



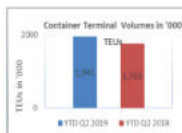
## Director's Report for the half year ended 30th June, 2019

### 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 June, 2019 (H1 2019).

### Company Performance

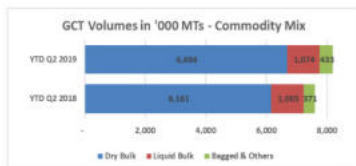
During H1, 2019 the Container Terminal (CT) handled 1.941 million – compared to 1.763 mil TEUs in corresponding period last year, an increase of 10%.



We are pleased to share that Port of Salalah has shattered its previous overall vessel record of 259 PMPH with the new record of 413 PMPH on the vessel CAPSANTAINARO that called on July 29, 2019

with zero safety incidents. This is a testament to the hard work, laser like focus and our way of working that makes this all possible.

The GCT has handled 8.191 million tons of general cargo during H1, 2019, recording an increase of 8% as compared to H1, 2018. The major commodities handled are limestone, gypsum, methanol and cement, which are exported from Salalah to nearby markets, and continue to drive the general cargo business.



### Financial Overview

**Consolidated net profit** for H1, 2019 was recorded at RO 2.169 million, as compared to the corresponding period last year at profit of RO 767K.

**Consolidated EBITDA** was recorded at RO 8.064 million during H1, 2019 at an EBITDA margin of 24%, as compared to RO 5.308 million (at margin 19%) during same period last year.

As previously reported Salalah Port suffered from cyclone mekunu during May 2018 that impacted the results YTD June 2018. During the quarter recovery efforts continued and by end of the quarter, restored significantly its container terminal capacity to the pre cyclone levels, whereas GCT had already restored during Q1 2019. The restoration works relating to other port facilities are still ongoing. The cyclone expenses amounting to OMR 2,525k incurred during Jan - June 2019 is included under total expenses. The insurance claim settlement is 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 k p.a. IFRS 16 (Leases) came into effect from January 1, 2019 accordingly the total expenses YTD June 2019 include impact of OMR 253k.

Revenues of GCT have increased by 23% compared to the same period last year and the CT revenue has increased by 20% as compared to corresponding period last year. The general cargo revenue for 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.

Total revenue and Total expenses YTD June 2019 include write back of accruals, no longer required amounting to OMR 1,062k and OMR 253k respectively.

Year 2018	Particulars	1 Jan 2019 to 30th June 2019	1 Jan 2018 to 30th June 2018
3,385 16,201	<b>Volume</b>		
	Container Terminal (TEUs'000)	1,941	1,763
	General Cargo Terminal (Tons'000)	8,191	7,597
56,330	<b>Revenue (RO'000)</b>	33,279	27,634
	<b>Profitability (RO'000)</b>		
6,314	Net Profit before tax	2,552	1,119
5,303	Net Profit/ (Loss) after tax	2,169	767
	<b>Ratios</b>		
9.41%	Net profit / (Loss) (%)	6.51%	2.77%
0.029	Earnings per share (RO)	0.012	0.004
0.326	Book value per share (RO)	0.323	0.301

### 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. Raising the level of safety performance has encouraged corrective behavior action plans for employees to perform safely at their work place.

### Corporate Social Responsibility (CSR)

Port of Salalah strongly believes in a CSR program that is aligned with the pillars of sustainability and volunteerism and it is fundamental to our business. Impacting the local Dhofar region and benefitting the larger segments of communities requiring support are the guiding post of the company CSR program.

### Future Outlook

Commercial outlook continues to be relatively stable for Salalah despite overall negative sentiments in the region due to the various political and economic issues.

On the container side of the business, volumes have been consistently close to the Safe Operating Capacity of the terminal and additional volumes have been secured as and when the Safe Operating Capacity is increased. Close cooperation with customers continues to be a growth driver in the recovery period from Mekunu with volumes ramping back close to pre-cyclone levels.

In addition, the team is also working to connect to new markets which potentially will add additional volumes via Salalah and also allow existing shipping line customers to increase their market reach in the region.

The General cargo volumes continue to grow and steady. Recently the entire Oman coast has been classified as an areas of increased War risk. This classification requires shipping companies to incur additional cost for insurance for trading in this zone or calling Salalah. This has caused a temporary dip in the volume growth but we expect the business to grow since new mining companies continue to show interest in exports via Salalah.

Discussions are ongoing with another major Aid & Relief Agency of the United Nations to set up their hub in Salalah.

The present high berth utilization of over 85 % provides very limited open capacity to secure additional business or cater to the organic growth of existing customers.

Overall, Salalah continues to develop on its strong base and leverage the existing network, connectivity and customer base to support the development of economic activity in its hinterland.

### 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 Communications, 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  
Salalah Port Services Co. SAOG  
August 07, 2019

## UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2019.

30-Jun-18 US \$ '000	30-Jun-19 US \$ '000	Notes	30-Jun-18 RO'000	30-Jun-19 RO'000
<b>ASSETS</b>				
<b>Non Current Assets</b>				
163,159	191,896			
381	348	11	73,804	62,753
13,000	-	12	134	14
-	-	14	-	5,000
178,540	192,244		73,938	67,900
<b>Current Assets</b>				
6,890	5,433	15	2,089	2,850
25,040	39,056	16	15,022	9,632
-	39,000	17	15,000	
53,061	21,911	17	8,427	20,416
85,011	105,400		40,538	32,698
-	1,321			
85,011	106,721	11	508	32,698
261,551	298,964		114,084	100,598
<b>TOTAL ASSETS</b>				
40,758	40,758	19(a)	17,984	17,984
7,666	7,666	19(b)	2,949	2,949
15,584	15,584	19(c)	5,994	5,994
70,630	81,010	26	(38)	
140,539	151,018		31,166	27,166
138	166			
140,677	151,184	19(d)	58,087	54,054
<b>TOTAL EQUITY</b>				
<b>LIABILITIES</b>				
<b>Non Current Liabilities</b>				
17,396	14,903	25	5,732	6,591
7,704	8,375	23	3,225	2,963
25,100	34,009	11	12,080	
	57,287		22,033	9,654
<b>Current Liabilities</b>				
84,068	90,500	24	34,800	32,336
11,607	-	22	-	4,464
90	-	26	-	38
95,774	90,500		34,800	36,386
120,874	147,780		58,633	45,492
261,551	298,964		114,084	100,598
0.783	0.840	21	0.323	0.301

## UN-AUDITED CONSOLIDATED COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 30TH JUNE 2019

30-Jun-18 US \$ '000	30-Jun-19 US \$ '000	Notes	30-Jun-18 RO'000	30-Jun-19 RO'000
71,852	86,526			
(49,406)	(50,025)	28	33,279	27,634
(9,547)	(11,623)	5	(19,241)	(19,003)
(10,186)	(12,260)	6	(4,470)	(3,672)
1,056	1,375	7	(4,096)	(3,925)
		8	459	410
3,770	14,063		5,407	1,449
(485)	(6,565)	29.5	(2,525)	(187)
(372)	(858)	9	(330)	(143)
2,913	6,830		2,552	1,119
(915)	(996)	25	(383)	(352)
1,998	5,834		2,169	767
<b>Profit / (Loss) for the year</b>				
-	-		-	-
1,998	5,834		2,169	767
<b>Profit attributable to :</b>				
1,996	5,832		2,168	766
2	2		1	1
<b>Total comprehensive income attributable to :</b>				
1,996	5,832		2,168	766
2	2		1	1
1,998	5,834		2,169	767
0.01	0.03	19	0.012	0.004
<b>Basic earnings per share (US \$ / RO)</b>				