

Trump victory arouses Syrian rebels concern

While some in the Syrian opposition said Donald Trump had yet to articulate a clear Syria policy, his statements have fuelled rebel concern

BEIRUT: Donald Trump's election as US president on Wednesday aroused concern among Syrian rebels and a degree of optimism in Damascus, where his victory was seen as a better outcome than a Hillary Clinton win.

Syrian rebels have long been fiercely critical of what they perceive as the Barack Obama administration's inadequate backing for their fight against President Bashar Al Assad.

While some in the Syrian opposition said Trump had yet to articulate a clear Syria policy, his statements, and his more open-minded stance towards Assad's ally Russia, have fuelled rebel concern about the stance he may adopt on the war, in which Russia's air force has been bombing insurgents. "I think things will become difficult because of Trump's statements and his relationship with Putin and Russia. I imagine this is not good for the Syrian issue," Zakaria Malahifi, head of the political office of an Aleppo-based rebel group, told Reuters.

Trump said in an October 25 interview with Reuters that defeating IS was a higher priority than persuading Assad to step down, and warned that Clinton could drag the United States into a new world war over the Syria conflict.



DEADLY STRIKE: Civil defence members work at a site hit by an airstrike in the rebel-held Douma neighbourhood of Damascus, Syria on Monday. - Reuters

The Syrian civil war, now in its sixth year, has killed hundreds of thousands of people, allowed the rise of IS and created the world's worst refugee crisis.

Russia's intervention in support of Assad last year helped Damascus turn the tide against insurgents who had been making steady territorial advances, and gave Moscow decisive influence over diplomacy.

The Syrian opposition says Obama failed to back them adequately after calling for Assad to leave power, failing to enforce his own "red line" against the use of chemical weapons and blocking the delivery of anti-aircraft weapons to rebels.

In Damascus, a member of the Syrian parliament said he was cautiously optimistic that US policy would shift Assad's way under

Trump. "We must be optimistic, but cautiously optimistic," Sherif Shehada, the MP, told Reuters in a telephone interview.

He said, "The American administration must carry out what it said in the election campaign."

Georges Janbour, the Damascus-based head of the Syrian Association of Political Science, noted Trump's previous suggestion that Russia could be a valuable ally in the fight against IS. "I hope that he continues in this line of thinking," he told Reuters.

Prominent Syrian opposition politician George Sabra said: "We do not expect much from the new American administration, but we hope that the face of President Donald Trump is totally different to the face of Mr. Donald Trump the candidate."

Bassma Kodmani, member

and spokeswoman for the Syrian opposition High Negotiations Committee (HNC), said Trump's intentions remained largely unclear. "All we can say is he has called for good relations with Russia," she told Reuters. "On Syria he will have to make difficult decisions. Cooperation with Russia over the last year and a half has not worked... considerations should be towards a different policy," she said.

Some rebels believe that Trump will make no difference to long-established American policy.

"The Americans were never honest with us. They left us in a quagmire that drowned the Syrians... Everyone is trading with our blood and suffering," said Abu Hamed, head of the military council of rebel group Liwa Al Haq Brigade, speaking from Hama. - Reuters

MILITARY COALITION

30 Al Qaeda militants killed in Yemen

ADEN: Yemeni troops loyal to President Abd-Rabbu Mansour Hadi's government killed at least 30 suspected Al Qaeda militants in a raid backed by a Saudi-led military coalition, the Yemeni military said on Wednesday.

Four soldiers were also killed in the operation on Tuesday at a farm west of Mukalla, the port city and capital of the province of Hadramout, the military said on its Facebook page. The raid was supported by the Saudi-led Arab coalition that has been fighting on the side of Hadi in a war against Houthi rebels and forces loyal to former president Ali Abdullah

Saleh. Yemeni officials on Tuesday reported that six militants were killed in the raid, while four others were captured.

Al Qaeda militants took advantage of the civil war which began last year, seizing parts of southern Yemen, including Mukalla, before Yemeni government soldiers and Arab coalition troops drove them out. The militants have since dispersed into the desert or have gone into hiding, but continue to launch occasional attacks on state officials and institutions. The United States has used drones to hunt down leaders and elements of the militant group. - Reuters

| School Name | Score |
|---------------------------|-------|
| Indian School Darsait | 2643 |
| Indian School Wadi Kabir | 854 |
| Indian School Al Ghubrah | 469 |
| Pakistan School Muscat | 297 |
| Bangladesh School Muscat | 236 |
| Philippine School Muscat | 133 |
| Beaconhouse School System | 12 |



Port of Salalah | ميناء صلاحة

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DIRECTOR'S REPORT FOR THE NINE MONTHS ENDED 30th SEPTEMBER 2016

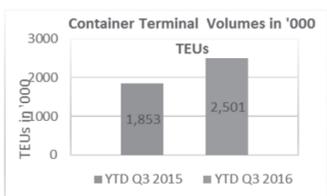
Dear Shareholders,

On behalf of the Board of Directors, I have the pleasure in presenting the unaudited consolidated financial results of your company for the nine months period ended September 30, 2016 (YTD September 2016).

Company Performance

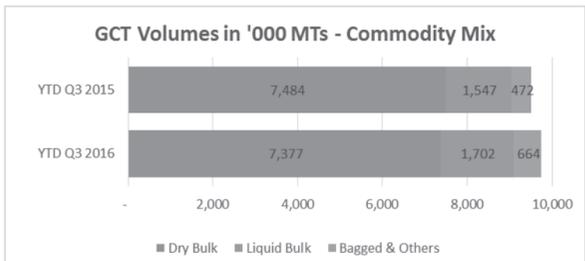
During YTD September 2016, Company has achieved a strong volume growth at the Container Terminal (CT) compared to the corresponding period last year despite challenging and very competitive international transshipment market.

The CT has handled 2,501 million TEUs (Twenty-foot Equivalent Units) during YTD September 2016, which is a 35% increase against the same period last year, due to strong support from one of our major customers. The Management has been pursuing an increase in share of business from existing customers and actively endeavors to attract new customers.



The monsoon waves during the Khareef season traditionally negatively affect the productivity. The port invested in Cavotec Mooring systems and Shore tension system in two of its container berths to mitigate the negative impact of long waves and the management continue to evaluate further investments to manage a consistent productivity.

The organization continue to focus on making improvements through Total Productivity Management (TPM), to maintain operations of a world-class terminal.



The GCT has handled 9,744 million tons of general cargo During YTD September 2016, recording an increase of 3% as compared to corresponding period last year. 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 YTD September 2016 was recorded at RO 3,949 million, which is 23% higher as compared to the corresponding period last year at RO 3,204 million.

Consolidated EBITDA was recorded at RO 11,250 million during YTD September 2016 at an EBITDA margin of 27%, as compared to RO 10,686 million (at margin 29%) during same period last year.

Revenues of GCT have increased by 20% compared to the same period last year and the CT revenue has increased by 10% 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.

Direct operating costs comprising direct manpower costs, repairs & maintenance costs, energy costs and marine costs, have increased by 16% as compared to the corresponding period last year. The increase in costs are mainly due to annual salary increases and associated costs, increased energy cost due to withdrawal of fuel subsidy by Government, higher overtime due to higher volumes and need based repair and maintenance.

Concession costs consisting of costs on account of ground rent, fixed and variable royalty, have increased by 5% as compared to same period last year, mainly due to start of operations of liquid jetty.

Administration and General costs have increased by 11% as compared to the same period last year mainly due to increase in salary and associated costs.

Financing costs were 27% lower as compared to same period last year on account of repayment of debts.

| Year 2015 | Particulars | 1 Jan 2016 to 30 th Sept 2016 | 1 Jan 2015 to 30 th Sept 2015 |
|-----------|-----------------------------------|--|--|
| 2,569 | Volume | 2,501 | 1,852 |
| 12,543 | Container Terminal (TEUs'000) | 9,744 | 9,502 |
| 49,508 | General Cargo Terminal (Tons'000) | | |
| | Revenue (RO'000) | 41,327 | 36,893 |
| 5,639 | Net Profit before tax | 4,485 | 3,640 |
| 5,182 | Net Profit after tax | 3,949 | 3,204 |
| | Ratios | | |
| 10.50 | Net profit margin (%) | 9.56 | 8.68 |
| 0.029 | Earnings per share (RO) | 0.022 | 0.018 |
| 0.287 | Book value per share (RO) | 0.290 | 0.274 |

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)

Company support charitable initiatives which impact large segments of communities. During YTD September 2016 the company is constantly committed to local initiatives with a significant focus on education, as well as SME development, environment, safety, health and sports.

Future Outlook

The Global Container Shipping Industry is still reeling from the collapse of Hanjin Shipping Line during Q3. Hanjin was the 7th largest shipping line, with approximately 3% global market share. In spite of the withdrawal of Hanjin capacity from the global market, there still remains significant structural overcapacity which is expected to keep shipping rates depressed in the coming months. No significant improvement in the current trend can be forecast for the near future. Overcapacity is also plaguing Terminal Operators, specifically in the Middle East / Indian Subcontinent region, which is resulting in continued expectations of lower rates for all discretionary volumes.

In the Port of Salalah CT, the volumes have continued to grow. More work will have to be done in Q4 and 2017 to strengthen our relationships with cargo owners and other shipping lines in order to protect the positive momentum.

The General Cargo Terminal (GCT) has unfortunately seen an unexpected drop of dry bulk exports, particularly in Limestone. For the last 2 months of Q3, the volumes of Limestone Exports were substantially lower and Gypsum was also trending lower. Aggressive local competition has reduced the margins for the miners and put pressure on the Port to reduce already low rates. Additionally, increased competition and lower costs offered by regional Limestone markets have impacted the Salalah limestone exports. Gypsum exports, while lower, are expected to rebound based on market feedback.

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 of Board of Directors,
Salalah Port Services Co. SAOG
08th Nov, 2016

UN-AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 SEPT 2016

| 30-Sep-15 US \$ '000 | 30-Sep-16 US \$ '000 | 30-Sep-16 RO'000 | 30-Sep-15 RO'000 |
|----------------------|----------------------|------------------|------------------|
| 192,151 | 174,787 | 67,228 | 73,904 |
| 489 | 452 | 174 | 188 |
| 751 | 772 | 297 | 297 |
| 13,000 | 39,000 | 15,000 | 5,000 |
| 206,391 | 215,009 | 82,699 | 79,381 |
| 3,548 | 5,054 | 1,943 | 1,965 |
| 12,343 | 20,053 | 7,712 | 4,747 |
| 59,959 | 26,271 | 10,104 | 23,056 |
| 75,850 | 51,378 | 19,759 | 29,168 |
| 282,241 | 266,387 | 102,457 | 108,548 |
| 46,758 | 46,758 | 17,984 | 17,984 |
| 7,867 | 7,867 | 2,949 | 2,949 |
| 15,587 | 15,587 | 5,995 | 5,995 |
| (2,951) | (1,349) | (619) | (1,135) |
| 252 | 252 | 97 | 89 |
| 60,877 | 66,875 | 25,721 | 23,415 |
| 128,170 | 135,790 | 52,227 | 49,297 |
| 21 | 80 | 31 | 8 |
| 128,192 | 135,869 | 52,258 | 49,305 |
| 58,038 | 34,822 | 13,393 | 22,322 |
| 20,150 | 16,944 | 5,517 | 7,750 |
| 5,329 | 6,495 | 2,498 | 2,125 |
| 983 | 517 | 199 | 378 |
| 84,700 | 58,779 | 22,607 | 32,576 |
| 46,989 | 47,692 | 18,343 | 18,067 |
| 20,392 | 23,215 | 8,929 | 7,843 |
| 1,968 | 832 | 320 | 757 |
| 69,349 | 71,739 | 27,592 | 26,667 |
| 154,049 | 130,518 | 50,199 | 59,243 |
| 282,241 | 266,387 | 102,457 | 108,548 |
| 0.71 | 0.75 | 0.290 | 0.274 |

UN-AUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR NINE MONTHS ENDED 30 SEPT 2016

| 30-Sep-15 US \$ '000 | 30-Sep-16 US \$ '000 | 30-Sep-16 RO'000 | 30-Sep-15 RO'000 |
|----------------------|----------------------|------------------|------------------|
| 95,924 | 107,451 | 41,327 | 36,893 |
| (58,016) | (67,333) | (25,895) | (22,314) |
| (13,263) | (13,719) | (5,277) | (5,102) |
| (13,445) | (14,943) | (5,745) | (5,703) |
| 1,111 | 2,280 | 877 | 427 |
| 12,311 | 13,795 | 5,287 | 4,734 |
| (2,844) | (2,065) | (902) | (1,094) |
| 9,467 | 11,851 | 4,485 | 3,640 |
| (1,134) | (1,393) | (338) | (436) |
| 8,333 | 10,258 | 3,949 | 3,204 |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| (11) | - | - | (4) |
| 770 | 590 | 227 | 296 |
| 759 | 590 | 227 | 292 |
| 759 | 590 | 227 | 292 |
| 9,092 | 10,848 | 4,176 | 3,496 |
| 8,407 | 10,264 | 3,951 | 3,232 |
| (73) | (6) | (2) | (28) |
| 9,166 | 10,854 | 4,178 | 3,524 |
| (73) | (6) | (2) | (28) |
| 0.05 | 0.06 | 0.022 | 0.018 |