



DIRECTORS REPORT FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020

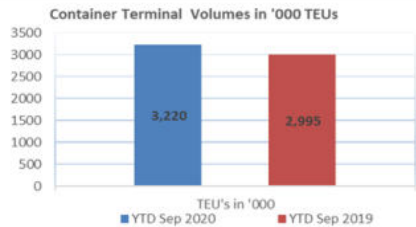
Dear Shareholders,

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, 2020 (YTD Sept'20).

At the outset, I hope you and your family are safe. We are indeed living through very unusual times and as the disruption continues unabated your Company is ensuring business continuity. The health and safety of our employees, customers and immediate community will remain our priority.

Operational Overview

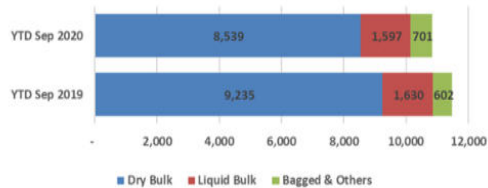
The CT has handled 3.220 million TEUs (Twenty-foot Equivalent Units) for the period ending Sept'20 (2.995 million TEUs Sept'19) representing an increase of 8% compared to the same period last year. This has been possible due to strong support from one of our major customers despite very challenging business environment.



On productivity, the CT has registered consistent improvements in Port Moves per Hour (PMPH) during YTD Sept, 2020. This showcases the organization's success in focusing on continuous improvements.

The GCT has handled 10.837 million tons of general cargo during YTD Sept, 2020, a decrease of 5% as compared to same period last year. The negative growth of general cargo volumes continued in Q3 2020 with lower throughput of the commodities gypsum & limestone driven by the lockdown measures in Q2 2020 and the closure of the border due to COVID-19 pandemic.

GCT Volumes in '000 MTs - Commodity Mix



Financial Overview

Consolidated net profit for YTD Sept'20 was recorded at RO 12.750 million, as compared to the corresponding period last year at profit of RO 3.370 Million. Consolidated EBITDA was recorded at RO 22.978 million YTD Sept'20, as compared to RO 12.148 million during same period last year. This includes a compensation received from insurance parties of OMR 11.250 million. The underlying net result of YTD Sept'20 excluding insurance settlement was RO 4.104 Million.

As reported previously in May 2018, Port of Salalah was impacted by Cyclone Mekunu. The Company reached a settlement with the insurance parties for USD 67.75 mil (OMR 26.050 mil) for loss and damage compensation, which was accepted by SPS Board in February 2020. In this regard, an advance payment of USD 38.5 mill (OMR 14.808 mill) was already received in 2018 and recognized as income in the 2018 financial statements. The balance of USD 29.25 mill (OMR 11.250 mil) is fully received and recognized in the in first 6 months of 2020.

CT revenue has increased by 3.6% as compared to corresponding period last year due to growth in CT volumes. Revenues of GCT have decreased by 15.5% compared to the same period last year mainly due drop in GCT volumes.

Total Expenses increased by 3% as compared to corresponding period last year mainly due to increases in staff costs, government franchise fees, corporate income tax and port insurance premium. The cost increases were partially offset by lower fuel costs and lower Mekunu related cost.

Year 2019	Particulars	1st Jan 2020 to 30th Sept 2020	1st Jan 2019 to 30th Sept 2019
4,109	Volume		
16,728	Container Terminal (TEUs'000)	3,220	2,995
64,724	General Cargo Terminal (Tons'000)	10,837	11,467
	Revenue (RO'000)	47,293	48,083
6,554	Net Profit before tax	15,000	3,965
5,673	Net Profit/ (Loss) after tax	12,750	3,370
	Ratios		
8.76%	Net profit / (Loss) (%)	27%	7%
0.03	Earnings per share (RO)	0.07	0.02
0.342	Book value per share (RO)	0.390	0.330

Employee Development

The Company 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)

The Company strongly believes in a CSR program that is aligned with the pillars of sustainability and volunteerism and it is fundamental to our business. During YTD Sept, 2020 the Company is constantly committed to local initiatives with a significant focus on education, community development, environment, safety and health.

Future Outlook

Recent reports indicate that the global recession is slowly yielding to recovery due to re-opening of various economies. The global economy expected to show a more moderate contraction in the year than previously estimated. Overall, the global economic recovery should regain momentum in 2021. While the container carriers are expecting improved freight rates and healthy bottom line in 2020 through optimizing their capacity, Ports are witnessing overall reduction on vessel calls compared to 2019.

The Company saw container volumes dip in the last 2 months mainly due to COVID impact on manpower resource availability. Steps taken to mitigate this situation have helped avert any negative impact for the full year and it is forecasted that container volume will pick up in Q4 as the current trend indicates.

GCT volumes and revenues, driven primarily by limestone and gypsum, have been negatively impacted by the lockdown in main consumption area like India, South East Asia and Japan resulting in a drop in volumes in Q3 2020. Q4 volume is forecasted to improve compared to Q3 primarily due to the pickup in demand for gypsum, however limestone demand remains subdued due to the COVID situation in the main market, India.

Overall, the Company 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 container at freight station (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 Haitham bin Tariq, 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 various Government departments for their continued support to the Company.

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,
Sheikh Braik Musallam Al Amri
Deputy Chairman, Board of Directors,
Salalah Port Services Co. SAOG, November 12, 2020

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2020

Parent Company		Consolidated		Parent Company		Consolidated	
30-Sep-19	30-Sep-20	30-Sep-19	30-Sep-20	30-Sep-19	30-Sep-20	30-Sep-19	30-Sep-20
US \$ '000	US \$ '000	US \$ '000	US \$ '000	RO'000	RO'000	RO'000	RO'000
ASSETS							
Non Current Assets							
156,997	144,866	157,280	145,121	55,718	60,383	55,816	60,492
341	302	341	302	116	131	116	131
31,248	29,775	31,248	29,865	11,452	12,018	11,486	12,018
312	312	-	-	120	120	-	-
188,898	175,255	188,869	175,288	67,406	72,652	67,418	72,641
5,236	5,868	5,236	5,868	2,257	2,014	2,257	2,014
8,235	8,667	8,235	8,667	3,333	3,167	3,333	3,167
2,790	3,049	2,790	3,049	1,173	1,073	1,173	1,073
5,004	5,636	5,004	5,636	2,166	1,925	2,166	1,925
39,000	26,000	39,000	26,000	10,000	15,000	10,000	15,000
40,923	108,973	41,083	108,973	41,913	15,740	41,913	15,801
101,188	158,193	101,348	158,193	60,842	38,918	60,842	38,980
900	-	900	-	(0)	346	(0)	346
102,088	158,193	102,248	158,193	60,842	39,264	60,842	39,326
290,986	333,448	291,117	333,481	128,248	111,917	128,260	111,967
46,758	46,758	46,758	46,758	17,984	17,984	17,984	17,984
7,666	7,666	7,666	7,666	2,949	2,949	2,949	2,949
15,584	15,584	15,584	15,584	5,994	5,994	5,994	5,994
83,651	113,287	84,134	113,895	43,571	32,171	43,804	32,359
153,659	183,295	154,142	183,904	70,498	59,098	70,731	59,285
-	-	166	203	-	-	78	64
153,659	183,295	154,308	184,107	70,498	59,098	70,809	59,349
TOTAL ASSETS							
EQUITY							
14,903	14,190	14,903	14,190	5,458	5,732	5,458	5,732
8,490	9,717	8,490	9,717	3,738	3,265	3,738	3,265
34,008	29,506	34,008	29,600	11,348	13,080	11,384	13,080
57,401	53,413	57,401	53,507	20,544	22,077	20,580	22,077
75,490	87,589	74,972	86,716	33,687	29,034	33,353	28,835
4,436	4,435	4,436	4,435	1,705	1,706	1,705	1,706
-	4,716	-	4,716	1,814	-	1,814	-
79,926	96,740	79,408	95,867	37,206	30,740	36,872	30,541
137,327	150,153	136,809	149,374	57,750	52,818	57,451	52,618
290,986	333,448	291,117	333,481	128,248	111,917	128,260	111,967
0.86	1.02	0.86	1.02	0.39	0.33	0.39	0.33
LIABILITIES							
Non Current Liabilities							
14,903	14,190	14,903	14,190	5,458	5,732	5,458	5,732
8,490	9,717	8,490	9,717	3,738	3,265	3,738	3,265
34,008	29,506	34,008	29,600	11,348	13,080	11,384	13,080
57,401	53,413	57,401	53,507	20,544	22,077	20,580	22,077
75,490	87,589	74,972	86,716	33,687	29,034	33,353	28,835
4,436	4,435	4,436	4,435	1,705	1,706	1,705	1,706
-	4,716	-	4,716	1,814	-	1,814	-
79,926	96,740	79,408	95,867	37,206	30,740	36,872	30,541
137,327	150,153	136,809	149,374	57,750	52,818	57,451	52,618
290,986	333,448	291,117	333,481	128,248	111,917	128,260	111,967
0.86	1.02	0.86	1.02	0.39	0.33	0.39	0.33
Current Liabilities							
14,903	14,190	14,903	14,190	5,458	5,732	5,458	5,732
8,490	9,717	8,490	9,717	3,738	3,265	3,738	3,265
34,008	29,506	34,008	29,600	11,348	13,080	11,384	13,080
57,401	53,413	57,401	53,507	20,544	22,077	20,580	22,077
75,490	87,589	74,972	86,716	33,687	29,034	33,353	28,835
4,436	4,435	4,436	4,435	1,705	1,706	1,705	1,706
-	4,716	-	4,716	1,814	-	1,814	-
79,926	96,740	79,408	95,867	37,206	30,740	36,872	30,541
137,327	150,153	136,809	149,374	57,750	52,818	57,451	52,618
290,986	333,448	291,117	333,481	128,248	111,917	128,260	111,967
0.86	1.02	0.86	1.02	0.39	0.33	0.39	0.33

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020.

Parent Company		Consolidated		Parent Company		Consolidated	
30-Sep-19	30-Sep-20	30-Sep-19	30-Sep-20	30-Sep-19	30-Sep-20	30-Sep-19	30-Sep-20
US \$ '000	US \$ '000	US \$ '000	US \$ '000	RO'000	RO'000	RO'000	RO'000
124,804	122,779	125,016	122,962	47,223	48,002	47,293	48,083
(76,750)	(80,212)	(76,750)	(80,212)	(30,851)	(29,519)	(30,851)	(29,519)
(12,050)	(16,212)	(12,087)	(16,251)	(6,235)	(4,635)	(6,250)	(4,649)
(18,739)	(18,320)	(18,754)	(18,330)	(7,046)	(7,207)	(7,050)	(7,213)
(314)	(39)	(314)	(39)	(15)	(121)	(15)	(121)
68	(647)	68	(647)	(249)	26	(249)	26
70	1,245	70	1,245	479	27	479	27
17,089	8,594	17,249	8,728	3,305	6,573	3,357	6,634
(7,055)	(49)	(7,055)	(49)	(19)	(2,713)	(19)	(2,713)
-	29,633	-	29,633	11,397	-	11,397	-
1,685	2,292	1,685	2,292	881	648	881	648
(1,570)	(1,598)	(1,570)	(1,602)	(615)	(604)	(616)	(604)
10,149	38,872	10,309	39,002	14,951	3,903	15,000	3,965
(1,522)	(5,831)	(1,547)	(5,850)	(2,243)	(585)	(2,250)	(595)
8,627	33,041	8,762	33,152	12,708	3,318	12,750	3,370
-	-	-	-	-	-	-	-
8,627	33,041	8,762	33,152	12,708	3,318	12,750	3,370
8,627	33,041	8,762	33,152	12,708	3,318	12,750	3,370
-	-	2	22	-	-	8	1
8,627	33,041	8,762	33,152	12,708	3,318	12,750	3,370
-	-	2	22	-	-	8	1
8,627	33,041	8,762	33,152	12,708	3,318	12,750	3,370
0.05	0.18	0.05	0.18	0.07	0.02	0.07	0.02

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.