



DIRECTOR'S REPORT FOR THE HALF YEAR ENDED 30TH JUNE, 2021

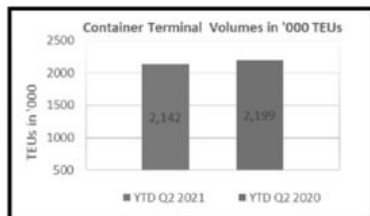
Dear Shareholders,

On behalf of the Board of Directors, I have pleasure in presenting the unaudited consolidated financial results of your company for the period ended 30th June, 2021 (H1 2021).

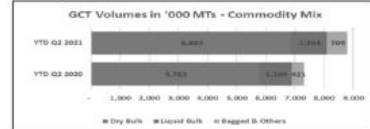
The COVID-19 pandemic continues to impact our business environment and we all are facing uncertainty in fast-changing circumstances. Containment measures including restricted domestic and international flights, cancellation of events, closure/suspension of public services and remote working arrangements are having a worldwide impact. Our priority continues to protect the health and wellbeing of our employees, clients and communities and the Management is taking appropriate measures in this regard whilst keeping the business going.

Company Performance

During H1, 2021 the Container Terminal (CT) handled 2.142 million TEUs - compared to 2.199 million mill TEUs in the corresponding period last year, a decrease of 3%.



The General Cargo Terminal (GCT) has handled 8.798 million tons of general cargo during H1, 2021, recording an increase of 20% as compared to H1, 2020. 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, 2021 was recorded at RO 2.619 million, as compared to the corresponding period last year at a profit of RO 11,076 million. Consolidated EBITDA was recorded at RO 8,239 million during H1, 2021, as compared to RO 18,422 million during the same period last year. This includes an insurance claim amount of RO 11,250 million. The underlying net result of H1, 2020 excluding insurance settlement was RO 2.818 million.

Total revenue from operations increased by 3% compared to same period last year mainly due to the strong volume development of the general cargo business. The general cargo revenue for volumes handled at Berth 31 has been included in the container terminal financials, as in the previous year, due to the historic conversion of the berth into a container terminal facility.

Direct operating cost increased by 5% as compared to the corresponding period last year mainly due to increase in systems and communication costs and costs related to COVID 19. Other operating costs decreased by 27% compared to the corresponding period last year mainly due to payment of higher franchise fees in 2020 resulting from the insurance compensation received. However, there is no material change in administrative and general expenses.

Year 2020	Particulars	1 Jan 2021 to 30th June 2021	1 Jan 2020 to 30th June 2020
4,344	Volume	2,142	2,199
15,296	Container Terminal (TEUs'000)	8,798	7,308
65,606	Revenue (RO '000)	32,931	31,843
	Insurance Compensation Profitability (RO'000)		11,250
17,286	Net Profit before tax	3,081	13,030
14,807	Net Profit/ (Loss) after tax	2,619	11,076
	Ratios		
22.56	Net profit / (Loss) (%)	7.95%	34.74%
0.08	Earnings per share (RO)	0.02	0.06
0.40	Book value per share (RO)	0.39	0.38

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 training is imparted to staff.

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 posts of the company's CSR program.

Future Outlook

The International Monetary Fund expects a stronger recovery of the global economy with growth of 6% in 2021 and 4.4% in 2022. However, the reports show that there is a difference in the speed of how countries are recovering from the current COVID-19 crisis, which largely depends on how quickly vaccines are being administered.

The unpredictability of how countries impose restrictions to curb the spread of COVID-19 continues to impact the logistics industry. Ports in southern China had a period of shut down recently which disrupted the global shipping networks as well as aggravating the already challenging equipment shortages, driving freight rates further north. The cascading effect led shipping lines to cancel sailings, omit port calls and rearrange networks.

Hence the positive global market outlook as well as the challenging network, equipment availability situation are expected to last well into the second half of 2021 on the container side of business.

While the dry bulk demand has picked up after the slump in 2020 and continues to stay strong in 2021, there is the potential for shut down of key markets in the short to medium term. The situation has also resulted in higher charter hire rates for vessels including dry bulk, which prompted shippers to opt for bigger tonnage which are mostly larger, leading to the need for reliable shore equipment capable of faster turnaround of ships.

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 partners at the Salalah Hub and Ministry of Transport, Communications and Information Technology, 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,

Braik Musallam Al Amri
Chairman
Salalah Port Services Co. SAOG

UNAUDITED CONSOLIDATED AND PARENT STATEMENT OF FINANCIAL POSITION AS OF 30TH JUNE, 2021

Parent Company		Consolidated		Parent Company		Consolidated	
Jun-2020	Jun-2021	Jun-2020	Jun-2021	Jun-2021	Jun-2020	Jun-2021	Jun-2020
US \$ '000	US \$ '000	US \$ '000	US \$ '000	RO'000	RO'000	RO'000	RO'000
148,184	140,637	148,445	140,865	54,091	56,994	54,181	57,094
30,762	26,814	30,853	26,894	10,312	11,831	10,344	11,867
311	276	311	276	106	120	106	120
312	546	312	546	210	120	210	120
179,509	168,273	179,609	168,035	64,719	69,665	64,631	69,081
5,271	6,407	5,271	6,407	2,464	2,027	2,464	2,027
4,408	5,340	4,408	5,340	2,054	1,865	2,054	1,865
27,478	24,590	27,478	24,590	10,567	10,567	9,458	10,567
3,293	2,789	3,293	2,789	1,072	1,267	1,072	1,267
26,000	32,500	26,000	32,500	12,500	10,000	12,500	10,000
87,666	80,873	87,666	80,873	31,105	33,718	31,105	33,718
154,114	152,490	154,114	152,490	58,653	59,274	58,653	59,274
900	-	900	-	-	346	-	346
155,014	152,490	155,014	152,490	58,653	59,620	58,653	59,620
334,583	320,772	334,623	320,534	123,372	128,665	123,284	128,701
46,758	46,758	46,758	46,758	17,884	17,884	17,884	17,884
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
108,966	113,800	109,538	114,329	43,771	41,910	43,972	42,130
178,974	183,806	179,546	184,337	70,668	68,837	70,899	69,057
-	-	202	-	-	-	-	78
178,974	183,806	179,748	184,337	70,668	68,837	70,899	69,135
28,182	25,291	28,258	25,378	9,727	10,832	9,761	10,898
9,464	9,417	9,464	9,417	3,623	3,630	3,623	3,639
14,190	12,013	14,180	12,002	4,620	5,458	4,616	5,454
51,816	46,721	51,902	46,797	17,970	19,929	18,000	19,961
4,716	4,716	4,716	4,716	1,814	1,814	1,814	1,814
45,048	39,640	44,215	38,795	15,241	17,324	14,621	17,005
48,671	44,532	48,671	44,532	17,128	18,720	17,128	18,720
5,358	1,355	5,371	1,357	521	2,061	522	2,066
103,793	90,243	102,973	89,400	34,704	39,919	34,385	39,905
155,609	136,964	154,875	136,197	52,673	59,848	52,384	59,506
334,583	320,772	334,623	320,534	123,372	128,665	123,284	128,701
1.00	1.02	1.00	1.03	0.39	0.38	0.39	0.38

UNAUDITED CONSOLIDATED AND PARENT STATEMENT OF COMPREHENSIVE INCOME FOR 6 MONTHS ENDED 30TH JUNE 2021

Parent Company		Consolidated		Parent Company		Consolidated	
Jun-2020	Jun-2021	Jun-2020	Jun-2021	Jun-2021	Jun-2020	Jun-2021	Jun-2020
US \$ '000	US \$ '000	US \$ '000	US \$ '000	RO'000	RO'000	RO'000	RO'000
82,669	85,581	82,790	85,626	32,916	31,796	32,931	31,843
(53,781)	(56,310)	(53,781)	(56,310)	(21,656)	(20,686)	(21,656)	(20,686)
(12,784)	(9,384)	(12,813)	(9,401)	(3,608)	(4,917)	(3,615)	(4,928)
(12,375)	(12,732)	(12,382)	(12,730)	(4,897)	(4,959)	(4,899)	(4,761)
(239)	264	(239)	264	101	(92)	101	(92)
(647)	-	(647)	-	-	(249)	-	(249)
1,267	140	1,267	140	54	486	54	486
4,110	7,559	4,195	7,574	2,910	1,578	2,910	1,613
(49)	-	(49)	-	-	(19)	-	(19)
29,250	-	29,250	-	-	11,250	-	11,250
1,527	1,391	1,527	1,391	535	587	535	587
(1,040)	(961)	(1,043)	(963)	(369)	(400)	(370)	(401)
33,798	7,969	33,880	8,002	3,076	12,997	3,081	13,030
(5,069)	(1,200)	(5,082)	(1,202)	(461)	(1,950)	(462)	(1,955)
28,729	6,769	28,798	6,800	2,615	11,047	2,619	11,076
-	-	-	-	-	-	-	-
28,729	6,769	28,798	6,800	2,615	11,047	2,619	11,076
-	-	-	-	-	-	-	-
28,729	6,769	28,797	6,800	2,615	11,047	2,619	11,076
-	-	-	-	-	-	-	-
28,729	6,769	28,797	6,800	2,615	11,047	2,619	11,076
28,729	6,769	28,798	6,800	2,615	11,047	2,619	11,076
0.16	0.04	0.16	0.04	0.02	0.06	0.02	0.06

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.