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DIRECTOR'S REPORT FOR 3 MONTHS ENDED 31ST MARCH 2024

Dear Shareholders.

On behalf of the Board of Directors, I have the pleasure in presenting the annual report of your company along with the Unaudited consolidated financial results for the first quarter March 31, 2024 (Q1 2024).

Operational Overview

During Q1 2024 the container terminal handled a volume of 878 K TEUs compared to 1056 K TEUs in corresponding period last year, a decrease of -17%. Container terminal throughput decreased in Q1-2024 vs Q1-2023 driven by the Red Sea issue and capacity constraint related to the ongoing upgrade.

The Port of Salalah General Cargo segment has handled 5.763 million tons during Q1 2024 as compared to 5.039 million during Q1 2023, a growth of 14%. The overall general cargo volume increase is due to higher demand in export markets for dry bulk (gypsum and limestone).

In Q1 2024, The Company received its first 4 STS (Ship-To-Shore) cranes for the Container Terminal as part of the ongoing upgrade. The Company's top priority remains to ensure the safety of its employees, contractors, and customers, and to this end, the company continues to invest in technology and infrastructure to minimize the risk.

Financial Overview

The consolidated revenue from operations for 2024 is recorded at RO 17.929 million compared to RO 17.939 million. Consolidated EBITDA is recorded at RO 3.605 million compared to RO 4.118 million. Consolidated Net Profit for Q1 2024 is recorded at RO 846K, as compared to RO 1.169 million during the corresponding period last year.

Employee Development

Our people contribute to the success of the company. In order for the company to stay competitive it needs to remain at the forefront of the industry with continued education on procedures, technologies, and best practices. The company continues to invest in training and development of its workers, with a focus on Omanization and skills development of local talent

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 benefiting the larger segments of communities requiring support are the guiding posts of the company's CSR program.

Outlook

The ongoing disruptions in the Red Sea are having a significant impact on global container transport, and consequently, our operations in Salalah are also being affected. Major customers have adjusted their networks, rerouting eastbound services to Cape of Good Hope or implementing suspension of some services.

Forecasts for the remainder of 2024 indicate a sustained decrease in overall container volume, estimated at -20-25% driven by transshipment volume, as the resolution of the ongoing crisis remains uncertain. However, gate volume is not expected to be impacted except for longer transit times faced by customers and limited space availability. Having said that, mitigation initiatives are underway to minimize the gap created by the decline in transshipment volume which will remain the key focus for the remainder of the year.

The general cargo volume, driven by the dry bulk and liquid bulk sectors, displayed notable resilience in Q1, showcasing a robust year-on-year growth despite rising costs stemming from increased insurance costs. This resilience can be attributed to strong demand in Asia. Forecasts indicate that this strong performance is to be sustained throughout the remainder of the year, defying prevailing challenges.

Conclusion

On behalf of the Board of Directors and the shareholders of the company, I 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. I also thank our customers, investors, and the members of the government we work together.

We place on record our appreciation for the contributions of all our employees, who continue to perform with high distinction. Our consistent growth was possible by their hard work, solidarity, cooperation, and support.

On behalf of the Board of Directors,

Braik Musallam Al Amri Chairman of Board of Directors, Salalah Port Services Co. SAOG 7th May 2024

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 AND PARENT STATEMENT OF FINANCIAL POSITION AS OF 31ST MARCH 2024

Parent Company		Conso	lidated		Parent Company		Consolidated	
Mar-2024	Mar-2023	Mar-2024	Mar-2023		Mar-2024	Mar-2023	Mar-2024	Mar-2023
US \$ '000	US \$ '000	US \$ '000	US \$ '000		RO'000	RO'000	RO'000	RO'000
				ASSETS				
1,41,255	1,53,526	1,41,439	1,53,685	Property and equipment	59,047	54,328	59,108	54,399
20,011	18,148	20,072	18,199	Right of use of Assets	6,980	7,697	7,000	7,720
1,644	1,082	1,644	1,082	Intangible assets	416	631	416	631
546	546	_	-	Investments in Subsidiary	210	210		-
26,000	49,401	26,000	49,401	Long term deposits	19,000	10,000	19,000	10,000
1,89,456	2,22,703	1,89,155	2,22,367	Non-current assets	85,653	72,866	85,524	72,750
8,427	6,294	8,427	6,294	Inventories	2,420	3,241	2,420	3,241
5,738	7,667	5,738	7,667	Other current assets	2,949	2,207	2,949	2,207
6,980	15,054	6,980	15,054	Trade receivables	5,789	2,685	5,789	2,685
4,010	7,522	4,010	7,522	Other financial assets at amortised cost	2,893	1,542	2,893	1,542
20,601	30,600	20,601	30,600	Short term deposits	11,769	7,923	11,769	7,923
71,824	13,238	71,824	13,239	Cash and cash equivalents	5,092	27,625	5,093	27,625
1,17,580	80,375	1,17,580	80,376	Current assets	30,912	45,223	30,913	45,223
3,07,036	3,03,078	3,06,735	3,02,743	Total assets	1,16,565	1,18,089	1,16,437	1,17,973
				EQUITY				
46,758	46,758	46,758	46,758	Share capital	17,984	17,984	17,984	17,984
7,666	7,666	7,666	7,666	Share premium	2,949	2,949	2,949	2,949
15,584	15,584	15,665	15,665	Legal reserve	5,994	5,994	6,025	6,025
1,21,217	1,23,033	1,21,578	1,23,337	Retained earnings	47,325	46,621	47,438	46,756
				Equity attributable to equity				
1,91,225	1,93,041	1,91,667	1,93,426	holders of parent company	74,252	73,548	74,396	73,714
1,91,225	1,93,041	1,91,667	1,93,426	Total equity	74,252	73,548	74,396	73,714
				LIABILITIES				
				Non Current Liabilities				
19,174	17,056	19,241	17,105	Lease Liabilities	6,560	7,374	6,578	7,400
11,007	13,377	11,007	13,377	Employees' end of service benefits	5,145	4,233	5,145	4,233
9,848	8,923	9,836	8,910	Deferred tax	3,432	3,788	3,427	3,783
40,029	39,356	40,084	39,392	Total Non Current Liabilities	15,137	15,395	15,150	15,416
				Current Liabilities				
5,096	5,540	5,100	5,551	Lease Liabilities	2,131	1,960	2,135	1,962
54,671	52,401	53,869	51,634	Trade and other payables	20,144	21,027	19,855	20,722
13,580	9,598	13,580	9,598	Contract liabilities	3,692	5,223	3,692	5,223
2,435	3,142	2,435	3,142	Current tax liabilities	1,209	936	1,209	936
75,782	70,681	74,984	69,925	Total Current Liabilities	27,176	29,146	26,891	28,843
1,15,811	1,10,037	1,15,068	1,09,317	TOTAL LIABILITIES	42,313	44,541	42,041	44,259
3,07,036	3,03,078	3,06,735	3,02,743	TOTAL EQUITY AND LIABILITIES	1,16,565	1,18,089	1,16,437	1,17,973
1.06	1.07	1.07	1.08	Net assets per share (US \$ / RO)	0.41	0.41	0.41	0.41

UNAUDITED CONSOLIDATED AND PARENT STATEMENT OF INCOME FOR THE PERIOD 31ST MARCH 2024

Parent Company		Consolidated			Parent Company		Consolidated	
Mar-2024	Mar-2023	Mar-2024	Mar-2023		Mar-2024	Mar-2023	Mar-2024	Mar-2023
US \$ '000	US \$ '000	US \$ '000	US \$ '000		RO'000	RO'000	RO'000	RO'000
46,641	46,616	46,641	46,616	Revenue	17,929	17,939	17,929	17,939
(32,798)	(34,224)	(32,798)	(34,224)	Direct operating costs	(13,162)	(12,615)	(13,162)	(12,615)
(4,372)	(5,028)	(4,379)	(5,035)	Other operating expenses	(1,933)	(1,680)	(1,936)	(1,683)
(6,112)	(5,620)	(6,117)	(5,622)	Administration and general expenses	(2,163)	(2,353)	(2,164)	(2,354)
(142)	(118)	(142)	(118)	Net Impairment reversal on financial assets	(45)	(54)	(45)	(54)
137	202	137	202	Other Income	78	53	78	53
3,354	1,828	3,342	1,819	Operating profit	704	1,290	700	1,286
617	1,142	617	1,142	Finance income	439	237	439	237
(373)	(358)	(374)	(359)	Finance costs	(137)	(143)	(138)	(144)
3,598	2,612	3,585	2,602	Profit before tax	1,006	1,384	1,001	1,379
(542)	(404)	(542)	(404)	Income tax	(155)	(209)	(155)	(209)
3,056	2,208	3,043	2,198	Profit for the period	851	1,175	846	1,170
-	-		-	Other comprehensive income for the period, net of tax		-		-
3,056	2,208	3,043	2,198	Total comprehensive income for the period, net of tax	851	1,175	846	1,170
				Profit attributable to :				
3,056	2,208	3,043	2,198	Equity holders of the parent	851	1,175	846	1,170
-	-			Non-controlling interests	•	-	•	-
				Total comprehensive income attributable to :				
3,056	2,208	3,043	2,198	Equity holders of the parent	851	1,175	846	1,170
-	-	-	-	Non-controlling interests		-	-	-
3,056	2,208	3,043	2,198		851	1,175	846	1,170
0.02	0.01	0.02	0.01	Basic and diluted earnings per share (US \$ / RO)	0.01	0.01	0.01	0.01