



ROYAL DIRECTIVES

# Sultan Qaboos Declaration Project on United Human Values announced

**JAKARTA:** In implementation of the Royal Directives of His Majesty Sultan Qaboos bin Said to disseminate the concept of understanding among people of the world to enhance human relations among nations "Sultan Qaboos Declaration Project on United Human Values" was announced. The announcement was made

by Sheikh Abdullah bin Mohamed Al Salmi, Minister of Awqaf and Religious Affairs during his speech at the ceremony of International Day for Tolerance, which was held in Jakarta yesterday. During the ceremony, the Sultanate's logo for the International Day for Tolerance, "Towards United Human Values" day was launched.



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The Sultanate also launched a number of commemorative stamps titled "Towards United Human Values" during the ceremony. After that, a panel discussion was held with participation of Ali bin Khalfan Al Jabri, Undersecretary of the Ministry of Information and honourable Isma'eel Al Agbari, Member of the State Council,

as well as some intellectuals and researchers. The panel touched on the efforts exerted to enhance coexistence, respect and human harmony. Then, roundtable meetings were held with participation of some Omani senior officials, international researchers and those who support peace from various countries. -ONA



## Port of Salalah | ميناء صلالة

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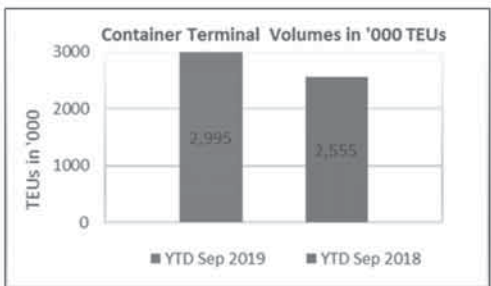
### DIRECTORS' REPORT FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2019

**Dear Shareholders,**

On behalf of the Board of Directors, I have the pleasure in presenting the unaudited consolidated financial results of your company for the period ended 30th Sept, 2019 (YTD Sept 19).

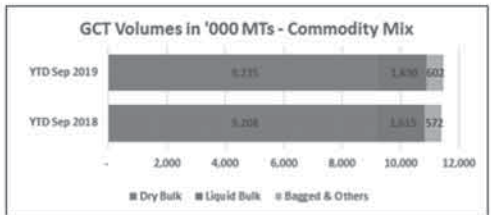
**Operational Overview**

The CT has handled 2.995 million TEUs (Twenty-foot Equivalent Units) during YTD Sept, 2019, as against 2.555 million TEUs against the same period last year, due to strong support from one of our major customers despite very challenging business environment.



On productivity, the CT has registered consistent improvements in Port Moves per Hour (PMPH) during YTD Sept, 2019. This showcases the organization's success in focusing on continuous improvements.

The GCT has handled 11,467 million tons of general cargo during YTD Sept, 2019, an increase of 1% as compared to same period last year. The major commodities handled are namely limestone, gypsum, methanol and cement, which are exported from Salalah to nearby markets, and continue to drive the general cargo business. GCT volumes continue to be impacted by the increase in vessel insurance costs due to escalating tensions in the Gulf of Oman



**Financial Overview**

Consolidated net profit is recorded at OMR 3.370 million as compared to loss of OMR 1.916 million corresponding period last year.

Consolidated EBITDA (including Mekunu cost) recorded at OMR 12.659 million for YTD Sept, 2019 at an EBITDA margin of 26%, as compared to OMR 4.486 million (at margin 10%) during same period last year.

Revenues of GCT have increased by 6% compared to the same period last year whereas the CT revenue has increased by 23% as compared to corresponding period last year. The general cargo volumes handled at Berth 31 have been included in the container terminal financials, as in the previous year, due to the conversion of the berth into a container terminal facility.

As previously reported Salalah Port suffered from Cyclone Mekunu during May 2018 that impacted the results YTD Sep 2018. Recovery efforts continued and by end of June 2019 quarter, restored significantly its container terminal capacity to the pre cyclone levels, whereas GCT was restored during Q1 2019. The restoration works relating to other port facilities are still ongoing. The cyclone expenses amounting to OMR 2.713 million incurred during Jan - Sep 2019 (YTD Sept 2018 OMR 2.577 million) is included under total expenses as above. During 2018 on account payment of OMR 14.808 million was received towards Mekunu claim. No insurance receipts have been included YTD 2019 although claims are ongoing. Cyclone Mekunu claims led to insurers demanding higher premium rates for the renewal of port package policy on April 1, 2019 that caused higher premium of OMR 1.730 million p.a.

Direct operating costs, have increased by 7% as compared to the corresponding period last year mainly due to increase in power and fuel expenses while Administration and General Costs have remained at same level as compared to the corresponding period last year.

Year	Particulars	1st Jan 2019 to 30th Sept 2019	1st Jan 2018 to 30th Sept 2018
2017			
	<b>Volume</b>		
3,946	Container Terminal (TEUs'000)	2,995	2,555
13,587	General Cargo Terminal (Tons'000)	11,467	11,393
57,028	<b>Revenue (RO'000)</b>	48,158	40,980
	<b>Profitability (RO'000)</b>		
7,881	Net Profit before tax	3,967	(1,846)
5,211	Net Profit/ (Loss) after tax	3,370	(1,916)
	<b>Ratios</b>		
9.13%	Net profit / (Loss) (%)	7.00%	(4.69%)
0.029	Earnings per share (RO)	0.019	(0.011)
0.311	Book value per share (RO)	0.330	0.286

**Employee Development**

Port of Salalah is steadfast in developing and enhancing employees' productivity as people are the primary asset of the company. Various safety, technical, management and administration trainings are imparted to the staff.

Safety continues to be maintained as a top priority to ensure that employees continue to perform and deliver their tasks safely.

**Corporate Social Responsibility (CSR)**

Company support charitable initiatives which impact large segments of communities. During YTD Sept, 2019 the company is constantly committed to local initiatives with a significant focus on education, Community development, environment, safety and health.

**Future Outlook**

The commercial outlook for the port continues to be relatively stable as compared to the region which has seen stagnation or shrinkage of volumes mainly due to negative sentiments from various political and economic issues.

Although container volumes are close to Safe Operating Capacity thereby limiting ability presently to anchor increased weekly volumes. Discussions are ongoing with other potential customers for enhanced regional connectivity and also focus on securing a direct connectivity from Far East to Salalah, to enhance value proposition of Salalah.

The general cargo side has a significant reliance on aggregates for its profitability and growth. Providing significant improvement in productivity and reliability in equipment has been a long pending demand of the customer. However, the softness in the economic growth in India may potentially result in reduced demand for gypsum and limestone. The company continues to work towards diversification of its cargo mix and has some very successful engagement with Aid and relief agencies who will use Salalah as their regional hub in the future. In addition, the port has also anchored significant RORO business which further adds to the product portfolio. The evolving liquid strategy will also ensure continued growth of the business and de-risking overt dependence on aggregates.

Overall, Salalah will continue its commercial strategy of diversifying customer and commodity mix to provide growth and stability to the port while at the same time also focusing increasing revenue streams from business units like CFS, warehousing etc. which is expected to increase customer stickiness.

**Conclusion**

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

We also thank our customers, investors, and partners at the Salalah Hub and Ministry of Transport and members of the Government bodies we work together with.

We place on record our appreciation for the contributions of all our employees, who continue to perform with high distinction.

On behalf of the Board of Directors,

**Ahmed Bin Nasser Al Mahrizi**  
Chairman, Board of Directors,  
Salalah Port Services Co. SAOG  
November 13, 2019

The complete accounts of the company will be delivered or sent by mail to any shareholder who requests them, in either Arabic or English as requested, within seven days of receipt of the request.

**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2019.**

30-Sep-18	30-Sep-19	30-Sep-19	30-Sep-18
US \$ '000	US \$ '000	RO'000	RO'000
<b>ASSETS</b>			
<b>Non Current Assets</b>			
175,063	189,427	72,855	67,332
372	340	131	143
13,000	-	-	5,000
188,435	189,767	72,986	72,475
<b>Current Assets</b>			
8,159	5,235	2,013	3,140
32,242	15,517	5,968	12,403
-	39,000	15,000	-
65,172	41,080	15,800	25,066
106,573	100,832	38,781	40,609
-	900	346	-
106,573	101,732	39,127	40,609
294,008	291,498	112,113	113,084
<b>TOTAL ASSETS</b>			
46,758	46,758	17,984	17,984
7,666	7,666	2,949	2,949
15,584	15,584	5,994	5,994
63,649	84,136	32,361	24,483
33,657	154,144	59,288	51,410
138	166	64	51
133,795	154,310	59,352	51,461
<b>TOTAL EQUITY</b>			
<b>LIABILITIES</b>			
<b>Non Current Liabilities</b>			
17,397	14,903	5,732	6,691
7,764	8,492	3,266	2,986
-	34,009	13,080	-
25,161	57,404	22,078	9,677
<b>Current Liabilities</b>			
123,445	79,794	30,683	47,482
11,807	-	-	4,454
135,052	79,794	30,683	51,946
160,213	137,188	52,761	61,523
294,008	291,498	112,113	113,084
0,744	0,858	0,330	0,286
<b>Net assets per share (US \$ / RO)</b>			

**UN-AUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR NINE MONTHS ENDED 30 SEPTEMBER 2019.**

30-Sep-18	30-Sep-19	30-Sep-19	30-Sep-18
US \$ '000	US \$ '000	RO'000	RO'000
106,512	125,214	48,158	40,980
(72,343)	(76,756)	(29,520)	(27,824)
(15,014)	(12,088)	(4,649)	(5,775)
(15,543)	(19,053)	(7,327)	(9,979)
1,557	1,738	668	599
5,170	19,055	7,330	1,989
(9,147)	(7,056)	(2,714)	(3,518)
(825)	(1,687)	(649)	(317)
(4,803)	10,312	3,967	(1,846)
(182)	(1,552)	(587)	(70)
(4,985)	8,760	3,370	(1,916)
<b>Other comprehensive income items that are or may be reclassified to profit or loss</b>			
99	-	-	38
99	-	-	38
99	-	-	38
(4,886)	8,760	3,370	(1,878)
(4,988)	8,757	3,369	(1,917)
3	3	1	1
(4,889)	8,757	3,369	(1,879)
3	3	1	1
(4,886)	8,760	3,370	(1,878)
(0,03)	0,05	0,019	(0,011)
<b>Basic earnings per share (US \$ / RO)</b>			



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