

**DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2023**
**Dear Shareholders,**

On behalf of the Board of Directors, I have the pleasure in presenting the annual report of your company along with the audited financial statements for the year ended 31st December 2023.

**Operational Overview**

During the year 2023 the container terminal handled a volume of 3.794 million TEUs (2022: 4.504 million TEUs). The company has retained all major customers and Maersk's contribution to the total business has remained consistent during the year.

The Port of Salalah General Cargo segment has handled 20.500 million tons during 2023 as compared to 18.400 million during 2022 a growth of 12%. The overall general cargo volume increase is due to higher demand in export markets for gypsum and limestone. The general cargo 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 multipurpose terminal facility.

The Company's top priority is ensuring 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. The Company continues to focus on improvements through various initiatives to maintain operations of a world-class terminal and has maintained consistent productivity levels.

**Financial Overview**

The consolidated revenue from operations for 2023 is recorded at RO 68.578 million decrease of 3.30% Consolidated EBITDA is recorded at RO 13.269 million which corresponds to an EBITDA margin of 19.24%. This compares to RO 14.012 million a margin of 19.68% during the corresponding period last year. The operational margin was impacted by end-of-service benefits as per new labour law guidelines and lower container throughput over the corresponding period last year. Consolidated Net Profit for the year 2023 is recorded at RO 2.804 million, as compared to RO3.222 million during the corresponding period last year.

During 2023, your company distributed ten baiza per share annual dividend pertaining to the year 2022. Considering various capital expenditure plans to meet the equipment life cycle requirements and port improvement needs, as well as the volatile market conditions for international trade the Board of Directors are pleased to recommend the distribution of a dividend of 10 baiza per share on the paid-up equity share capital of the company, resulting in a total cash disbursement of RO 1,798 million.

**DIVIDEND HISTORY FOR THE LAST 5 YEARS**

	2018	2019	2020	2021	2022
Dividend %	15%	20%	25%	15%	10%
Cash Outlay (RO'000)	2,698	3,597	4,496	2,698	1,798

**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 enhancing the 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. The company has invested RO 100,409 in CSR initiatives during 2023 contributing to the local Dhofar region in which we operate as well as segments of communities requiring support. 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**

In the fourth quarter, geopolitical tensions exerted a considerable influence on global and regional trade, resulting in disruptions to liner networks, service rerouting, and escalating insurance and freight expenses. Notably, in December '23, the situation in the Red Sea prompted vessel diversions and network disturbances, profoundly impacting business performance and operational efficiency. Despite ongoing uncertainties surrounding liner services, both carriers and customers are actively seeking alternative solutions.

December'23 witnessed a notable 22% decline in container volume as vessels diverted away from the Red Sea region. This trend is projected to persist into the first quarter of 2024, signalling a pessimistic outlook for the year ahead unless there are positive developments in the political landscape. Such developments could potentially lead to reduced container volumes, exacerbating space shortages for exporters and importers and driving up freight costs due to surcharges. However, amid these challenges, new opportunities are emerging, particularly in the realm of multimodal transport. Cargo can now be offloaded in Salalah and transported via road to final destinations within the GCC. Customers in Jordan are also exploring these alternative options, indicating a shift towards more flexible and adaptable transportation solutions.

In the General Cargo segment, December 23 also saw a 26% decline in volume compared to targets, driven by escalating freight expenses and limited vessel availability. However, the situation normalized in January '24, with volumes returning to expected levels, notably supported by key markets in India and other Asian countries. General Cargo is expected to perform well in the coming months, except for Liquid Bulk, which remains reliant on Red Sea routes and may encounter reliability issues.

**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. I also thank our customers, investors and the members of the government we work together.

Lastly, but certainly not least, I place on record our appreciation for the contributions made by our employees in achieving the level of performance in 2023. 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  
20th February 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.

**AUDITED CONSOLIDATED AND PARENT STATEMENT OF FINANCIAL POSITION AS OF 31 ST DECEMBER 2023**

Parent Company		Consolidated		Parent Company		Consolidated	
2022	2023	2022	2023	2023	2022	2023	2022
US \$ '000	US \$ '000	US \$ '000	US \$ '000	RO '000	RO '000	RO '000	RO '000
1,43,576	<b>1,55,168</b>	1,43,769	<b>1,55,332</b>	59,680	<b>55,222</b>	59,744	<b>55,297</b>
21,000	<b>19,129</b>	21,062	<b>19,181</b>	7,357	<b>8,077</b>	7,377	<b>8,101</b>
1,803	<b>1,246</b>	1,803	<b>1,246</b>	479	<b>693</b>	479	<b>693</b>
546	<b>546</b>	-	<b>-</b>	210	<b>210</b>	-	<b>-</b>
-	<b>49,400</b>	-	<b>49,400</b>	19,000	<b>-</b>	19,000	<b>-</b>
<b>1,66,925</b>	<b>2,25,489</b>	1,66,634	<b>2,25,159</b>	86,726	<b>64,202</b>	86,600	<b>64,091</b>
6,861	<b>6,944</b>	6,861	<b>6,944</b>	2,671	<b>2,639</b>	2,671	<b>2,639</b>
5,836	<b>7,673</b>	5,836	<b>7,673</b>	2,951	<b>2,245</b>	2,951	<b>2,245</b>
24,103	<b>30,399</b>	24,103	<b>30,399</b>	11,692	<b>9,270</b>	11,692	<b>9,270</b>
3,509	<b>4,970</b>	3,509	<b>4,970</b>	1,911	<b>1,350</b>	1,911	<b>1,350</b>
36,201	<b>30,601</b>	36,201	<b>30,601</b>	11,769	<b>13,923</b>	11,769	<b>13,923</b>
67,520	<b>14,245</b>	67,520	<b>14,245</b>	5,479	<b>25,969</b>	5,479	<b>25,969</b>
<b>1,44,030</b>	<b>94,832</b>	1,44,030	<b>94,832</b>	36,473	<b>55,396</b>	36,473	<b>55,396</b>
<b>3,10,955</b>	<b>3,20,321</b>	3,10,664	<b>3,19,991</b>	1,23,199	<b>1,19,598</b>	1,23,073	<b>1,19,487</b>
46,758	<b>46,758</b>	46,758	<b>46,758</b>	17,984	<b>17,984</b>	17,984	<b>17,984</b>
7,666	<b>7,666</b>	7,666	<b>7,666</b>	2,949	<b>2,949</b>	2,949	<b>2,949</b>
15,584	<b>15,584</b>	15,665	<b>15,665</b>	5,994	<b>5,994</b>	6,025	<b>6,025</b>
1,22,833	<b>1,25,501</b>	1,23,203	<b>1,25,815</b>	48,272	<b>47,244</b>	48,390	<b>47,384</b>
<b>1,92,841</b>	<b>1,95,509</b>	1,93,292	<b>1,95,904</b>	75,199	<b>74,171</b>	75,348	<b>74,342</b>
1,92,841	<b>1,95,509</b>	1,93,292	<b>1,95,904</b>	75,199	<b>74,171</b>	75,348	<b>74,342</b>
20,429	<b>18,159</b>	20,502	<b>18,217</b>	6,984	<b>7,857</b>	7,007	<b>7,885</b>
10,599	<b>13,039</b>	10,599	<b>13,039</b>	5,015	<b>4,076</b>	5,015	<b>4,076</b>
10,321	<b>9,445</b>	10,308	<b>9,432</b>	3,633	<b>3,970</b>	3,628	<b>3,965</b>
41,349	<b>40,643</b>	41,409	<b>40,688</b>	15,632	<b>15,903</b>	15,650	<b>15,926</b>
4,763	<b>5,473</b>	4,767	<b>5,475</b>	2,104	<b>1,832</b>	2,106	<b>1,833</b>
48,201	<b>59,518</b>	47,398	<b>58,749</b>	22,888	<b>18,538</b>	22,593	<b>18,232</b>
22,357	<b>16,962</b>	22,357	<b>16,962</b>	6,524	<b>8,599</b>	6,524	<b>8,599</b>
1,444	<b>2,216</b>	1,441	<b>2,213</b>	852	<b>555</b>	852	<b>555</b>
76,765	<b>84,169</b>	75,963	<b>83,399</b>	32,368	<b>29,524</b>	32,075	<b>29,219</b>
1,18,114	<b>1,24,812</b>	1,17,372	<b>1,24,087</b>	48,000	<b>45,427</b>	47,725	<b>45,145</b>
<b>3,10,955</b>	<b>3,20,321</b>	3,10,664	<b>3,19,991</b>	1,23,199	<b>1,19,598</b>	1,23,073	<b>1,19,487</b>
1.07	<b>1.09</b>	1.07	<b>1.09</b>	0.42	<b>0.41</b>	0.42	<b>0.41</b>

**AUDITED CONSOLIDATED AND PARENT STATEMENT OF COMPREHENSIVE INCOME FOR 31ST DECEMBER 2023**

Parent Company		Consolidated		Parent Company		Consolidated	
2022	2023	2022	2023	2023	2022	2023	2022
US \$ '000	US \$ '000	US \$ '000	US \$ '000	RO '000	RO '000	RO '000	RO '000
1,84,364	<b>1,78,302</b>	1,84,364	<b>1,78,302</b>	68,578	<b>70,909</b>	68,578	<b>70,909</b>
(1,36,364)	<b>(1,31,998)</b>	(1,36,376)	<b>(1,32,008)</b>	(50,768)	<b>(52,447)</b>	(50,772)	<b>(52,451)</b>
(16,346)	<b>(17,182)</b>	(16,375)	<b>(17,211)</b>	(6,608)	<b>(6,285)</b>	(6,619)	<b>(6,297)</b>
(25,026)	<b>(23,874)</b>	(25,034)	<b>(23,887)</b>	(9,182)	<b>(9,626)</b>	(9,187)	<b>(9,629)</b>
282	<b>23</b>	282	<b>23</b>	9	<b>108</b>	9	<b>108</b>
2,455	<b>1,257</b>	2,455	<b>1,257</b>	483	<b>944</b>	483	<b>944</b>
9,365	<b>6,528</b>	9,316	<b>6,476</b>	2,512	<b>3,603</b>	2,492	<b>3,584</b>
2,548	<b>3,693</b>	2,548	<b>3,693</b>	1,420	<b>980</b>	1,420	<b>980</b>
(1,660)	<b>(1,564)</b>	(1,665)	<b>(1,568)</b>	(601)	<b>(638)</b>	(603)	<b>(640)</b>
10,253	<b>8,657</b>	10,199	<b>8,601</b>	3,331	<b>3,945</b>	3,309	<b>3,924</b>
(1,826)	<b>(1,313)</b>	(1,826)	<b>(1,313)</b>	(505)	<b>(702)</b>	(505)	<b>(702)</b>
8,427	<b>7,344</b>	8,373	<b>7,288</b>	2,826	<b>3,243</b>	2,804	<b>3,222</b>
-	<b>-</b>	-	<b>-</b>	-	<b>-</b>	-	<b>-</b>
8,427	<b>7,344</b>	8,373	<b>7,288</b>	2,826	<b>3,243</b>	2,804	<b>3,222</b>
8,427	<b>7,344</b>	8,373	<b>7,288</b>	2,826	<b>3,243</b>	2,804	<b>3,222</b>
8,427	<b>7,344</b>	8,373	<b>7,288</b>	2,826	<b>3,243</b>	2,804	<b>3,222</b>
0.05	<b>0.04</b>	0.05	<b>0.04</b>	0.02	<b>0.02</b>	0.02	<b>0.02</b>