Company's head office at least twenty-four (24) hours before the meeting. This register shall include the names of the shareholders, names of the proxies, the number of shares they own and the number of shares they represent whether directly or by proxy.

CHAPTER VII

Company's Accounts

Article (49)

- a) The Board of Directors shall ensure the production of the following for every financial year.
- (1) The Company's balance sheet for the preceding financial year including particulars of the Company's assets and liabilities.
 - (2) Profit & Loss Account.
 - (3) A comprehensive report on the Company's activities and financial position during the preceding year.
 - (4) Detailed statements on the recommendation by the Board for the distribution of the net profits of the year in question and for profits carried over from the preceding year.

Auditors

Article(50)

Appointment of Company Auditors

The Company shall have one or more Auditors appointed from among licensed accountants by the Ordinary General Meeting who will also determine his/their remuneration or authorise the Board of Directors to do so. The Auditor or Auditors shall carry out the auditing of the Company's accounts for the year in question.

If an auditor does not carry out his duties for any reason, the Board of Directors may whenever necessary appoint another auditor to replace him, provided that such replacement shall be referred to the next General Meeting for approval.

In the event that more than one auditor is appointed, each of them shall carry out the audit duties independently. If there have been more than one auditor for the Company and they did not agree on one report, each shall prepare a separate report. All auditors shall be jointly liable for the audit of the accounts of the Company.

Article (51)

Duties of auditors

Each Auditor shall have the right at any time to peruse all the Company's books, records and documents and request any statement deemed necessary and shall also have the right to verify the Company's assets and liabilities. However, in the event any Auditor is prevented from practicing such authority such Auditor shall state this fact in a written report to be submitted to the Board of Directors and put before the General Meeting which each Auditor is entitled to call for a meeting for such a purpose.

In all cases the auditor shall provide the Ministry concerned with trade affairs with copies of his reports and remarks whatsoever, whether they are financial or administrative and whether they are presented to the Company's General Meeting or to the Board of Directors.

The auditor shall attend the General Meeting and state his opinion on everything related to his work, and in particular the Company's balance sheet. He shall read out his report before the General Meeting. Such report shall be prepared in accordance with the international auditing standards and practices, and shall include, in particular, the following details:

- a) Whether the auditor has obtained the information he deems necessary for performing his duties satisfactorily.
- b) Whether the balance sheet and the profit and loss account are conforming with the facts, they have been prepared in accordance with the international auditing standards, or in accordance with the standards approved by the competent authority, whether they include all that is provided for by the Law and the Company's Articles of Association, and that they reflect honestly and clearly the Company's actual financial position.
- c) Whether the Company maintains regular accounts.
- d) Whether the stock taking undertaken by the Company has been carried out in accordance with the recognised standards.

- e) Whether the data contained in the Board of Directors' report are in conformity with what is contained in the Company's books.
- f) Whether there have been violations of the Company's Articles of Association or the provisions of the Law during the financial year in a manner affecting the Company's activities or its financial position, and stating whether such violations are still continuing to the extent of the information made available to him.

The Auditors shall, in their capacity as the shareholders' representatives, be responsible for the accuracy of information contained in their report and shall be liable for damages sustained by the Company, the shareholders or any third party relying on his/their report as a result of mistakes made by the auditors in the performance of their duties.

The auditor's report shall be read out in the General Meeting. Every shareholder shall have the right during the General Meeting to discuss the Auditor and request explanation regarding any statement made in his report.

The auditor shall be subject to provisions of Articles (217) to (222) of the Commercial Companies Law and the Auditors Law No (26) of 1996 and as amended.

Article (52)

Financial year

- a. The financial year of the Company shall commence on the 1st day of January and shall end on the last day of December in each year.
- b. The Company may, by resolution of the Extraordinary General Meeting and with the consent of the Central Bank of Bahrain and the Ministry concerned with trade affairs, change the dates on which its financial year begins and ends in which case the Company shall prepare a balance sheet for the period from the end of the financial year preceding the change of date until the beginning of the financial year following the change of date.

Article (53)

Publication of Financial Statements

- a) Publication of Annual Audited Financial Statements
The Company must publish extracts from its audited annual financial statements in accordance with the Central Bank of Bahrain and Financial Institutions Law and the regulations issued to its effect in two local daily newspapers one in Arabic and one in English within 60 days of the end of the financial year. These must include at a minimum the five main statements: which are the statement of financial position (balance sheet), the statement of income, the comprehensive income statement, cash flow statement, the change in shareholders' equity statement in addition to the corporate governance statement.

A copy of those statements is to be made available to the Bahrain Bourse.

- b) Publication of Quarterly Financial Statements
The Company must publish extracts from its reviewed quarterly financial statements in accordance with the Central Bank of Bahrain and Financial Institutions law in two local daily newspapers one in Arabic and one in English within 45 days of the end of the relevant period. These must include at a minimum the five main statements which are the statement of financial position (balance sheet), the statement of income, the comprehensive income statement, cash flow statement, and the change in shareholders' equity statement.

A copy of those statements is to be made available to the Bahrain Bourse.

Article (54)

Distribution of Net Profits

The annual net profit shall be distributed as follows:

- 1) 10 per cent of the net profit shall be assigned for the legal (compulsory) reserve. Such deduction shall be suspended when the total reserve reaches 50% of the Company's paid up capital and shall be resumed when the reserve decreases for any reason.
- 2) A percentage of the net profit shall be set aside as (voluntary) reserve at the recommendation of the Board of Directors and with the approval of the General Meeting as necessitated by the Company's business and financial status.

- 3) Loans interest and all the Company's liabilities including the provisions made by the Company for the same in accordance with the international accounting standards applicable to companies.

Upon approval of the General Meeting, a percentage of the net profit made by the Company as a result of selling one of its fixed assets may be distributed, provided that the same does not entail the Company's inability to maintain its assets as they were or buy new fixed assets.

- 4) the remainder of profit shall then be distributed as dividend to the Company's shareholders as additional dividends or the same may be carried over to the next financial year or allocated to an emergency reserve or extraordinary depreciation reserve fund.
- 5) The voluntary reserve fund and the extraordinary reserve fund and all other reserves, except the legal reserve and those reserves referred to in this Article, may be utilised as directed by the General Meeting.

Article (55)

Without prejudice to the provisions of Article 12 of these Articles, dividends shall be distributed by any means permissible under the applicable law.

Article (56)

Legal Reserve

The legal (compulsory) reserve may not be distributed to the shareholders but may be utilised to facilitate distribution of dividends not exceeding five percent of the share capital in years when the Company's profits would not support such a distribution.

CHAPTER VIII

Expiration and Liquidation of the Company

Article (57)

The Company shall be dissolved for any of the following reasons:

1. Termination of the Company or merging it with another company by resolution of the Extraordinary General Meeting.
2. Attainment of the objects for which the Company has been incorporated.
3. Loss of its capital or a sizeable portion thereof, rendering it not feasible for the Company to continue.
4. Adoption of a resolution to dissolve the Company by the Extraordinary General Meeting by the majority of votes specified by the Commercial Companies Law.
5. The Company is declared bankrupt.
6. A court order is made for the dissolution of the Company.
7. If it appears from the Balance Sheet that the Company has lost its reserves and three quarters of its capital. In such case, the Chairman or the Deputy Chairman of the Board of Directors shall summon an Extraordinary General Meeting of the shareholders to convene in order to resolve whether to dissolve the Company before the expiry of the period limited therefor, or reduce the capital or to take other suitable measures.

Article (58)

If the Company sustains losses amounting to 75% of its capital, the Board of Directors shall call an Extraordinary General Meeting to decide on the dissolution of the Company, decreasing its capital or taking any other measures deemed appropriate. In the event of failure by the Board to do so or by the General Meeting to meet because of inability to reach the required quorum, or if the General Meeting refuses to dissolve the Company, any shareholder may revert to the Courts for the dissolution of the Company.

Article (59)

The decision to dissolve the Company and to appoint a liquidator shall be published in the Official Gazette and entered into the Commercial Registry.

Article (60)

- (1) The Extraordinary General Meeting shall appoint a liquidator or liquidators, and determine their number and remuneration.
- (2) In the event that issuance of a resolution by the General Meeting on appointment of liquidator(s) and determination of their numbers has become impossible, a Court shall appoint liquidator(s) and determine their fees.
- (3) Liquidator(s) may be appointed from amongst the members of the Board of Directors, the shareholders or others provided that such liquidator(s) are qualified to perform such duty.

Article (61)

Auditors shall continue in their posts and may be joined by an expert to be appointed by Court to take part in effecting and supervising the liquidation.

Article (62)

Liquidator shall have the same authority as the Board of Directors in matters relating to liquidation and shall also have the same liabilities.

Article (63)

The expired Company's books, records and documents shall be kept for a period of 10 years commencing from the date of the dissolution of the Company in a safe place determined by the General Meeting.

CHAPTER IX General Provisions

Article (64)

Approvals

These Amended Articles of Association shall be deposited and published in accordance with the provisions of the Commercial Companies Law.

These Restated Articles of Association have been made pursuant to the consent of the Central Bank of Bahrain and the Bahrain Investors Center at the Ministry of Industry, Commerce and Tourism pursuant No. ----- dated -----

Article (65)

Costs

All costs and fees paid in respect of these Amended Articles of Association and its full legalisation shall be debited to the Company overheads.

Article (66)

Applicable Law

The provisions of the Commercial Companies Law promulgated by Legislative Decree No. (21) of 2001, its amendments, and the Central Bank of Bahrain and Financial Institution Law (Law No. 64 of 2006) shall apply with respect to any matters for which no specific provision is embodied in these Articles of Association.

Article (67)

Language

In the event of any inconsistency, between the Arabic text and its English translation, the Arabic text shall prevail in accordance with the applicable laws in the Kingdom of Bahrain and be binding upon the parties hereto.

Authorized Signatory

In accordance with the above the Articles of Association were made in one original and four counterparts which was signed by the parties concerned upon having been read out by me and its contents made known to the parties. Four copies of this Articles of Association were delivered to the parties for further action.

Appendix C: Audited Financial Statements FY ended 31 December 2015, 2016 and 2017, and Reviewed H'1 2018 Financial Statements

APM Terminals Bahrain B.S.C. (c)

DIRECTORS' REPORT

for the year ended 31 December 2015

BD 000's

I have pleasure in presenting the Company's financial statements (pages 214 to 240) for the year ended 31 December 2015.

Financial highlights

	2015	2014
Revenue	32,380	30,258
Profit for the year	6,416	4,883
Total equity	11,050	10,778
Total assets	26,111	25,748

Representations and audit

The Company's activities for the year ended 31 December 2015 have been conducted in accordance with the Bahrain Commercial Companies Law 2001 and other relevant statutes of the Kingdom of Bahrain.

There have been no events subsequent to 31 December 2015, which would in any way invalidate the financial statements on pages 214 to 240.

The Company has maintained proper, complete accounting records and these, together with all other information and explanations, have been made freely available to the auditors KPMG, who have signified their willingness to continue in office for the next accounting year.



Søren Sjøstrand Jakobsen
Chairman



John K Skinner
Vice Chairman

20 June 2016



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CR No. 6220

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

APM Terminals Bahrain B.S.C. (c)

Hidd, Kingdom of Bahrain

Report on the financial statements

We have audited the accompanying financial statements of APM Terminals Bahrain B.S.C. (c) (the "Company"), which comprise the statement of financial position as at 31 December 2015, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Responsibility of the board of directors for the financial statements

The board of directors is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as the board of directors 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 ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other regulatory requirements

As required by the Bahrain Commercial Companies Law, we report that:

- a) the Company has maintained proper accounting records and the financial statements are in agreement therewith;
- b) the financial information contained in the director's report is consistent with the financial statements;
- c) we are not aware of any violations during the year of the Bahrain Commercial Companies Law or the terms of the Company's memorandum of association that would have had a material adverse effect on the business of the Company or on its financial position; and
- d) satisfactory explanations and information have been provided to us by management in response to all our requests.

KPMG Fakhro
Partner Registration No. 83
20 June 2016

APM Terminals Bahrain B.S.C. (c)

STATEMENT OF FINANCIAL POSITION
as at 31 December 2015

BD 000's

	Note	2015	2014
ASSETS			
Intangible assets	4	7,157	7,671
Equipment and vehicles	5	9,132	9,890
Non-current assets		16,289	17,561
Inventories	6	456	585
Trade receivables	7	2,349	2,160
Prepayments and other receivables	8	430	223
Cash and cash equivalents	9	6,587	5,219
Current assets		9,822	8,187
Total assets		26,111	25,748
EQUITY AND LIABILITIES			
Equity			
Share capital	1	9,000	9,000
Statutory reserve		1,990	1,348
Retained earnings		60	430
Total equity		11,050	10,778
Liabilities			
Finance lease liability	11	8,444	8,528
Employee's benefits	12	260	181
Advance from customer		106	-
Non-current liabilities		8,810	8,709
Trade and other payables	10	6,167	6,197
Finance lease liability	11	64	64
Current liabilities		6,251	6,261
Total liabilities		15,061	14,970
Total equity and liabilities		26,111	25,748


Søren Sjøstrand Jakobsen
Chairman


John K Skinner
Vice Chairman

The financial statements consisting of pages 214 to 240 were approved by the Board of Directors on 20 June 2016.

APM Terminals Bahrain B.S.C. (c)

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2015

BD 000's

	Note	2015	2014
Revenue	13	32,380	30,258
Other income		200	54
Operating expenses	14	(21,873)	(20,982)
General and administrative expenses	15	(3,573)	(3,743)
Operating profit		7,134	5,587
Finance income		-	14
Finance costs		(718)	(718)
Net finance costs		(718)	(704)
Profit for the year		6,416	4,883
Other comprehensive income		-	-
Total comprehensive income for the year		6,416	4,883
Earnings per share			
Basic and diluted earnings per share	16	7,129 fils	5,425 fils


Søren Sjøstrand Jakobsen
Chairman


John K Skinner
Vice Chairman

The financial statements consisting of pages 214 to 240 were approved by the Board of Directors on 20 June 2016.

APM Terminals Bahrain B.S.C. (c)

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2015

BD 000's

2015	Share capital	Statutory reserve	Retained earnings	Total
At 1 January	9,000	1,348	430	10,778
Total comprehensive income for the year	-	-	6,416	6,416
Transfer to statutory reserve	-	642	(642)	-
Transactions with owners of the Company				
Dividends paid during the year 2015 - Interim	-	-	(6,144)	(6,144)
At 31 December	9,000	1,990	60	11,050

2014	Share capital	Statutory reserve	Retained earnings	Total
At 1 January	9,000	860	1,535	11,395
Total comprehensive income for the year	-	-	4,883	4,883
Transfer to statutory reserve	-	488	(488)	-
Transactions with owners of the Company				
Dividends paid during the year 2014 - Interim	-	-	(5,500)	(5,500)
At 31 December	9,000	1,348	430	10,778

The financial statements consist of pages 214 to 240.

APM Terminals Bahrain B.S.C. (c)

STATEMENT OF CASH FLOWS
for the year ended to 31 December 2015

BD 000's

	Note	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		6,416	4,883
<i>Adjustments for:</i>			
Amortisation	4	445	445
Depreciation	5	1,183	1,269
Net finance costs		718	704
Gain on sale of equipment and vehicles		(8)	-
<i>Changes in:</i>			
- Inventories		129	4
- Trade receivables		(189)	(287)
- Prepayments and other receivables		(207)	189
- Trade and other payables		76	(263)
- Employee leaving indemnities		79	40
Net cash from operating activities		8,642	6,985
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of equipment and vehicles		(343)	(126)
Purchase of intangible assets		(14)	(93)
Proceeds from disposal of equipment and vehicles		9	5
Net cash used in investing activities		(348)	(214)
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance cost paid net		(718)	(704)
Finance lease liability		(64)	(45)
Interim dividend		(6,144)	(5,500)
Net cash used in financing activities		(6,926)	(6,249)
Net increase in cash and cash equivalents during the year		1,368	522
Cash and cash equivalents at beginning of the year		5,219	4,697
Cash and cash equivalents at end of the year	9	6,587	5,219

The financial statements consist of pages 214 to 240.

APM Terminals Bahrain B.S.C. (c)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

BD 000's

1 STATUS AND OPERATIONS

APM Terminals Bahrain B.S.C. (c) (the "Company") is a closed joint stock company incorporated in the Kingdom of Bahrain on 11 May 2006 under Commercial Registration (CR) number 60982 by the Ministry of Industry and Commerce.

The Company has an authorised and issued share capital of BD 9,000,000, comprising 900,000 shares of BD 10 each (2014: 900,000 shares of BD 10 each), which are fully paid-up and held as follows:

Name of the shareholder	Number of shares	% of holding	BD
APM Terminals BV	720,000	80	7,200,000
Yusuf Bin Ahmed Kanoo (Holdings) WLL	180,000	20	1,800,000
Total	900,000	100	9,000,000

The Company commenced operations on 8 December 2006, following the signing of the Mina Salman Concession Agreement (the "MSP agreement") with the Government of the Kingdom of Bahrain ("Government"), wherein the Government has granted the Company, an exclusive right and privilege to operate the Mina Salman Port. The Concession Agreement was entered into pursuant to the legislative decree no.76 of 2006 issued on 22 November 2006 by the King of Bahrain, which was ratified by the Parliament of the Kingdom of Bahrain on 14 May 2007.

The Mina Salman concession agreement was in force for a period commencing from 8 December 2006 and expiring on the handover date, 17 May 2009. The Company had paid BD 395,850 to the Government of the Kingdom of Bahrain as concession fee for the rights to operate the Mina Salman Port.

The Company has also signed the Khalifa Bin Salman Port Concession Agreement ("KBSP Agreement") with the Government whereby the Government has granted the Company an exclusive right and privilege to operate the Khalifa Bin Salman Port (KBSP) for a period of 25 years starting 1 April 2009. The Company paid BD 923,650 as concession fee for the KBSP concession period on commencement of operations at the KBSP.

2 BASIS OF PREPARATION

a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the Bahrain Commercial Companies Law (BCCL).

b) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Bahraini Dinars, which is the Company's functional and presentation currency. All financial information presented has been rounded to the nearest thousands, except when otherwise indicated.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

BD 000's

2 BASIS OF PREPARATION (continued)

c) Basis of measurement

The financial statements have been drawn up from the accounting records of the Company under the historical cost convention. The principal accounting policies applied in the preparation of these financial statements have been consistently applied to all the years presented herein, unless otherwise stated.

d) New standards, amendments and interpretations effective from 1 January 2015

The following standards, amendments and interpretations, which became effective as of 1 January 2015, are relevant to the Company:

(i) Amendments to IAS 19 "Defined Benefit Plans: Employee Contributions"

The amendments to IAS 19 clarify how an entity should account for contributions made by employees or third parties to define benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that are independent of the number of years of service, the entity may either recognize the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employees periods of service using the project unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees periods of service.

The adoption of this amendment had no significant impact on the financial statements of the Company.

(ii) Annual improvements to IFRSs 2010-2012 cycle and 2011-2013 cycle

The annual improvements to IFRSs to 2010-2012 and 2011 -2013 cycles include a number of amendments to various IFRSs. Most amendments will apply prospectively for annual periods beginning on or after 1 July 2014; earlier application is permitted (along with the special transitional requirement in each case), in which case the related consequential amendments to other IFRSs would also apply.

The amendments are not expected to have any material impact on the financial statements of the Company.

The following are the key amendments in brief:

- The amendments to IFRS 2 changes the definitions of "vesting condition" and "market condition"; and add definitions for "performance condition" and "service condition" which were previously included in the definition of vesting condition.
- The amendments to IFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9 or IAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognized in profit or loss. IAS 37 Provisions, Contingent Liabilities and Contingent Assets is amended to exclude provisions related to contingent consideration. IFRS 3 is also not applicable to the accounting for the formation of all types of joint arrangements in IFRS 11 Joint Arrangements (including joint operations) in the financial statements of joint arrangements themselves.
- The amendments to IFRS 8 explicitly require the disclosure of judgments made by management in applying the aggregation criteria. The disclosures include:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

BD 000's

2 BASIS OF PREPARATION (continued)

- a brief description of the operating segments that have been aggregated; and
- the economic indicators that have been assessed in determining that the operating segments share similar economic characteristics.

In addition, this amendment clarifies that a reconciliation of the total of the reportable segments assets to the entity's assets is required only if this information is regularly provided to the entity's chief operating decision maker.

- The IASB has clarified that, in issuing IFRS 13 and making consequential amendments to IAS 39 and IFRS 9, it did not prevent entities from measuring short term receivables and payables that have no stated interest rate at their invoiced amounts without discounting, if the effect of not discounting is not material. IFRS 13 has also been amended to clarify that portfolio exception applies to contracts in the scope of IAS 39 and IFRS 9 regardless of whether they meet the definition of a financial asset or financial liability under IAS 32.
- The amendments to IAS 16 and IAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation or amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation or amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses. The accumulated depreciation (amortization) is eliminated against the gross carrying amount of the asset.
- The amendments to IAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required. The reporting entity will also need to disclose other transactions with the management entity under the existing disclosure requirements of IAS 24.
- The amendments to IAS 40 clarifies that an entity should:
 - assess whether an acquired property is an investment property under IAS 40; and
 - perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination.

Entities will still need to use judgement to determine whether the acquisition of an investment property is an acquisition of a business under IFRS 3.

e) New standards, amendments and interpretations issued but not yet adopted

A number of new standards, amendments to standards and interpretations issued but not yet effective and applied in preparing these financial statements. Those which are relevant to the Company are set out below. The Company does not plan to early adopt these standards.

(i) IFRS 9 - Financial Instruments

IFRS 9 published in July 2014, replaces the existing IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

APM Terminals Bahrain B.S.C. (c)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

BD 000's

2 BASIS OF PREPARATION (continued)

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The Company is assessing the potential impact on its financial statements resulting from the application of IFRS 9.

(ii) IFRS 15 – Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2017, with early adoption permitted.

The Company is assessing the potential impact on its financial statements resulting from the application of IFRS 15.

(iii) Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to IAS 16 prohibits entities from using a revenue based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted if the intangible asset is expressed as a measure of revenue or when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016.

The above amendments does not have any impact on the financial statements of the Company.

(iv) Annual Improvements to IFRSs 2012–2014 Cycle – various standards

The annual improvements to IFRSs to 2012–2014 cycles include a number of amendments to various IFRSs. Most amendments will apply prospectively for annual periods beginning on or after 1 January 2016; earlier application is permitted (along with the special transitional requirement in each case), in which case the related consequential amendments to other IFRSs would also apply.

The amendments are not expected to have any material impact on the financial statements of the Company.

The following are the key amendments in brief:

- IFRS 5 – when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution' or vice versa, this does not constitute a change to a plan of sale or distribution and does not have to be accounted for as such
- IFRS 7 – specific guidance for transferred financial assets to help management determine whether the terms of a servicing arrangement constitute 'continuing involvement' and, therefore, whether the asset qualifies for derecognition. In addition to this additional disclosures relating to the offsetting of financial assets and financial liabilities only need to be included in Interim reports if required by IAS 34
- IAS 19 - that when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important and not the country where they arise
- IAS 34 – what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report' and adds a requirement to cross-reference from the interim financial statements to the location of that information.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

BD 000's

2 BASIS OF PREPARATION (continued)

(v) Disclosure Initiative Amendments to IAS 1

The amendments to IAS 1 *Presentation of Financial Statements* are made in the context of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. The amendments provide clarifications on a number of issues, including:

- **Materiality** – an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.
- **Disaggregation and subtotals** – line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals.
- **Notes** – confirmation that the notes do not need to be presented in a particular order.
- **OCI arising from investments accounted for under the equity method** – the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of other comprehensive income.

According to the transitional provisions, the disclosures in IAS 8 regarding the adoption of new standards/accounting policies are not required for these amendments.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016.

f) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and associated assumptions are based on 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 amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period 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.

Judgements made by management in the application of IFRS that have a significant effect on the financial statements and in arriving at estimates with a significant risk of material adjustment in the following year are as follows:

Useful life and residual value of equipment and vehicles

The Company reviews the useful life and residual value of the equipment and vehicles at each reporting date to determine whether an adjustment to the useful life and residual value is required. The useful life and residual value is estimated based on the similar assets of the industry, and future economic benefit expectations of the management.

Impairment of inventory

The Company reviews the carrying amounts of inventories at each reporting date to determine whether the inventories have been impaired. The Company identifies the inventories which have been impaired based on evaluation of age of the inventory, their movement and consumption,

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

BD 000's

2 BASIS OF PREPARATION (continued)

over the period and estimate of their future demand. If inventories are assessed as impaired, they are written down to their recoverable amounts which are estimated based on past experience and future expectations of realisation by the management.

Impairment of receivables

The Company reviews the carrying amounts of the receivables at each reporting date to determine whether the receivables have been impaired. Specific evaluation is made for each receivable balance and the recoverable amount is estimated based on past experience with each customer and estimated cash flows.

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year, unless otherwise stated.

a) Revenue recognition

Revenue includes income from container services, general cargo services and marine services.

- Container services represent the activities relating to handling containers and container vessels including storage and other related activities.
- General cargo services represent the activities relating to handling general cargo vessels and stuffing, unstuffing, and storage of non containerized and bulk cargo.
- Marine services represent activities relating to pilotage and towage in KBSP, MSP and other private jetties.

Revenue including other income is recognised when it is earned i.e. when it is probable that future economic benefit associated with the item of revenue will flow to the entity, and the amount of revenue can be measured with reliability.

Interest income on deposits with banks is recognised on an effective interest method.

b) Equipment and vehicles

Equipment and vehicles are stated at cost less depreciation and allowances for impairment, if any. Cost includes purchase price of the items and expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item or repairs can be measured reliably. All other repairs and maintenance are charged to the statement of profit and other comprehensive income during the financial period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

BD 000's

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation is calculated on a straight-line basis to allocate the cost of equipment and vehicles to their residual values over their estimated useful lives, as follows:

Asset category	Estimated useful life in years
Quay cranes	20
RTG cranes	10
Spreaders & straddle carriers	5
Vehicles	5
Tools	5
Machinery and equipment	5
Furniture, fixtures and equipment	5
Computer equipment	3

All depreciation is charged to the statement of profit or loss. The total amount of depreciation is classified into operating expenses based on the use of the related asset.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting period.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are recognised in the statement of profit or loss.

c) Impairment

The carrying amounts of the Company's assets are reviewed at each reporting period to determine whether there is any objective evidence that a specific asset may be impaired. Assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows on the asset that can be estimated reasonably. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit or loss.

d) Intangible assets

Intangible assets represent the amount of concession fee paid to the Government of the Kingdom of Bahrain in accordance with the Khalifa Bin Salman Concession Agreement entered with the Government for the operation of the Khalifa Bin Salman Port and the present value of the minimum lease payments of Khalifa Bin Salman Port. These intangible assets have finite useful life and are measured at cost less amortisation and accumulated impairment loss, if any.

Amortisation is recognised in the statement of profit or loss on a straight line basis over the concession agreement period of 25 years as estimated by the management.

Software acquired by the Company is measured at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

BD 000's

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Software is amortised on a straight-line basis in profit or loss over its estimated useful life, from the date on which it is available for use. The estimated useful life of software is three years.

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

e) Inventories

Inventories are measured 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 other costs incurred in bringing them to their existing location and condition.

The net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

f) Trade receivables

Receivables are stated at the invoiced amount, being the fair value, less impairment allowances, if any.

g) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at bank and bank deposits that have an original maturity of three months or less, realisable or demand.

h) Accounts payable and accruals

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

i) Provisions

Provisions are recognised when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

j) Borrowing cost

Borrowing costs are recognised on a time apportioned basis in the period in which they are incurred.

k) Employees' end of service benefits

Pension rights (and other social benefits) for Bahraini employees are covered by the Social Insurance Organisation scheme to which employees and employers contribute monthly on a fixed-percentage-of-salaries basis. The Company's share of contributions to this funded scheme, which is a defined contribution scheme under IAS 19 – *Employee Benefits*, is recognised as an expense in the statement of profit or loss.

Expatriate employees are entitled to leaving indemnities payable under the Bahrain Labour Law for the Private Sector 2012, based on length of service and final salary and other allowances paid. Provision for this unfunded commitment, which represents a defined benefit scheme under IAS 19 – *Employee Benefits*, has been made by calculating the notional liability had all employees left at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

BD 000's

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Statutory reserve

In accordance with Bahrain Commercial Companies Law 2001 the Company is required to appropriate 10 percent of the net profit to a statutory reserve, which is normally distributable only on dissolution. Appropriations may cease when the reserve reaches 50 percent of the share capital.

m) Foreign currency transactions

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional and presentation currency of the Company is Bahraini dinars ("BD").

Transactions in foreign currencies are translated to Bahraini Dinars at the foreign exchange rate prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into Bahraini Dinars at the foreign exchange rate prevailing at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into Bahraini Dinars at the exchange rate at the date that the fair value was determined. Foreign exchange differences resulting from the settlement of such foreign currency transactions and from the translation of monetary and non monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in the statement of profit or loss.

n) Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise financial assets and financial liabilities. Financial assets comprise trade receivables, related party loans and receivables, other current assets (excluding prepayments) and cash and cash equivalents. Financial liabilities comprise trade and related party payables, deposits received from customers and other liabilities.

Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial assets are measured at amortised cost using the effective interest method, less any impairment losses. Financial liabilities are subsequently measured at amortised cost.

The fair value of other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

For the purpose of the cash flow statement, cash and cash equivalents with a maturity less than 90 days comprise cash in hand and at bank in current accounts and call deposits and short term deposits. For the purpose of the statement of cash flows, bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents.

Trade and other receivables are stated at their invoiced amounts, being the fair values of consideration receivables, less impairment allowances, if any and repayments.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

o) Fair values of financial instruments

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 in the principal, or in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk. The estimated fair values of the Company's financial instruments are not significantly different from their book values.

p) Impairment

(i) Financial assets

The financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and the loss event had a negative effect on the estimated future cash flow of that asset that can be estimated reliably. If any such evidence exists, the asset's recoverable amount is estimated and impairment loss is recognised whenever the carrying amount of an asset exceeds its estimated recoverable amount. All impairment losses are recognised in the statement of profit or loss.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial 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 exceeds its estimated recoverable amount. All impairment losses are recognised in the statement of profit or loss.

q) Leases

Lease contracts are classified as operating or finance leases at the inception of the lease. Once determined, the classification is not subsequently reassessed unless there are changes to the contract conditions. Contracts which transfer all significant risks and benefits associated with the underlying asset to the lease are classified as leases. Assets held under finance leases are classified as non-current assets.

APM Terminals Bahrain B.S.C. (c)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

BD 000's

4 INTANGIBLE ASSET

2015	Service concessions rights	Software	Development costs	Total
Cost				
At 01 January	9,731	613	83	10,427
Additions	-	-	14	14
Transfer to equipment & vehicles	-	-	(83)	(83)
At 31 December	9,731	613	14	10,358
Accumulated amortisation				
At 01 January	2,237	519	-	2,756
Amortisation for the year	389	56	-	445
At 31 December	2,626	575	-	3,201
Net carrying value 31 December	7,105	38	14	7,157

2014	Service concessions rights	Software	Development costs	Total
Cost				
At 01 January	9,731	513	60	10,294
Additions	-	100	33	133
At 31 December	9,731	613	83	10,427
Accumulated amortisation				
At 01 January	1,848	462	-	2,310
Amortisation for the year	389	57	-	446
At 31 December	2,237	519	-	2,756
Net carrying value 31 December	7,494	94	83	7,671

APM Terminals Bahrain B.S.C. (c)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2015

BD 000's

5 EQUIPMENT AND VEHICLES

2015	Computer Equipment	Cranes & Transainers	Furniture & Fixtures	Machinery & Equipment	Vehicles	Tools	Leasehold Improvement	Capital work-in progress	Total
Cost									
At 1 January	850	17,053	84	2,002	1,680	24	49	6	21,748
Additions	25	-	1	272	-	4	-	41	343
Transfer from Intangible assets	-	-	-	-	-	-	-	83	83
Disposals	-	-	-	(10)	(48)	-	-	-	(58)
At 31 December	875	17,053	85	2,264	1,632	28	49	130	22,116
Accumulated depreciation									
At 1 January	788	7,437	80	1,941	1,553	10	49	-	11,858
Depreciation	32	1,086	4	19	34	8	-	-	1,183
Disposals	-	-	-	(10)	(47)	-	-	-	(57)
At 31 December	820	8,523	84	1,950	1,540	18	49	-	12,984
Net book value									
31 December	55	8,530	1	314	92	10	-	130	9,132

As of 31 December 2015, equipment and vehicles of the Company include assets having cost of BD 5,452 (31 December 2014: BD 5,502) which are fully depreciated and have a net book value of nil.

APM Terminals Bahrain B.S.C. (c)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2015

BD 000's

5 EQUIPMENT AND VEHICLES (continued)

2014	Computer Equipment	Cranes & Translainers	Furniture & Fixtures	Machinery & Equipment	Vehicles	Tools	Leasehold Improvement	Capital work-in progress	Total
Cost									
At 1 January	780	17,053	84	2,019	1,618	8	49	38	21,649
Additions	-	-	-	-	-	-	-	132	132
Disposals	-	-	-	(26)	(7)	-	-	-	(33)
Transfers	70	-	-	9	68	16	-	(164)	-
At 31 December	850	17,053	84	2,002	1,680	24	49	6	21,748
Accumulated depreciation									
At 1 January	766	6,291	75	1,930	1,504	2	49	-	10,617
Depreciation	22	1,146	5	35	53	8	-	-	1,269
Disposals	-	-	-	(24)	(4)	-	-	-	(28)
At 31 December	788	7,437	80	1,941	1,553	10	49	-	11,858
Net book value									
31 December	62	9,616	4	61	127	14	-	6	9,890

APM Terminals Bahrain B.S.C. (c)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

BD 000's

6 INVENTORIES

	2015	2014
Inventories	1,005	1,006
Less: Provision for obsolescence	(549)	(421)
	456	585

7 TRADE RECEIVABLES

	2015	2014
Trade receivables	2,843	2,947
Less: Impairment provision	(494)	(787)
	2,349	2,160

Movement in provision:

	2015	2014
At 1 January	787	97
Charge for the year	1	690
Provision utilised	(294)	-
At 31 December	494	787

Information about the company's exposure to credit and market risk is included in note 18.

8 PREPAYMENTS AND OTHER RECEIVABLES

	2015	2014
Prepaid expenses	367	198
Deposits	21	22
Other receivables	42	3
	430	223

9 CASH AND CASH EQUIVALENTS

	2015	2014
Cash on hand	1	94
Balances with bank	6,586	5,125
	6,587	5,219

Information about the company's exposure to credit and market risk is included in note 18.

APM Terminals Bahrain B.S.C. (c)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2015

BD 000's

10 TRADE AND OTHER PAYABLES

	2015	2014
Trade payables	1,158	491
Advances from customers	116	296
Accrued expenses	2,223	2,572
Provisions	379	476
Royalty payable to the Government of Bahrain	2,291	2,362
	6,167	6,197

Information about the company's exposure to credit and market risk is included in note 18.

11 FINANCE LEASE LIABILITY

	2015	2014
Minimum lease payments		
- Less than 1 year	798	784
- Between 1 and 5 years	3,374	3,304
- After 5 years	13,007	13,875
	17,179	17,963
Future finance charges	(8,651)	(9,371)
	8,528	8,592
Present value of lease liability		
	8,528	8,592

	2015	2014
Current portion of lease liability	84	64
Non-current portion of lease liability	8,444	8,528
	8,528	8,592

The Company entered into a lease agreement for service concession rights (note 4) with a carrying value of BD 7,105 (2014: BD 7,494).

The carrying value of the finance lease liability approximates the fair value under level 2 of the fair value hierarchy.

12 EMPLOYEE'S BENEFITS

	2015	2014
At 1 January	181	141
Charge for the year	536	504
Paid during the year	(457)	(464)
	260	181
At 31 December		

APM Terminals Bahrain B.S.C. (c)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

BD 000's

13 REVENUE

	2015	2014
Container services	13,077	14,225
General cargo services	13,458	10,183
Marine services	5,845	5,850
	32,380	30,258

14 OPERATING EXPENSES

	2015	2014
Royalty to Government of Bahrain	7,218	6,687
Subcontracting charges	5,133	5,293
Salaries and related costs	5,086	4,551
Depreciation	1,183	1,269
Maintenance and repairs	972	1,330
Fuel and electricity	916	725
Amortisation of intangible asset	445	446
Security costs	244	237
Operating lease charges	371	194
Inventory charge / write-back	128	109
Customs duty and freight charges	75	66
Other expenses	102	75
	21,873	20,982

15 GENERAL AND ADMINISTRATIVE EXPENSES

	2015	2014
Salaries and related costs	1,868	1,825
Insurance	574	590
Management and administration fee	349	352
Computer expenses	312	227
Training expenses	86	97
Legal and professional charges	108	84
Communication expenses	41	107
Travel expenses	30	31
Office expenses	58	50
Other expenses	147	380
	3,573	3,743

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2015

BD 000's

16 BASIC EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

	2015	2014
Profit for the period	6,416	4,883
Number of shares in thousands	900	900
Basic and diluted earnings per share	7,129 fils	5,425 fils

17 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include entities over which the Company exercises significant influence, major shareholders, directors and key management personnel of the Company.

Balances and transactions with related parties are as follows:

a) Related parties balances

	2015	2014
<i>Assets</i>		
Trade receivable	256	143
Other receivable	8	12
	264	155
<i>Liabilities</i>		
Trade and other payable	383	50
Management fee	349	352
Accrued expenses	8	264
Provision for employee benefits	-	1
	740	667

b) Transactions with related parties

	2015	2014
Revenues	3,447	1,702
Interest Income	-	14
Other Income	-	20
	3,447	1,736
Operating expenses	3,141	3,343
General and administrative expenses	774	352
Board remuneration	8	8
	3,923	3,703

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

BD 000's

17 RELATED PARTY TRANSACTIONS (continued)

c) Transactions with key management personnel

Key management personnel of the Company comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Company. The key management personnel compensation is as follows:

	2015	2014
Salaries and other short-term benefits	478	335

18 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments include financial assets and financial liabilities. Financial assets of the Company include trade receivables, cash and cash equivalents, advance payment to suppliers and certain other financial assets. Financial liabilities of the Company comprise of trade and other payables and lease liability.

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk
- operational risk
- capital management

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. The note also presents certain quantitative disclosures in addition to the disclosures throughout the financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

a) Credit risk

Credit risk is the risk that a counter party to a financial instrument will fail to discharge an obligation and cause the Company to incur a financial loss. The Company is exposed to credit risk primarily on its cash and cash equivalents and trade receivables.

The significant receivables are from customers. The receivables from customers represent revenue billed to the customers.

The Company has a practice, which ensures that each new customer is analysed individually for creditworthiness before the Company's standard payment conditions are offered. In addition the Company has a practice of collecting Bank Guarantee for the entire Credit limit approved for all the customers. The finance department ensures the credibility of new customers and requires bank

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

BD 000's

18 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

guarantee. Since the Company is providing services locally, there is no significant geographical concentration of credit risk involved in trade receivable balances. The Company perceives that the trade receivable balances are of good credit quality as these are primarily:

- government-owned companies;
- well established private companies, and
- related parties with good financial position.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for Company's of similar assets in respect of losses that have been incurred but not yet identified. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the accounts receivable is impaired.

Company's credit risk on cash and cash equivalents is limited as these are placed with bank in Bahrain having investment grade credit rating.

(i) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2015	2014
Balances with bank	6,586	5,125
Trade receivables	2,843	2,947
Deposits and other receivables	63	25
	9,492	8,097

(ii) Impairment Losses

The aging of trade receivables at the reporting date was:

	2015		2014	
	Gross	Impairment	Gross	Impairment
Not past due	1,776	-	2,047	348
Past due less than 90 days	458	5	483	44
Past due between 91-180 days	74	7	44	34
Past due between 181-270 days	22	7	53	49
Past due between 271-365 days	233	195	47	39
Past due over 365 days	280	280	273	273
	2,843	494	2,947	787

Past due accounts receivables of BD 1,067 (2014: BD 900) carry an impairment provision of BD 494 (2014: BD 787).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

BD 000's

18 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

b) 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 due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Liquidity risk may result from an inability to collect a financial asset within reasonable period at close to its fair value.

The liquidity position of the Company is monitored by the Chief Executive Officer and the Chief Financial Officer. The Company ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the contractual maturities of financial liabilities including interest payments:

2015	Carrying amount	Contractual Cash flows	6 months or less	6 - 12 months	1 - 2 years	More than 2 years
Trade and other payables	5,672	5,672	5,672	-	-	-
Finance lease liabilities	8,528	17,179	798	-	819	15,562
	14,200	22,851	6,470	-	819	15,562

2014	Carrying amount	Contractual Cash flows	6 months or less	6 - 12 months	1 - 2 years	More than 2 years
Trade and other payables	5,425	5,425	5,425	-	-	-
Finance lease liabilities	8,592	17,963	784	-	798	16,381
	14,017	23,388	6,209	-	798	16,381

c) Market risk

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

(ii) Interest rate risk

Interest rate risk is the risk that the Company's earnings will be affected as a result of movements in interest rates.

The Company's interest rate risk is limited to its interest bearing short-term deposits with banks and borrowings from shareholders. Change in market interest rate will not have a significant effect on the carrying value of bank deposit due to the short-term characteristics of these deposits.

At the reporting date, the Company did not have any interest-bearing financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

BD 000's

18 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(iii) Foreign exchange risk

Foreign exchange risk is the risk that the Company's earnings will be affected as a result of fluctuations in foreign currency exchange rates. The Company is exposed to currency risk on purchases. The majority of Company's transactions are in Bahraini Dinars and in US Dollars (USD), to which the Bahraini Dinars is currently pegged.

d) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Company's operations.

The Company's objective is to manage risks so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorization of transactions.
- Requirements for the reconciliation and monitoring of transactions.
- Compliance with regulatory and other legal requirements.
- Documentation of controls and procedures.
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified.
- Requirements for the reporting of operational losses and proposed remedial action.
- Development of contingency plans.
- Training and professional development.
- Ethical and business standards.
- Risk mitigation, including insurance where this is effective.

e) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, lender and Government confidence and to be able to meet the requirements of the Khalifa Bin Salman Concession Agreement. The Board of Directors monitors that there is sufficient capital to ensure smooth working of the current operations and investments. The Company defines capital as total shareholder's equity and the borrowings from the shareholders, which are for a significant term to ensure that the Company will be adequately capitalized till the internal accruals are sufficient for a sustainable growth.

The Company is not subject to externally imposed capital requirements. The Board has evaluated the cost of equity vis-à-vis borrowings with the objective of achieving the lowest cost of funds for the Company. There were no changes in the Company's approach to capital management during the year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

BD 000's

19 FAIR VALUES OF FINANCIAL INSTRUMENTS

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 in the principal, or in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

"The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measures:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments."

The Company has not disclosed the fair value for financial instruments such as short term trade and other receivables, trade and other payables and cash and bank balances, because their carrying amounts are a reasonable approximation of fair values, due to their short term nature.

The classification of financial assets and financial liabilities is as follows:

	Loans and receivables	Others at amortised cost	Total carrying amount
2015			
Trade receivables	2,349	-	2,349
Deposits & other receivables	63	-	63
Cash and cash equivalents	6,587	-	6,587
	8,999	-	8,999
Trade and other payables	-	5,672	5,672
Finance lease liabilities	-	8,528	8,528
	-	14,200	14,200

APM Terminals Bahrain B.S.C. (c)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

BD 000's

19 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

2014	Loans and receivables	Others at amortised cost	Total carrying amount
Trade receivables	2,160	-	2,160
Deposits & other receivables	25	-	25
Cash and cash equivalents	5,219	-	5,219
	7,404	-	7,404
Trade and other payables	-	5,425	5,425
Finance lease liabilities	-	8,592	8,592
	-	14,017	14,017

DIRECTORS' REPORT**for the year ended 31 December 2016**

BD 000's

I have pleasure in presenting the Company's financial statements (pages 4 to 27) for the year ended 31 December 2016.

Financial highlights

	2016	2015
Revenue	28,939	32,380
Profit for the year	4,131	6,416
Total equity	11,654	11,050
Total assets	26,567	26,111

Representations and audit

The Company's activities for the year ended 31 December 2016 have been conducted in accordance with the Bahrain Commercial Companies Law 2001 and other relevant statutes of the Kingdom of Bahrain.

There have been no events subsequent to 31 December 2016, which would in any way invalidate the financial statements on pages 4 to 27.

The Company has maintained proper, complete accounting records and these, together with all other information and explanations, have been made freely available to the auditors KPMG, who have signified their willingness to continue in office for the next accounting year.



Soren Sjostrand Jakobsen
Chairman

28 March 2017



John K Skinner
Vice Chairman



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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

APM Terminals Bahrain B.S.C. (c)
Hidd, Kingdom of Bahrain

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of APM Terminals Bahrain B.S.C. (c) (the "Company") which comprise the statement of financial position as at 31 December 2016, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 *Auditors' responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The board of directors is responsible for the other information. The other information obtained at the date of this auditors' report is the *Directors' report* set out on page 1.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 obtained prior to the date of this auditors' 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.

Responsibilities of the board of directors for the financial statements

The board of directors is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as the board of directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board of directors is responsible for assessing the Company'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 the board of directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



Independent auditors' report to the shareholders (continued)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Conclude on the appropriateness of the Board of 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of 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.

Report on other regulatory requirements

As required by the Bahrain Commercial Companies Law, we report that:

- a) the Company has maintained proper accounting records and the financial statements are in agreement therewith;
- b) the financial information contained in the directors' report is consistent with the financial statements;
- c) we are not aware of any violations during the year of the Bahrain Commercial Companies Law or the terms of the Company's memorandum and articles of association that would have had a material adverse effect on the business of the Company or on its financial position; and
- d) satisfactory explanations and information have been provided to us by management in response to all our requests.

KPMG Fakhro
Partner registration number 83
28 March 2017

APM Terminals Bahrain B.S.C. (c)

STATEMENT OF FINANCIAL POSITION
as at 31 December 2016

BD 000's

	Note	2016	2015
ASSETS			
Intangible assets	4	6,833	7,157
Equipment and vehicles	5	8,100	9,132
Non-current assets		14,933	16,289
Inventories	6	412	456
Trade receivables	7	2,019	2,349
Prepayments and other receivables	8	6,518	430
Cash and cash equivalents	9	2,685	6,587
Current assets		11,634	9,822
Total assets		26,567	26,111
EQUITY AND LIABILITIES			
Equity			
Share capital	1	9,000	9,000
Statutory reserve		2,403	1,990
Retained earnings		251	60
Total equity		11,654	11,050
Liabilities			
Finance lease liability	11	8,330	8,444
Employee's benefits	12	307	260
Advance from customer		62	106
Non-current liabilities		8,699	8,810
Trade and other payables	10	6,100	6,167
Finance lease liability	11	114	84
Current liabilities		6,214	6,251
Total liabilities		14,913	15,061
Total equity and liabilities		26,567	26,111


Søren Sjøstrand Jakobsen
Chairman


John K. Skinner
Vice Chairman

The financial statements consisting of pages 244 to 267 were approved by the Board of Directors on 28 March 2017.

APM Terminals Bahrain B.S.C. (c)

**STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2016**

BD 000's

	Note	2016	2015
Revenue	13	28,939	32,380
Other income		74	200
Operating expenses	14	(20,692)	(21,873)
General and administrative expenses	15	(3,487)	(3,564)
Operating profit		4,834	7,143
Finance income		16	-
Finance expense	16	(719)	(727)
Net finance expense		(703)	(727)
Profit for the year		4,131	6,416
Other comprehensive income		-	-
Total comprehensive income for the year		4,131	6,416


Søren Sjøstrand Jakobsen
Chairman


John K Skinner
Vice Chairman

The financial statements consisting of pages 244 to 267 were approved by the Board of Directors on 28 March 2017.

APM Terminals Bahrain B.S.C. (c)

**STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2016**

BD 000's

2016	Share capital	Statutory reserve	Retained earnings	Total
At 1 January	9,000	1,990	60	11,050
Total comprehensive income for the year	-	-	4,131	4,131
Transfer to statutory reserve	-	413	(413)	-
Transactions with owners of the Company				
Dividends paid during the year 2016 - Interim	-	-	(3,527)	(3,527)
At 31 December	9,000	2,403	251	11,654

2015	Share capital	Statutory reserve	Retained earnings	Total
At 1 January	9,000	1,348	430	10,778
Total comprehensive income for the year	-	-	6,416	6,416
Transfer to statutory reserve	-	642	(642)	-
Transactions with owners of the Company				
Dividends paid during the year 2015 - Interim	-	-	(6,144)	(6,144)
At 31 December	9,000	1,990	60	11,050

The financial statements consist of pages 244 to 267.

APM Terminals Bahrain B.S.C. (c)

STATEMENT OF CASH FLOWS
for the year ended to 31 December 2016

BD 000's

	Note	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		4,131	6,416
<i>Adjustments for:</i>			
Amortisation	4	422	445
Depreciation	5	1,277	1,183
Net finance costs		703	727
Gain on sale of equipment and vehicles		(14)	(8)
<i>Changes in:</i>			
- Inventories		44	129
- Trade receivables		330	(189)
- Prepayments and other receivables		(6,088)	(207)
- Trade and other payables		(111)	76
- Employee leaving indemnities		47	79
Net cash from operating activities		741	8,651
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of equipment and vehicles		(246)	(343)
Purchase of intangible assets		(98)	(14)
Proceeds from disposal of equipment and vehicles		15	9
Net cash used in investing activities		(329)	(348)
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance cost paid net		(703)	(727)
Finance lease liability		(84)	(64)
Interim dividend		(3,527)	(6,144)
Net cash used in financing activities		(4,314)	(6,935)
Net (decrease) / increase in cash and cash equivalents during the year		(3,902)	1,368
Cash and cash equivalents at beginning of the year		6,587	5,219
Cash and cash equivalents at end of the year	9	2,685	6,587

The financial statements consist of pages 244 to 267.

APM Terminals Bahrain B.S.C. (c)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

BD 000's

1 STATUS AND OPERATIONS

APM Terminals Bahrain B.S.C. (c) (the "Company") is a closed joint stock company incorporated in the Kingdom of Bahrain on 11 May 2006 under Commercial Registration (CR) number 60982 by the Ministry of Industry and Commerce.

The Company has an authorised and issued share capital of BD 9,000,000, comprising 900,000 shares of BD 10 each (2015: 900,000 shares of BD 10 each), which are fully paid-up and held as follows:

Name of the shareholder	Number of shares	% of holding	BD
APM Terminals BV (Parent Company)	720,000	80	7,200,000
Yusuf Bin Ahmed Kanoo (Holdings) WLL	180,000	20	1,800,000
Total	900,000	100	9,000,000

The Company commenced operations on 8 December 2006, following the signing of the Mina Salman Concession Agreement (the "MSP agreement") with the Government of the Kingdom of Bahrain ("Government"), wherein the Government has granted the Company, an exclusive right and privilege to operate the Mina Salman Port. The Concession Agreement was entered into pursuant to the legislative decree no.76 of 2006 issued on 22 November 2006 by the King of Bahrain, which was ratified by the Parliament of the Kingdom of Bahrain on 14 May 2007.

The Mina Salman concession agreement was in force for a period commencing from 8 December 2006 and expiring on the handover date, 17 May 2009. The Company had paid BD 395,850 to the Government of the Kingdom of Bahrain as concession fee for the rights to operate the Mina Salman Port.

The Company has also signed the Khalifa Bin Salman Port Concession Agreement ("KBSP Agreement") with the Government whereby the Government has granted the Company an exclusive right and privilege to operate the Khalifa Bin Salman Port (KBSP) for a period of 25 years starting 1 April 2009. The Company paid BD 923,650 as concession fee for the KBSP concession period on commencement of operations at the KBSP.

2 BASIS OF PREPARATION

a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the Bahrain Commercial Companies Law (BCCL).

b) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Bahraini Dinars, which is the Company's functional and presentation currency. All financial information presented has been rounded to the nearest thousands, except when otherwise indicated.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

BD 000's

2 BASIS OF PREPARATION (continued)

c) Basis of measurement

The financial statements have been drawn up from the accounting records of the Company under the historical cost convention.

d) New standards, amendments and interpretations effective from 1 January 2016

The following standards, amendments and interpretations, which became effective as of 1 January 2016, are relevant to the Company:

(i) Annual Improvements to IFRSs 2012–2014 Cycle – various standards

The annual improvements to IFRSs to 2012–2014 cycles include a number of amendments to various IFRSs. Most amendments will apply prospectively for annual periods beginning on or after 1 January 2016; earlier application is permitted (along with the special transitional requirement in each case), in which case the related consequential amendments to other IFRSs would also apply.

The adoption of these amendments had no significant impact on the financial statements of the Company.

(ii) Disclosure Initiative (Amendments to IAS 1).

The amendments to IAS 1 *Presentation of Financial Statements* are made in the context of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved.

The adoption of these amendments had no significant impact on the financial statements of the Company.

e) New standards, amendments and interpretations issued but not yet adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2016 and earlier application is permitted. The Company does not plan to early adopt these standards.

(i) IFRS 15 – Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The Company is assessing the potential impact on its financial statements resulting from the application of IFRS 15.

(ii) IFRS 9 Financial Instruments

IFRS 9 published in July 2014, replaces the existing IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

BD 000's

2 BASIS OF PREPARATION (continued)

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The Company does not expect to have a significant impact on its financial statements resulting from the application of IFRS 9.

(iii) IFRS 16 Leases

IFRS 16 introduces a single, on-balance lease sheet accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard-i.e. lessors continue to classify leases as finance or operating leases.

IFRS 16 replaces existing leases guidance including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial application of IFRS 16.

The Company does not expect to have a significant impact on its financial statements.

f) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and associated assumptions are based on 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 amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period 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.

Judgements made by management in the application of IFRS that have a significant effect on the financial statements and in arriving at estimates with a significant risk of material adjustment in the following year are as follows:

Useful life and residual value of equipment and vehicles

The Company reviews the useful life and residual value of the equipment and vehicles at each reporting date to determine whether an adjustment to the useful life and residual value is required. The useful life and residual value is estimated based on the similar assets of the industry, and future economic benefit expectations of the management.

Impairment of inventory

The Company reviews the carrying amounts of inventories at each reporting date to determine whether the inventories have been impaired. The Company identifies the inventories which have been impaired based on evaluation of age of the inventory, their movement and consumption, over the period and estimate of their future demand. If inventories are assessed as impaired, they are written down to their recoverable amounts which are estimated based on past experience and future expectations of realisation by the management.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

BD 000's

2 BASIS OF PREPARATION (continued)

Impairment of receivables

The Company reviews the carrying amounts of the receivables at each reporting date to determine whether the receivables have been impaired. Specific evaluation is made for each receivable balance and the recoverable amount is estimated based on past experience with each customer and estimated cash flows.

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year, unless otherwise stated.

a) Income recognition

Revenue and other income is recognised when it is earned i.e. when it is probable that future economic benefit associated with the item of revenue will flow to the entity, and the amount of revenue can be measured with reliability.

Revenue includes income from container services, general cargo services and marine services.

- Container services represent the activities relating to handling containers and container vessels including storage and other related activities.
- General cargo services represent the activities relating to handling general cargo vessels and stuffing, unstuffing, and storage of non-containerized and bulk cargo.
- Marine services represent activities relating to pilotage and towage in KBSP, MSP and other private jetties.

b) Equipment and vehicles

Equipment and vehicles are stated at cost less depreciation and allowances for impairment, if any. Cost includes purchase price of the items and expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item or repairs can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 December 2016****BD 000's****3 SIGNIFICANT ACCOUNTING POLICIES (continued)**

Depreciation is calculated on a straight-line basis to allocate the cost of equipment and vehicles to their residual values over their estimated useful lives, as follows:

Asset category	Estimated useful life in years
Quay cranes	20
RTG cranes	10
Spreaders & straddle carriers	5
Vehicles	5
Tools	5
Machinery and equipment	5
Furniture, fixtures and equipment	5
Computer equipment	3

All depreciation is charged to the profit or loss. The total amount of depreciation is classified into operating expenses based on the use of the related asset.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting period.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are recognised in the profit or loss.

c) Intangible assets

Intangible assets represent the amount of concession fee paid to the Government of the Kingdom of Bahrain in accordance with the Khalifa Bin Salman Concession Agreement entered with the Government for the operation of the Khalifa Bin Salman Port and the present value of the minimum lease payments of Khalifa Bin Salman Port. These intangible assets have finite useful life and are measured at cost less amortisation and accumulated impairment loss, if any.

Amortisation is recognised in the statement of profit or loss on a straight line basis over the concession agreement period of 25 years.

Software acquired by the Company is measured at cost less accumulated amortisation and any accumulated impairment losses. Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Software is amortised on a straight-line basis in profit or loss over its estimated useful life, from the date on which it is available for use. The estimated useful life of software is three years.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

BD 000's

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Inventories

Inventories are measured 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 other costs incurred in bringing them to their existing location and condition.

The net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses.

e) Trade receivables

Receivables are stated at the invoiced amount, being the fair value, less impairment allowances, if any.

f) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at bank and bank deposits that have an original maturity of three months or less, realisable on demand.

g) Accounts payable and accruals

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

h) Provisions

Provisions are recognised when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

i) Employees' end of service benefits

Pension rights (and other social benefits) for Bahraini employees are covered by the Social Insurance Organisation scheme to which employees and employers contribute monthly on a fixed-percentage-of-salaries basis. The Company's share of contributions to this funded scheme, which is a defined contribution scheme under IAS 19 – *Employee Benefits*, is recognised as an expense in the profit or loss.

Expatriate employees are entitled to leaving indemnities payable under the Bahrain Labour Law for the Private Sector 2012, based on length of service and final salary and other allowances paid. Provision for this unfunded commitment, which represents a defined benefit scheme under IAS 19 – *Employee Benefits*, has been made by calculating the notional liability had all employees left at the reporting date, is recognised as an expense in the profit or loss.

j) Statutory reserve

In accordance with Bahrain Commercial Companies Law 2001 the Company is required to appropriate 10 percent of the net profit to a statutory reserve, which is normally distributable only on dissolution. Appropriations may cease when the reserve reaches 50 percent of the share capital.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

BD 000's

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Foreign currency transactions

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional and presentation currency of the Company is Bahraini dinars ("BD").

Transactions in foreign currencies are translated to Bahraini Dinars at the foreign exchange rate prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into Bahraini Dinars at the foreign exchange rate prevailing at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into Bahraini Dinars at the exchange rate at the date that the fair value was determined. Foreign exchange differences resulting from the settlement of such foreign currency transactions and from the translation of monetary and non monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in the profit or loss.

l) Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise financial assets and financial liabilities. Financial assets comprise trade receivables, related party receivables, other current assets (excluding prepayments) and cash and cash equivalents. Financial liabilities comprise trade and related party payables, and other liabilities.

Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial assets are measured at amortised cost using the effective interest method, less any impairment losses. Financial liabilities are subsequently measured at amortised cost.

Trade and other receivables are stated at their invoiced amounts, being the fair values of consideration receivables, less impairment allowances, if any.

m) Impairment

(i) Financial assets

The carrying amount of financial asset is assessed at each reporting date to determine whether there is any objective evidence of impairment. A financial asset is considered to be impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and the loss event had a negative effect on the estimated future cash flow of that asset that can be estimated reliably. If any such evidence exists, the asset's recoverable amount is estimated and impairment loss is recognised whenever the carrying amount of an asset exceeds its estimated recoverable amount. All impairment losses are recognised in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

BD 000's

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) Non-financial assets

The carrying amounts of the Company's non-financial 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 exceeds its estimated recoverable amount. All impairment losses are recognised in the profit or loss.

n) Leases

Lease contracts are classified as operating or finance leases at the inception of the lease. Once determined, the classification is not subsequently reassessed unless there are changes to the contract conditions. Contracts which transfer all significant risks and benefits associated with the underlying asset to the lease are classified as leases. Assets held under finance leases are classified as non-current assets.

o) Finance income and expense

Finance income and expense comprise of interest earned on deposits recognised using effective interest method and interest payment under the concession agreement.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2016

BD 000's

4 INTANGIBLE ASSET

2016	Service concessions rights	Software	Development costs	Total
Cost				
At 01 January	9,731	613	14	10,358
Additions	-	-	98	98
At 31 December	9,731	613	112	10,456
Accumulated amortisation				
At 01 January	2,626	575	-	3,201
Amortisation for the year	390	32	-	422
At 31 December	3,016	607	-	3,623
Net carrying value 31 December	6,715	6	112	6,833

2015	Service concessions rights	Software	Development costs	Total
Cost				
At 01 January	9,731	613	83	10,427
Additions	-	-	14	14
Transfer to equipment & vehicles	-	-	(83)	(83)
At 31 December	9,731	613	14	10,358
Accumulated amortisation				
At 01 January	2,237	519	-	2,756
Amortisation for the year	389	56	-	445
At 31 December	2,626	575	-	3,201
Net carrying value 31 December	7,105	38	14	7,157

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2016

BD 000's

5 EQUIPMENT AND VEHICLES

2016	Computer Equipment	Cranes & Transtainers	Furniture & Fixtures	Machinery & Equipment	Vehicles	Tools	Leasehold Improvement	Capital work- in progress	Total
Cost									
At 1 January	875	17,053	85	2,264	1,632	28	49	130	22,116
Additions	8	200	-	110	-	5	-	246	569
Transfer	-	-	-	-	-	-	-	(323)	(323)
Disposals	(13)	-	(4)	(97)	(57)	-	-	-	(171)
At 31 December	870	17,253	81	2,277	1,575	33	49	53	22,191
Accumulated depreciation									
At 1 January	820	8,523	84	1,950	1,540	18	49	-	12,984
Depreciation	33	1,113	1	87	34	9	-	-	1,277
Disposals	(12)	-	(4)	(97)	(57)	-	-	-	(170)
At 31 December	841	9,636	81	1,940	1,517	27	49	-	14,091
Net book value									
At 31 December	29	7,617	-	337	58	6	-	53	8,100

As of 31 December 2016, equipment and vehicles of the Company include assets having cost of BD 5,344 (31 December 2015: BD 5,452) which are fully depreciated and have a net book value of nil.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2016

BD 000's

5 EQUIPMENT AND VEHICLES (continued)

2015	Computer Equipment	Cranes & Transainers	Furniture & Fixtures	Machinery & Equipment	Vehicles	Tools	Leasehold Improvement	Capital work-in progress	Total
Cost									
At 1 January	850	17,053	84	2,002	1,680	24	49	6	21,748
Additions	25	-	1	272	-	4	-	41	343
Disposals	-	-	-	(10)	(48)	-	-	-	(58)
Transfer from Intangible assets	-	-	-	-	-	-	-	83	83
At 31 December	875	17,053	85	2,264	1,632	28	49	130	22,116
Accumulated depreciation									
At 1 January	788	7,437	80	1,941	1,553	10	49	-	11,858
Depreciation	32	1,086	4	19	34	8	-	-	1,183
Disposals	-	-	-	(10)	(47)	-	-	-	(57)
At 31 December	820	8,523	84	1,950	1,540	18	49	-	12,984
Net book value									
31 December	55	8,530	1	314	92	10	-	130	9,132

APM Terminals Bahrain B.S.C. (c)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2016

BD 000's

6 INVENTORIES

	2016	2015
Inventories	1,031	1,005
Less: Provision for obsolescence	(619)	(549)
	412	456

Movement in provision:

	2016	2015
At 1 January	549	421
Net charge for the year	70	128
At 31 December	619	549

7 TRADE RECEIVABLES

	2016	2015
Trade receivables	2,558	2,843
Less: Impairment provision	(539)	(494)
	2,019	2,349

Movement in provision:

	2016	2015
At 1 January	494	787
Charge for the year	45	1
Provision utilised	-	(294)
At 31 December	539	494

Information about the company's exposure to credit and market risk is included in note 18.

8 PREPAYMENTS AND OTHER RECEIVABLES

	2016	2015
Prepaid expenses	437	367
Deposits	6,041	21
Other receivables	40	42
	6,518	430

Deposits include BD 6,022 (2015: Nil) deposits with a group company of the Parent (note 17).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2016

BD 000's

9 CASH AND CASH EQUIVALENTS

	2016	2015
Cash on hand	1	1
Balances with bank	2,684	6,586
	2,685	6,587

Information about the Company's exposure to credit and market risk is included in note 18.

10 TRADE AND OTHER PAYABLES

	2016	2015
Trade payables	555	1,158
Advances from customers	112	116
Accrued expenses	2,692	2,223
Provisions	412	379
Royalty payable to the Government of Bahrain	2,329	2,291
	6,100	6,167

Information about the company's exposure to credit and market risk is included in note 18.

11 FINANCE LEASE LIABILITY

	2016	2015
Minimum lease payments		
- Less than 1 year	819	798
- Between 1 and 5 years	3,437	3,374
- After 5 years	12,125	13,007
	16,381	17,179
Future finance charges	(7,937)	(8,651)
Present value of lease liability	8,444	8,528
	2016	2015
Current portion of lease liability	114	84
Non-current portion of lease liability	8,330	8,444
	8,444	8,528

The Company entered into a lease agreement for service concession rights (note 4) with a carrying value of BD 6,715 (2015: BD 7,105).

The carrying value of the finance lease liability approximates the fair value under level 2 of the fair value hierarchy.

APM Terminals Bahrain B.S.C. (c)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

BD 000's

12 EMPLOYEE'S BENEFITS

	2016	2015
At 1 January	260	181
Charge for the year	581	536
Paid during the year	(534)	(457)
At 31 December	307	260

13 REVENUE

	2016	2015
Container services	12,771	13,077
General cargo services	10,650	13,458
Marine services	5,518	5,845
	28,939	32,380

14 OPERATING EXPENSES

	2016	2015
<i>Direct operating expenses</i>		
Subcontracting charges	4,852	5,133
Salaries and related costs	4,546	5,086
Depreciation	1,277	1,183
Maintenance and repairs	929	972
Fuel and electricity	1,078	916
Security costs	202	244
Operating lease charges	221	371
Provision for inventories	70	128
Customs duty and freight charges	58	75
Other expenses	162	102
	13,395	14,210
<i>Other operating expenses</i>		
Royalty to Government of Bahrain	6,875	7,218
Amortisation of intangible asset	422	445
	7,297	7,663
	20,692	21,873

APM Terminals Bahrain B.S.C. (c)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

BD 000's

15 GENERAL AND ADMINISTRATIVE EXPENSES

	2016	2015
Salaries and related costs	1,976	1,868
Insurance	545	574
Management and administration fee	332	349
Computer expenses	326	312
Training expenses	47	86
Legal and professional charges	46	108
Communication expenses	30	41
Travel expenses	23	30
Office expenses	44	58
Other expenses	118	138
	3,487	3,564

16 FINANCE EXPENSE

	2016	2015
Lease interest	714	720
Bank charges	5	7
	719	727

17 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include entities over which the Company exercises significant influence, major shareholders, directors and key management personnel of the Company. Balances and transactions with related parties are as follows:

a) Related parties balances

	2016	2015
Assets		
Trade receivable	172	256
Deposits with the Group Company of the Parent	6,022	-
Other receivable	12	8
	6,206	264
Liabilities		
Trade and other payable	76	383
Management fee	332	349
Accrued expenses	361	8
	769	740

Deposits with the Group Company of the Parent are short term and earns an average interest at 0.94%.

APM Terminals Bahrain B.S.C. (c)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

BD 000's

17 RELATED PARTY TRANSACTIONS (continued)

b) Transactions with related parties

	2016	2015
Revenue	3,285	3,447
Interest income	16	-
	3,301	3,447
Operating expenses	3,129	3,141
General and administrative expenses	1,053	774
Board remuneration	8	8
	4,190	3,923

c) Transactions with key management personnel

Key management personnel of the Company comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Company. The key management personnel compensation is as follows:

	2016	2015
Salaries and other short-term benefits	479	478

18 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments include financial assets and financial liabilities. Financial assets of the Company include trade receivables, cash and cash equivalents, advance payment to suppliers and certain other financial assets. Financial liabilities of the Company comprise of trade and other payables and lease liability.

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk
- operational risk
- capital management

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. The note also presents certain quantitative disclosures in addition to the disclosures throughout the financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

APM Terminals Bahrain B.S.C. (c)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

BD 000's

18 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

a) Credit risk

Credit risk is the risk that a counter party to a financial instrument will fail to discharge an obligation and cause the Company to incur a financial loss. The Company is exposed to credit risk primarily on its cash and cash equivalents and trade receivables.

The significant receivables are from customers. The receivables from customers represent revenue billed to the customers.

The Company has a practice, which ensures that each new customer is analysed individually for creditworthiness before the Company's standard payment conditions are offered. In addition the Company has a practice of collecting Bank Guarantee for the entire Credit limit approved for all the customers. The finance department ensures the credibility of new customers and requires bank guarantee. Since the Company is providing services locally, there is no significant geographical concentration of credit risk involved in trade receivable balances.

The Company perceives that the trade receivable balances are of good credit quality as these are primarily:

- government-owned companies;
- well established private companies, and
- related parties with good financial position.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the accounts receivable is impaired.

Company's credit risk on cash and cash equivalents is limited as these are placed with bank in Bahrain having investment grade credit rating.

(i) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2016	2015
Balances with bank	2,684	6,586
Trade receivables	2,019	2,349
Deposits & other receivables	6,081	63
	10,784	8,998

(ii) Impairment Losses

The aging of trade receivables at the reporting date was:

	2016		2015	
	Gross	Impairment	Gross	Impairment
Not past due	1,646	-	1,776	-
Past due less than 90 days	309	3	458	5
Past due between 91-180 days	52	5	74	7
Past due between 181-270 days	18	5	22	7
Past due between 271-365 days	14	7	233	195
Past due over 365 days	519	519	280	280
	2,558	539	2,843	494

NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 December 2016****BD 000's****18 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

Past due accounts receivables of BD 912 (2015: BD 1,067) carry an impairment provision of BD 539 (2015: BD 494).

b) 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 due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Liquidity risk may result from an inability to collect a financial asset within reasonable period at close to its fair value.

The liquidity position of the Company is monitored by the Chief Executive Officer and the Chief Financial Officer. The Company ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the contractual maturities of financial liabilities including interest payments:

2016	Carrying amount	Contractual Cash flows	6 months or less	6 - 12 months	1 - 2 years	More than 2 years
Trade and other payables	5,576	5,576	5,576	-	-	-
Finance lease liabilities	8,444	16,381	819	-	833	14,729
	14,020	21,957	6,395	-	833	14,729

2015	Carrying amount	Contractual Cash flows	6 months or less	6 - 12 months	1 - 2 years	More than 2 years
Trade and other payables	5,672	5,672	5,672	-	-	-
Finance lease liabilities	8,528	17,179	798	-	819	15,562
	14,200	22,851	6,470	-	819	15,562

c) Market risk

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

(i) Interest rate risk

Interest rate risk is the risk that the Company's earnings will be affected as a result of movements in interest rates.

The Company's interest rate risk is limited to its interest bearing short-term deposits with banks and borrowings from shareholders. Change in market interest rate will not have a significant effect on the carrying value of bank deposit due to the short-term characteristics of these deposits.

At the reporting date, the Company did not have any interest-bearing financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

BD 000's

18 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(ii) Foreign exchange risk

Foreign exchange risk is the risk that the Company's earnings will be affected as a result of fluctuations in foreign currency exchange rates. The Company is exposed to currency risk on purchases. The majority of Company's transactions are in Bahraini Dinars and in US Dollars (USD), to which the Bahraini Dinars is currently pegged.

d) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Company's operations.

The Company's objective is to manage risks so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorization of transactions.
- Requirements for the reconciliation and monitoring of transactions.
- Compliance with regulatory and other legal requirements.
- Documentation of controls and procedures.
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified.
- Requirements for the reporting of operational losses and proposed remedial action.
- Development of contingency plans.
- Training and professional development.
- Ethical and business standards.
- Risk mitigation, including insurance where this is effective.

e) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, lender and Government confidence and to be able to meet the requirements of the Khalifa Bin Salman Concession Agreement. The Board of Directors monitors that there is sufficient capital to ensure smooth working of the current operations and investments. The Company defines capital as total shareholder's equity and the borrowings from the shareholders, which are for a significant term to ensure that the Company will be adequately capitalized till the internal accruals are sufficient for a sustainable growth.

The Company is not subject to externally imposed capital requirements. The Board has evaluated the cost of equity vis-à-vis borrowings with the objective of achieving the lowest cost of funds for the Company. There were no changes in the Company's approach to capital management during the year.

NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 December 2016****BD 000's****19 FAIR VALUES OF FINANCIAL INSTRUMENTS**

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 in the principal, or in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measures:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The Company has not disclosed the fair value for financial instruments such as short term trade and other receivables, trade and other payables and cash and bank balances, because their carrying amounts are a reasonable approximation of fair values, due to their short term nature.

The classification of financial assets and financial liabilities is as follows:

	Loans and receivables	Others at amortised cost	Total carrying amount
2016			
Trade receivables	2,019	-	2,019
Deposits & other receivables	6,081	-	6,081
Cash and cash equivalents	2,685	-	2,685
	10,785	-	10,785
Trade and other payables	-	5,576	5,576
Finance lease liabilities	-	8,444	8,444
	-	14,020	14,020
2015			
Trade receivables	2,349	-	2,349
Deposits & other receivables	63	-	63
Cash and cash equivalents	6,587	-	6,587
	8,999	-	8,999
Trade and other payables	-	5,672	5,672
Finance lease liabilities	-	8,528	8,528
	-	14,200	14,200

DIRECTORS' REPORT
for the year ended 31 December 2017

BD 000's

I have pleasure in presenting the Company's financial statements (pages 271 to 293) for the year ended 31 December 2017.

Financial highlights

Revenue
Profit for the year
Total equity
Total assets

2017	2016
36,345	28,939
10,438	4,131
12,883	11,654
28,640	26,567

Representations and audit

The Company's activities for the year ended 31 December 2017 have been conducted in accordance with the Bahrain Commercial Companies Law 2001 and other relevant statutes of the Kingdom of Bahrain.

There have been no events subsequent to 31 December 2017, which would in any way invalidate the financial statements on pages 271 to 293.

The Company has maintained proper, complete accounting records and these, together with all other information and explanations, have been made freely available to the auditors KPMG, who have signified their willingness to continue in office for the next accounting year.



Soren Sjostrand Jakobsen
Chairman



Philip English
Vice Chairman

29 March 2018



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CR No. 6220

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

APM Terminals Bahrain B.S.C. (c)
Hidd, Kingdom of Bahrain

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of APM Terminals Bahrain B.S.C. (c) (the "Company") which comprise the statement of financial position as at 31 December 2017, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 *Auditors' responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The board of directors is responsible for the other information. The other information obtained at the date of this auditors' report is the *Directors' report* set out on page 1.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 obtained prior to the date of this auditors' 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.

Responsibilities of the board of directors for the financial statements

The board of directors is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as the board of directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board of directors is responsible for assessing the Company'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 the board of directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS (continued)
APM Terminals Bahrain B.S.C. (c)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Conclude on the appropriateness of the Board of 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of 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.

Report on other regulatory requirements

As required by the Bahrain Commercial Companies Law, we report that:

- a) the Company has maintained proper accounting records and the financial statements are in agreement therewith;
- b) the financial information contained in the directors' report is consistent with the financial statements;
- c) we are not aware of any violations during the year of the Bahrain Commercial Companies Law or the terms of the Company's memorandum and articles of association that would have had a material adverse effect on the business of the Company or on its financial position; and
- d) satisfactory explanations and information have been provided to us by management in response to all our requests.

KPMG Fakhro
Partner registration number 83
29 March 2018

APM Terminals Bahrain B.S.C. (c)

STATEMENT OF FINANCIAL POSITION
as at 31 December 2017

BD 000's

	note	2017	2016
ASSETS			
Intangible assets	4	6,404	6,833
Equipment and vehicles	5	7,082	8,100
Non-current assets		13,486	14,933
Inventories	6	319	412
Trade receivables	7	1,941	2,019
Prepayments and other receivables	8	10,852	6,518
Cash and cash equivalents	9	2,042	2,685
Current assets		15,154	11,634
Total assets		28,640	26,567
EQUITY AND LIABILITIES			
Equity			
Share capital	1	9,000	9,000
Statutory reserve		3,447	2,403
Retained earnings		436	251
Total equity		12,883	11,654
Liabilities			
Finance lease liability	11	8,190	8,330
Employee's benefits	12	386	307
Advance from customer		18	62
Non-current liabilities		8,594	8,699
Trade and other payables	10	7,023	6,100
Finance lease liability	11	140	114
Current liabilities		7,163	6,214
Total liabilities		15,757	14,913
Total equity and liabilities		28,640	26,567


Søren Sjøstrand Jakobsen
Chairman


Phillip English
Vice Chairman

The financial statements consisting of pages 271 to 293 were approved by the Board of Directors on 29 March 2018.

APM Terminals Bahrain B.S.C. (c)

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2017

BD 000's

	note	2017	2016
Revenue	13	36,345	28,939
Other income		79	74
Operating expenses	14	(22,339)	(20,692)
General and administrative expenses	15	(3,084)	(3,487)
Operating profit		11,001	4,834
Finance income		145	16
Finance expense	16	(708)	(719)
Net finance costs		(563)	(703)
Profit for the year		10,438	4,131
Other comprehensive income		-	-
Total comprehensive income for the year		10,438	4,131


Søren Sjøstrand Jakobsen
Chairman


Philip English
Vice Chairman

The financial statements consisting of pages 271 to 293 were approved by the Board of Directors on 29 March 2018.

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2017

BD 000's

2017	Share capital	Statutory reserve	Retained earnings	Total
At 1 January	9,000	2,403	251	11,654
Total comprehensive income for the year	-	-	10,438	10,438
Transfer to statutory reserve	-	1,044	(1,044)	-
Transactions with owners of the Company				
Dividends paid during the year 2017 - Interim	-	-	(9,209)	(9,209)
At 31 December	9,000	3,447	436	12,883

2016	Share capital	Statutory reserve	Retained earnings	Total
At 1 January	9,000	1,990	60	11,050
Total comprehensive income for the year	-	-	4,131	4,131
Transfer to statutory reserve	-	413	(413)	-
Transactions with owners of the Company				
Dividends paid during the year 2016 - Interim	-	-	(3,527)	(3,527)
At 31 December	9,000	2,403	251	11,654

The financial statements consist of pages 271 to 293.

STATEMENT OF CASH FLOWS
for the year ended to 31 December 2017

BD 000's

	note	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		10,438	4,131
<i>Adjustments for:</i>			
Amortisation	4	429	422
Depreciation	5	1,407	1,277
Net finance costs		563	703
Gain on sale of equipment and vehicles		(5)	(14)
<i>Changes in:</i>			
- Inventories		93	44
- Trade receivables		78	330
- Prepayments and other receivables		(4,334)	(6,088)
- Trade and other payables		879	(111)
- Employee leaving indemnities		79	47
Net cash from operating activities		9,627	741
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of equipment and vehicles		(390)	(246)
Purchase of intangible assets		-	(98)
Proceeds from disposal of equipment and vehicles		6	15
Net cash used in investing activities		(384)	(329)
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance cost paid net		(563)	(703)
Finance lease liability		(114)	(84)
Interim dividend		(9,209)	(3,527)
Net cash used in financing activities		(9,886)	(4,314)
Net decrease in cash and cash equivalents during the year		(643)	(3,902)
Cash and cash equivalents at beginning of the year		2,685	6,587
Cash and cash equivalents at end of the year	9	2,042	2,685

The financial statements consist of pages 271 to 293.

APM Terminals Bahrain B.S.C. (c)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

BD 000's

1 STATUS AND OPERATIONS

APM Terminals Bahrain B.S.C. (c) (the "Company") is a closed joint stock company incorporated in the Kingdom of Bahrain on 11 May 2006 under Commercial Registration (CR) number 60982 by the Ministry of Industry and Commerce.

The Company has an authorised and issued share capital of BD 9,000,000, comprising 900,000 shares of BD 10 each (2016: 900,000 shares of BD 10 each), which are fully paid-up and held as follows:

Name of the shareholder	Number of shares	% of holding	BD
APM Terminals BV	720,000	80	7,200,000
Yusuf Bin Ahmed Kanoo (Holdings) WLL	180,000	20	1,800,000
Total	900,000	100	9,000,000

The Company commenced operations on 8 December 2006, following the signing of the Mina Salman Concession Agreement (the "MSP agreement") with the Government of the Kingdom of Bahrain ("Government"), wherein the Government has granted the Company, an exclusive right and privilege to operate the Mina Salman Port. The Concession Agreement was entered into pursuant to the legislative decree no.76 of 2006 issued on 22 November 2006 by the King of Bahrain, which was ratified by the Parliament of the Kingdom of Bahrain on 14 May 2007.

The Mina Salman concession agreement was in force for a period commencing from 8 December 2006 and expiring on the handover date, 17 May 2009. The Company had paid BD 395,850 to the Government of the Kingdom of Bahrain as concession fee for the rights to operate the Mina Salman Port.

The Company has also signed the Khalifa Bin Salman Port Concession Agreement ("KBSP Agreement") with the Government whereby the Government has granted the Company an exclusive right and privilege to operate the Khalifa Bin Salman Port (KBSP) for a period of 25 years starting 1 April 2009. The Company paid BD 923,650 as concession fee for the KBSP concession period on commencement of operations at the KBSP.

2 BASIS OF PREPARATION

a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the Bahrain Commercial Companies Law (BCCL).

b) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Bahraini Dinars, which is the Company's functional and presentation currency. All financial information presented has been rounded to the nearest thousands, except when otherwise indicated.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

BD 000's

2 BASIS OF PREPARATION (continued)

c) Basis of measurement

The financial statements have been drawn up from the accounting records of the Company under the historical cost convention.

d) Early adoption of standards

IFRS 9 – Financial Instruments: Recognition and Measurement

The Company has adopted IFRS 9 Financial Instruments: Recognition and Measurement (IFRS 9) in advance of its compulsory effective date. The Company has chosen 1 January 2017 as the date of initial application, i.e. the date on which the Company has assessed the classification and measurement of its existing financial assets and financial liabilities.

The standard has been applied retrospectively and, as permitted by IFRS 9, comparative figures have not been restated. There is no major impact of the early adoption of IFRS 9 as at 1 January 2017 and it required no adjustment to the opening balance of equity or retained earnings.

e) New standards, amendments and interpretations effective from 1 January 2017

The following standards, amendments and interpretations, which became effective as of 1 January 2017, are relevant to the Company:

(i) Disclosure Initiative (Amendments to IAS 7)

The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

The amendments are effective for annual periods beginning on or after 1 January 2017 on prospective basis. The adoption of these amendments had no significant impact on the financial statements of the Company.

(ii) Annual Improvements to IFRSs 2012–2014 Cycle – various standards

The annual improvements to IFRSs to 2012–2014 cycles include a number of amendments to various IFRSs. Earlier application is permitted (along with the special transitional requirement in each case), in which case the related consequential amendments to other IFRSs would also apply. The adoption of these amendments had no significant impact on the financial statements of the Company.

f) New standards, amendments and interpretations issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2017 and earlier application is permitted. The Company does not plan to early adopt these standards.

(i) IFRS 15 – Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. Based on the management's assessment, adoption of the standard is not expected to have a material impact on the financial statement of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

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2 BASIS OF PREPARATION (continued)

(ii) IFRS 16 Leases

IFRS 16 introduces a single, on-balance lease sheet accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard- i.e. lessors continue to classify leases as finance or operating leases.

IFRS 16 replaces existing leases guidance including IAS 17 Leases, IFRIC 4 determining whether an arrangement contains a lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease

The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial application of IFRS 16.

The Company is still assessing the impact on its financial statements from adoption of this standard.

g) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and associated assumptions are based on 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 amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period 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.

Judgements made by management in the application of IFRS that have a significant effect on the financial statements and in arriving at estimates with a significant risk of material adjustment in the following year are as follows:

Useful life and residual value of equipment and vehicles

The Company reviews the useful life and residual value of the equipment and vehicles at each reporting date to determine whether an adjustment to the useful life and residual value is required. The useful life and residual value is estimated based on the similar assets of the industry, and future economic benefit expectations of the management.

Impairment of inventory

The Company reviews the carrying amounts of inventories at each reporting date to determine whether the inventories have been impaired. The Company identifies the inventories which have been impaired based on evaluation of age of the inventory, their movement and consumption, over the period and estimate of their future demand. If inventories are assessed as impaired, they are written down to their recoverable amounts which are estimated based on past experience and future expectations of realisation by the management.

Impairment of receivables

The Company reviews the carrying amounts of the receivables at each reporting date to determine whether the receivables have been impaired. Specific evaluation is made for each receivable balance and the recoverable amount is estimated based on past experience with each customer and estimated cash flows.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

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3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year, unless otherwise stated.

a) Income recognition

Revenue and other income is recognised when it is earned i.e. when it is probable that future economic benefits associated with the item of revenue will flow to the entity, and the amount of revenue can be measured with reliability.

Revenue includes income from container services, general cargo services and marine services.

- Container services represent the activities relating to handling containers and container vessels including storage and other related activities.
- General cargo services represent the activities relating to handling general cargo vessels and stuffing, unstuffing, and storage of non containerized and bulk cargo.
- Marine services represent activities relating to pilotage and towage in KBSP, MSP and other private jetties.

b) Equipment and vehicles

Equipment and vehicles are stated at cost less depreciation and allowances for impairment, if any. Cost includes purchase price of the items and expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item or repairs can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated on a straight-line basis to allocate the cost of equipment and vehicles to their residual values over their estimated useful lives, as follows:

Asset category	Estimated useful life in years
Quay cranes	20
RTG cranes	10
Spreaders & straddle carriers	5
Vehicles	5
Tools	5
Machinery and equipment	5
Furniture, fixtures and equipment	5
Computer equipment	3

All depreciation is charged to profit or loss. The total amount of depreciation is classified into operating expenses based on the use of the related asset. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting period.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are recognised in the profit or loss.

APM Terminals Bahrain B.S.C. (c)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

BD 000's

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Intangible assets

Intangible assets represent the amount of concession fee paid to the Government of the Kingdom of Bahrain in accordance with the Khalifa Bin Salman Concession Agreement entered with the Government for the operation of the Khalifa Bin Salman Port and the present value of the minimum lease payments of Khalifa Bin Salman Port. These intangible assets have finite useful life and are measured at cost less amortisation and accumulated impairment loss, if any.

Amortisation is recognised in the profit or loss on a straight line basis over the concession agreement period of 25 years as estimated by the management.

Software acquired by the Company is measured at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Software is amortised on a straight-line basis in the profit or loss over its estimated useful life, from the date on which it is available for use. The estimated useful life of software is three years. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

d) Inventories

Inventories are measured 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 other costs incurred in bringing them to their existing location and condition.

The net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

e) Trade receivables

Receivables are stated at the invoiced amount, being the fair value, less impairment allowances, if any.

f) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at bank and bank deposits that have an original maturity of three months or less, realisable or demand.

g) Accounts payable and accruals

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

h) Provisions

Provisions are recognised when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

i) Borrowing cost

Borrowing costs are recognised on a time apportioned basis in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

BD 000's

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Employees' end of service benefits

Pension rights (and other social benefits) for Bahraini employees are covered by the Social Insurance Organisation scheme to which employees and employers contribute monthly on a fixed-percentage-of-salaries basis. The Company's share of contributions to this funded scheme, which is a defined contribution scheme under IAS 19 – *Employee Benefits*, is recognised as an expense in the profit or loss.

Expatriate employees are entitled to leaving indemnities payable under the Bahrain Labour Law for the Private Sector 2012, based on length of service and final salary and other allowances paid. Provision for this unfunded commitment, which represents a defined benefit scheme under IAS 19 – *Employee Benefits*, has been made by calculating the notional liability had all employees left at the reporting date, is recognised as an expense in the profit or loss.

k) Statutory reserve

In accordance with Bahrain Commercial Companies Law 2001 the Company is required to appropriate 10 percent of the net profit to a statutory reserve, which is normally distributable only on dissolution. Appropriations may cease when the reserve reaches 50 percent of the share capital.

l) Foreign currency transactions

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional and presentation currency of the Company is Bahraini dinars ("BD").

Transactions in foreign currencies are translated to Bahraini Dinars at the foreign exchange rate prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into Bahraini Dinars at the foreign exchange rate prevailing at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into Bahraini Dinars at the exchange rate at the date that the fair value was

determined. Foreign exchange differences resulting from the settlement of such foreign currency transactions and from the translation of monetary and non monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in the profit or loss.

m) Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise financial assets and financial liabilities. Financial assets comprise trade receivables, related party receivables, other current assets (excluding prepayments) and cash and cash equivalents. Financial liabilities comprise trade and related party payables, and other liabilities.

Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial assets are measured at amortised cost using the effective interest method, less any impairment losses. Financial liabilities are subsequently measured at amortised cost.

Trade and other receivables are stated at their invoiced amounts, being the fair values of consideration receivables, less impairment allowances, if any and repayments.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

BD 000's

3 *SIGNIFICANT ACCOUNTING POLICIES (continued)*

n) Fair values of financial instruments

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 in the principal, or in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk. The estimated fair values of the Company's financial instruments are not significantly different from their book values.

o) Impairment

(i) Financial assets

The carrying amount of financial asset is assessed at each reporting date to determine whether there is any objective evidence of impairment. A financial asset is considered to be impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and the loss event had a negative effect on the estimated future cash flow of that asset that can be estimated reliably. If any such evidence exists, the asset's recoverable amount is estimated and impairment loss is recognised whenever the carrying amount of an asset exceeds its estimated recoverable amount. All impairment losses are recognised in the profit or loss.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial 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 exceeds its estimated recoverable amount. All impairment losses are recognised in the profit or loss.

p) Leases

Lease contracts are classified as operating or finance leases at the inception of the lease. Once determined, the classification is not subsequently reassessed unless there are changes to the contract conditions. Contracts which transfer all significant risks and benefits associated with the underlying asset to the lease are classified as leases. Assets held under finance leases are classified as non-current assets.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

BD 000's

4 INTANGIBLE ASSET

2017	Service concessions rights	Software	Development costs	Total
Cost				
At 01 January	9,731	613	112	10,456
Additions	-	112	(112)	-
At 31 December	9,731	725	-	10,456
Accumulated amortisation				
At 01 January	3,016	607	-	3,623
Amortisation for the year	389	40	-	429
At 31 December	3,405	647	-	4,052
Net carrying value 31 December	6,326	78	-	6,404

2016	Service concessions rights	Software	Development costs	Total
Cost				
At 01 January	9,731	613	14	10,358
Additions	-	-	98	98
At 31 December	9,731	613	112	10,456
Accumulated amortisation				
At 01 January	2,626	575	-	3,201
Amortisation for the year	390	32	-	422
At 31 December	3,016	607	-	3,623
Net carrying value 31 December	6,715	6	112	6,833

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2017

BD 000's

5 EQUIPMENT AND VEHICLES

2017	Computer Equipment	Cranes & Transainers	Furniture & Fixtures	Machinery & Equipment	Vehicles	Tools	Leasehold Improvement	Capital work-in progress	Total
Cost									
At 1 January	870	17,253	81	2,277	1,575	33	49	53	22,191
Additions	11	-	2	63	9	-	-	305	390
Transfer	-	254	-	87	-	-	-	(341)	-
Disposals	-	(50)	-	(22)	(24)	(1)	-	-	(97)
At 31 December	881	17,457	83	2,405	1,560	32	49	17	22,484
Accumulated depreciation									
At 1 January	841	9,636	81	1,940	1,517	27	49	-	14,091
Depreciation	21	1,236	-	112	35	3	-	-	1,407
Disposals	-	(50)	-	(21)	(24)	(1)	-	-	(96)
At 31 December	862	10,822	81	2,031	1,528	29	49	-	15,402
Net book value 31 December	19	6,635	2	374	32	3	-	17	7,082

As at 31 December 2017, equipment and vehicles of the Company include assets having cost of BD 5,285 (31 December 2016: BD 5,344) which are fully depreciated and still in use.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

5 EQUIPMENT AND VEHICLES (continued)

BD 000's

2016	Computer Equipment	Cranes & Translainers	Furniture & Fixtures	Machinery & Equipment	Vehicles	Tools	Leasehold Improvement	Capital work-in progress	Total
Cost									
At 1 January	875	17,053	85	2,264	1,632	28	49	130	22,116
Additions	8	200	-	110	-	5	-	246	569
Transfer	-	-	-	-	-	-	-	(323)	(323)
Disposals	(13)	-	(4)	(97)	(57)	-	-	-	(171)
At 31 December	870	17,253	81	2,277	1,575	33	49	53	22,191
Accumulated depreciation									
At 1 January	820	8,523	84	1,950	1,540	18	49	-	12,984
Depreciation	33	1,113	1	87	34	9	-	-	1,277
Disposals	(12)	-	(4)	(97)	(57)	-	-	-	(170)
At 31 December	841	9,636	81	1,940	1,517	27	49	-	14,091
Net book value									
31 December	29	7,617	-	337	58	6	-	53	8,100

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

BD 000's

6 INVENTORIES

	2017	2016
Inventories	941	1,031
Less: Provision for obsolescence	(622)	(619)
	319	412

Movement in provision:

	2017	2016
At 1 January	619	549
Net charge for the year	3	70
At 31 December	622	619

7 TRADE RECEIVABLES

	2017	2016
Trade receivables	2,422	2,558
Less: Impairment provision	(481)	(539)
	1,941	2,019

Movement in provision:

	2017	2016
At 1 January	539	494
(Reversal) / charge for the year, net	(58)	45
At 31 December	(481)	(539)

Information about the Company's exposure to credit and market risk is included in note 18.

8 PREPAYMENTS AND OTHER RECEIVABLES

	2017	2016
Prepaid expenses	505	437
Deposits	10,269	6,041
Other receivables	78	40
	10,852	6,518

Deposits include BD 10,269 (2016: 6,022) deposits with Group Company of the Parent (note 17).

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

BD 000's

9 CASH AND CASH EQUIVALENTS

	2017	2016
Cash on hand	2	1
Balances with bank	2,040	2,684
	2,042	2,685

Information about the Company's exposure to credit and market risk is included in note 18.

10 TRADE AND OTHER PAYABLES

	2017	2016
Royalty payable to the Government of Bahrain	3,400	2,329
Trade payables	456	555
Advances from customers	222	112
Accrued expenses	2,536	2,692
Provisions	409	412
	7,023	6,100

Information about the company's exposure to credit and market risk is included in note 18.

11 FINANCE LEASE LIABILITY

	2017	2016
Minimum lease payments		
- Less than 1 year	833	819
- Between 1 and 5 years	3,514	3,437
- After 5 years	11,216	12,125
	15,563	16,381
Future finance charges	(7,233)	(7,937)
Present value of lease liability	8,330	8,444
	2017	2016
Current portion of lease liability	140	114
Non-current portion of lease liability	8,190	8,330
	8,330	8,444

The Company entered into a lease agreement for service concession rights (note 4) with a carrying value of BD 6,326 (2016: BD 6,715).

The carrying value of the finance lease liability approximates the fair value under level 2 of the fair value hierarchy.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

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12 EMPLOYEE'S BENEFITS

	2017	2016
At 1 January	307	260
Charge for the year	541	581
Paid during the year	(462)	(534)
At 31 December	386	307

13 REVENUE

	2017	2016
Container services	16,691	12,771
General cargo services	13,329	10,650
Marine services	6,325	5,518
	36,345	28,939

14 OPERATING EXPENSES

	2017	2016
<i>Direct operating expenses</i>		
Subcontracting charges	4,867	4,852
Salaries and related costs	4,189	4,546
Depreciation	1,407	1,277
Maintenance and repairs	807	929
Fuel and electricity	1,161	1,078
Security costs	148	202
Operating lease charges	166	221
Provision for inventories	3	70
Customs duty and freight charges	51	58
Other expenses	73	162
	12,872	13,395
<i>Other operating expenses</i>		
Royalty to Government of Bahrain	9,038	6,875
Amortisation of intangible asset	429	422
	9,467	7,297
	22,339	20,692

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

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15 GENERAL AND ADMINISTRATIVE EXPENSES

	2017	2016
Salaries and related costs	1,703	1,976
Insurance	474	545
Management and administration fee	340	332
Computer expenses	340	326
Training expenses	23	47
Legal and professional charges	52	46
Communication expenses	27	30
Travel expenses	30	23
Office expenses	44	44
Other expenses	51	118
	3,084	3,487

16 FINANCE EXPENSE

	2017	2016
Lease interest	704	714
Bank charges	4	5
	708	719

17 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include entities over which the Company exercises significant influence, major shareholders, directors and key management personnel of the Company. Balances and transactions with related parties are as follows:

a) Related parties balances

	2017	2016
Assets		
Trade receivable	160	172
Deposits with the Group Company of the Parent	10,269	6,022
Other receivable	36	12
	10,465	6,206
Liabilities		
Trade and other payable	24	76
Management fee	27	332
Accrued expenses	343	361
	394	769

Deposit with the Group Company of the Parent are short term and earns an average interest at 1.35% (2016: 0.94%)

NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 December 2017****BD 000's****17 RELATED PARTY TRANSACTIONS (continued)****b) Transactions with related parties**

	2017	2016
Revenues	4,298	3,285
Interest Income	145	16
	4,443	3,301
Operating expenses	3,177	3,129
General and administrative expenses	1,026	1,053
	4,203	4,182

c) Transactions with key management personnel

Key management personnel of the Company comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Company. The key management personnel compensation is as follows:

	2017	2016
Salaries and other short-term benefits	479	479
Board remuneration	8	8

18 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments include financial assets and financial liabilities. Financial assets of the Company include trade receivables, cash and cash equivalents, advance payment to suppliers and certain other financial assets. Financial liabilities of the Company comprise of trade and other payables and lease liability.

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk
- operational risk
- capital management

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. The note also presents certain quantitative disclosures in addition to the disclosures throughout the financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

BD 000's

18 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

a) Credit risk

Credit risk is the risk that a counter party to a financial instrument will fail to discharge an obligation and cause the Company to incur a financial loss. The Company is exposed to credit risk primarily on its cash and cash equivalents and trade receivables.

The significant receivables are from customers. The receivables from customers represent revenue billed to the customers.

The Company has a practice, which ensures that each new customer is analysed individually for creditworthiness before the Company's standard payment conditions are offered. In addition the Company has a practice of collecting Bank Guarantee for the entire Credit limit approved for all the customers. The finance department ensures the credibility of new customers and requires bank guarantee. Since the Company is providing services locally, there is no significant geographical concentration of credit risk involved in trade receivable balances.

The Company perceives that the trade receivable balances are of good credit quality as these are primarily:

- government-owned companies;
- well established private companies, and
- related parties with good financial position.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the accounts receivable is impaired.

Company's credit risk on cash and cash equivalents is limited as these are placed with bank in Bahrain having investment grade credit rating.

(i) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2017	2016
Balances with bank	2,040	2,684
Trade receivables	1,941	2,019
Deposits & other receivables	10,347	6,081
	14,328	10,784

(ii) Impairment Losses

The aging of trade receivables at the reporting date was:

	2017		2016	
	Gross	Impairment	Gross	Impairment
Not past due	1,808	6	1,646	-
Past due less than 90 days	98	1	309	3
Past due between 91-180 days	26	3	52	5
Past due between 181-270 days	24	7	18	5
Past due between 271-365 days	4	2	14	7
Past due over 365 days	462	462	519	519
	2,422	481	2,558	539

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

BD 000's

18 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**b) 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 due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Liquidity risk may result from an inability to collect a financial asset within reasonable period at close to its fair value.

The liquidity position of the Company is monitored by the Chief Executive Officer and the Chief Financial Officer. The Company ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the contractual maturities of financial liabilities including interest payments:

	Carrying amount	Contractual Cash flows	6 months or less	6 - 12 months	1 - 2 years	More than 2 years
2017						
Trade and other payables	6,392	6,392	6,392	-	-	-
Finance lease liabilities	8,330	15,563	833	-	854	13,876
	14,722	21,955	7,225	-	854	13,876
	Carrying amount	Contractual Cash flows	6 months or less	6 - 12 months	1 - 2 years	More than 2 years
2016						
Trade and other payables	5,576	5,576	5,576	-	-	-
Finance lease liabilities	8,444	16,381	819	-	833	14,729
	14,020	21,957	6,395	-	833	14,729

Market risk

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

(ii) Interest rate risk

Interest rate risk is the risk that the Company's earnings will be affected as a result of movements in interest rates.

The Company's interest rate risk is limited to its interest bearing short-term deposits with banks and borrowings from shareholders. Change in market interest rate will not have a significant effect on the carrying value of bank deposit due to the short-term characteristics of these deposits. At the reporting date, the Company did not have any interest-bearing financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

BD 000's

18 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(iii) Foreign exchange risk

Foreign exchange risk is the risk that the Company's earnings will be affected as a result of fluctuations in foreign currency exchange rates. The Company is exposed to currency risk on purchases. The majority of Company's transactions are in Bahraini Dinars and in US Dollars (USD), to which the Bahraini Dinars is currently pegged.

c) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Company's operations.

The Company's objective is to manage risks so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorization of transactions.
- Requirements for the reconciliation and monitoring of transactions.
- Compliance with regulatory and other legal requirements.
- Documentation of controls and procedures.
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified.
- Requirements for the reporting of operational losses and proposed remedial action.
- Development of contingency plans.
- Training and professional development.
- Ethical and business standards.
- Risk mitigation, including insurance where this is effective.

d) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, lender and Government confidence and to be able to meet the requirements of the Khalifa Bin Salman Concession Agreement. The Board of Directors monitors that there is sufficient capital to ensure smooth working of the current operations and investments. The Company defines capital as total shareholder's equity and the borrowings from the shareholders, which are for a significant term to ensure that the Company will be adequately capitalized till the internal accruals are sufficient for a sustainable growth.

The Company is not subject to externally imposed capital requirements. The Board has evaluated the cost of equity vis-à-vis borrowings with the objective of achieving the lowest cost of funds for the Company. There were no changes in the Company's approach to capital management during the year.

19 FAIR VALUES OF FINANCIAL INSTRUMENTS

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 in the principal, or in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

BD 000's

19 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measures:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The Company has not disclosed the fair value for financial instruments such as short term trade and other receivables, trade and other payables and cash and bank balances, because their carrying amounts are a reasonable approximation of fair values, due to their short term nature.

The classification of financial assets and financial liabilities is as follows:

	Loans and receivables	Others at amortised cost	Total carrying amount
2017			
Trade receivables	1,941	-	1,941
Deposits & other receivables	10,347	-	10,347
Cash and cash equivalents	2,042	-	2,042
	14,330	-	14,330
Trade and other payables	-	6,392	6,392
Finance lease liabilities	-	8,330	8,330
	-	14,722	14,722
2016			
Trade receivables	2,019	-	2,019
Deposits & other receivables	6,081	-	6,081
Cash and cash equivalents	2,685	-	2,685
	10,785	-	10,785
Trade and other payables	-	5,576	5,576
Finance lease liabilities	-	8,444	8,444
	-	14,020	14,020



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CR No. 6220

Independent auditors' report on review of condensed interim financial information

The Board of Directors
APM Terminals Bahrain B.S.C. (c)
Hidd, Kingdom of Bahrain

31 July 2018

Introduction

We have reviewed the accompanying 30 June 2018 condensed interim financial information of APM Terminals Bahrain B.S.C. (c) (the "Company"), which comprises:

- the condensed statement of financial position as at 30 June 2018;
- the condensed statement of profit or loss and other comprehensive income for the six-month period ended 30 June 2018;
- the condensed statement of changes in equity for the six month period ended 30 June 2018;
- the condensed statement of cash flows for the six-month period ended 30 June 2018; and
- notes to the condensed interim financial information.

The Board of Directors of the Company is responsible for the preparation and presentation of this condensed interim financial information in accordance with IAS 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2018 condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting".

Other matter

As discussed in note 2 (a) of the condensed interim financial information, comparatives for condensed statements of profit or loss and other comprehensive income, cash flows and changes in equity have not been reviewed.

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APM Terminals Bahrain B.S.C. (c)

CONDENSED STATEMENT OF FINANCIAL POSITION
As at 30 June 2018

BD 000's

	note	30 June 2018 (Reviewed)	31 Dec 2017 (Audited)
ASSETS			
Intangible assets		6,190	6,404
Equipment and vehicles		6,447	7,082
Non-current assets		12,637	13,486
Inventories		343	319
Trade receivables		2,246	1,941
Prepayments and other receivables	6	14,780	10,852
Cash and cash equivalents		2,589	2,042
Current assets		19,958	15,154
Total assets		32,595	28,640

EQUITY AND LIABILITIES

Equity			
Share capital	3	9,000	9,000
Statutory reserve		3,447	3,447
Retained earnings		5,461	436
Total equity		17,908	12,883
Liabilities			
Finance lease liability		8,015	8,190
Employee leaving indemnities		479	386
Advance from customer		-	18
Non-current liabilities		8,494	8,594
Trade and other payables		6,018	7,023
Finance lease liability		175	140
Current liabilities		6,193	7,163
Liabilities		14,687	15,757
Total equity and liabilities		32,595	28,640

The condensed interim financial information consisting of pages 295 to 302 is approved and signed on 31 July 2018 by:


David Skov
Chairman


Fawzi Kanoo
Vice Chairman

The accompanying notes 1 to 13 form an integral part of this condensed interim financial information.

APM Terminals Bahrain B.S.C. (c)

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2018

BD 000's

	note	30 June 2018 (Reviewed)	30 June 2017 (Not reviewed)
Revenue	7	18,663	16,300
Other operating income		34	44
Operating costs	8	(11,658)	(10,544)
General and administrative expenses		(1,780)	(1,379)
Operating profit		5,259	4,421
Finance income		116	52
Finance costs		(350)	(355)
Net finance costs		(234)	(303)
Profit for the period		5,025	4,118
Other comprehensive income		-	-
Profit and other comprehensive income for the period		5,025	4,118
Earnings per share			
Basic and diluted earnings per share	9	56 fils	46 fils

The accompanying notes 1 to 13 form an integral part of this condensed interim financial information.

APM Terminals Bahrain B.S.C. (c)

CONDENSED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

BD 000's

2018 (Reviewed)	Share capital	Statutory reserve	Retained earnings	Total
At 1 January 2018	9,000	3,447	436	12,883
Profit and other comprehensive income for the period	-	-	5,025	5,025
At 30 June 2018	9,000	3,447	5,461	17,908

2017 (Not reviewed)	Share capital	Statutory reserve	Retained earnings	Total
At 1 January 2017	9,000	2,403	251	11,654
Profit and other comprehensive income for the period	-	-	4,118	4,118
At 30 June 2017	9,000	2,403	4,369	15,772

APM Terminals Bahrain B.S.C. (c)

CONDENSED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

BD 000's

	30 June 2018 (Reviewed)	30 June 2017 (Not reviewed)
OPERATING ACTIVITIES		
Profit for the period	5,025	4,118
<i>Adjustments for:</i>		
- Depreciation	721	701
- Amortisation	213	216
- Gain on sale of equipment	(2)	(3)
- Net finance costs	234	303
<i>Changes in:</i>		
- Inventories	(24)	105
- Trade receivables	(305)	(393)
- Prepayments and other receivables	(3,928)	(3,153)
- Trade, advances and other payables	(1,023)	(111)
- Employee leaving indemnities	93	67
Net cash from operating activities	1,004	1,850
INVESTING ACTIVITIES		
Purchase of equipment and vehicles	(85)	(355)
Proceeds from disposal of equipment and vehicles	2	3
Net cash used in investing activities	(83)	(352)
FINANCING ACTIVITIES		
Net finance cost	(234)	(303)
Finance lease liability	(140)	(114)
Net cash used in financing activities	(374)	(417)
Net increase in cash and cash equivalents during the period	547	1,081
Cash and cash equivalents at 1 January	2,042	2,685
Cash and cash equivalents at end of the period	2,589	3,766

The condensed interim financial information consist of pages 295 to 302

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

BD 000's

1 REPORTING ENTITY

APM Terminals Bahrain B.S.C. (c) (the "Company") is a Bahraini closed joint stock company registered under Commercial Registration (CR) number 60982 on 11 May 2006.

The Company operates the Khalifa Bin Salman Port.

2 BASIS OF PREPARATION

a) Statement of compliance

These condensed interim financial information have been prepared in accordance with IAS 34, "Interim Financial Reporting", and should be read in conjunction with the Company's last audited financial statements as at and for the year ended 31 December 2017 ('last annual financial statements'). They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements as at and for the year ended 31 December 2017.

The condensed interim financial information are reviewed, not audited. The comparatives for the condensed statement of financial position have been extracted from the audited financial statements for the year ended 31 December 2017. The comparatives for condensed statements of profit or loss and other comprehensive income, cash flows and changes in equity have not been reviewed as the Company was not listed in 2017 and therefore a review was not required.

b) Use of judgements and estimates

Preparing the condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing the condensed interim financial information, significant judgments made by the management in applying the accounting policies and key source of estimation of uncertainty were the same as those applied to the audited financial statements as at and for the year ended 31 December 2017.

c) Financial risk management

The Company's financial risk management objectives and policies are consistent with those disclosed in the audited financial statements for the year ended 31 December 2017.

3 SHARE CAPITAL

In Extra-ordinary General Meeting on 11 June 2018, the shareholders resolved to split the nominal value of equity shares from BD 10 each to 100 fils each, leading to change in its authorised and issued share capital to 90,000,000 shares. Further, it was resolved to undertake an initial public offer (IPO) of 18,000,000 shares of 100 fils each. The formalities to register this change in the Ministry records are in progress as at the reporting date.

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these condensed interim financial information are the same as those applied in the Company's financial statements as at and for the year ended 31 December 2017, except for adoption of new standard as set out below.

Adoption of new accounting standards

The Company has adopted IFRS15 – Revenue from contracts with customers on 1 January 2018. The Company did not have a significant impact on its financial statements from adoption of this standard.

APM Terminals Bahrain B.S.C. (c)

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

BD 000's

5 PREPAYMENTS AND OTHER RECEIVABLES

	30 June 2018 (Reviewed)	31 Dec 2017 (Audited)
Prepaid expenses	1,068	505
Deposits with a Group Company of the Parent	13,509	10,269
Deposits and other receivables	203	78
	14,780	10,852

6 REVENUE

	30 June 2018 (Reviewed)	30 June 2017 (Not reviewed)
Container services	9,257	7,229
General cargo services	6,282	5,864
Marine services	3,124	3,207
	18,663	16,300

7 OPERATING COSTS

	30 June 2018 (Reviewed)	30 June 2017 (Not reviewed)
<i>Direct operating expenses</i>		
Subcontracting charges	2,309	2,411
Salaries and related costs	2,176	2,150
Depreciation	721	701
Maintenance and repairs	549	371
Fuel and electricity	626	550
Security costs	116	81
Operating lease charges	76	94
(Write back) / provision charge for inventories	(10)	54
Customs duty and freight charges	31	21
Other expenses	32	40
	6,626	6,473
<i>Other operating expenses</i>		
Royalty to Government of Bahrain	4,819	3,855
Amortisation of intangible asset	213	216
	5,032	4,071
	11,658	10,544

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

BD 000's

8 EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	30 June 2018 (Reviewed)	30 June 2017 (Not reviewed)
Profit for the period	5,025	4,118
Number of shares in thousands	90,000	90,000
Basic and diluted earnings per share	56 fils	46 fils

9 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include entities over which the Company exercises significant influence, major shareholders, directors and key management personnel of the Company.

Balances and transactions with related parties are as follows:

a) Related parties balances

	30 June 2018 (Reviewed)	31 Dec 2017 (Audited)
<i>Assets</i>		
Receivables from shareholders and affiliates of shareholders	634	160
Deposits with the Group Company of the Parent	13,509	10,269
Other receivables	20	36
	14,163	10,465
<i>Liabilities</i>		
Trade payables	20	24
Management fee	36	27
Accrued expenses	358	343
	414	394

b) Transactions with related parties

	30 June 2018 (Reviewed)	30 June 2017 (Not reviewed)
Revenue	3,813	1,953
Interest income	116	52
	3,929	2,005
Operating costs	1,625	1,553
General and administration expenses	485	596
Board remuneration	4	4
	2,114	2,153

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2018

BD 000's

9 RELATED PARTY TRANSACTIONS (continued)**c) Transactions with key management personnel**

Key management personnel of the Company comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Company. The key management personnel compensation is as follows:

	30 June 2018 (Reviewed)	30 June 2017 (Not reviewed)
Salaries and other short-term benefits	235	238

10 SEGMENTAL REPORTING

A segment is distinguishable component of the Company that is engaged in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from other segments. Expenses and results are reviewed by the Chief Operating Decision Maker at the overall Company level and therefore no operating segment results and other disclosures are provided in these condensed interim financial information.

11 FAIR VALUE OF FINANCIAL INSTRUMENTS

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 in the principal, or in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measures:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The Company has not disclosed the fair value for financial instruments such as short term trade and other receivables, trade and other payables and cash and bank balances, because their carrying amounts are a reasonable approximation of fair values, due to their short term nature.

12 APPROPRIATIONS

Appropriations for the current year, if any, will be made only at the year end.

13 SEASONALITY

No income is of seasonal nature.

Appendix D: Key Parties to the Offering

Issuer	APM Terminals Bahrain B.S.C.(c)	Khalifa Bin Salman Port Building 107, Avenue 13 Block 115, Hidd P.O. Box 50490 Kingdom of Bahrain Tel: +973 17365500
Lead Manager, Underwriter and Market Maker	SICO B.S.C.(c)	BMB Centre, 1st Floor P.O. Box 1331, Manama Kingdom of Bahrain Tel: +973 17515000
Listing Exchange	Bahrain Bourse	Bahrain Financial Harbour Harbour Gate (4th Floor) P.O. Box 3203, Manama Kingdom of Bahrain Tel: +973 17261260
Allotment Agent and Share Registrar	Bahrain Clear B.S.C.(c)	P.O. Box 3203, Manama Kingdom of Bahrain Tel: +973 17108833
Receiving Bank	Ahli United Bank B.S.C.	Building 2495, Road 2832 Al Seef District 428 P.O. Box. 2424, Manama Kingdom of Bahrain Tel: +973 17585987
Legal Advisors	Trowers & Hamlins	Bahrain World Trade Center 7th Floor, West Tower P.O. Box 3012, Manama Kingdom of Bahrain Tel: +973 17515600
	Hassan Radhi & Associates	ERA Business Centre 18th and 19th Floor Building 361, Road 1705 Block 317, Diplomatic Area Kingdom of Bahrain Tel: +973 17535252
Financial Due Diligence Advisor	KPMG Fakhro	Transaction & Restructuring, Advisory 12th Floor, Fakhro Tower P.O. Box 710, Manama Kingdom of Bahrain Tel: +973 17224807
Issuer's External Auditor	KPMG Fakhro	Audit 12th Floor, Fakhro Tower P.O. Box 710, Manama Kingdom of Bahrain Tel: +973 17224807

Participating Brokers	SICO B.S.C.(c)	BMB Centre, 1st Floor P.O. Box 1331, Manama Kingdom of Bahrain Tel: +973 17515000
	Ahli United Bank B.S.C.	Building 2495, Road 2832 Al Seef District 428 P.O. Box. 2424, Manama Kingdom of Bahrain Tel: +973 17585555
	BBK B.S.C.	43 Government Avenue, Manama, Kingdom of Bahrain Tel: +973 17207262, 17207593, 17207505
	Global Investment House B.S.C.(c)	National Bank of Bahrain Tower, Building 131 Office 191, Manama Kingdom of Bahrain Tel: +973 17210011

