

**DIRECTOR'S REPORT 2022**
**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 2022.

**Operational Overview**

During the year 2022 the container terminal handled a volume of 4.504 million TEUs (2021 : 4.512 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 18.395 million tons during 2022 as compared to 16.895 million tons during 2021 a growth of 9%. The overall general cargo volume increase is mainly 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 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 2022 is recorded at RO 70.909 million an increase of 6% over the corresponding period last year.

Consolidated EBITDA was recorded at RO 14.012 million which corresponds to an EBITDA margin of 19.68%. This compares to RO 15.538 million - a margin of 23.26% during corresponding period last year. The operational margin was impacted mainly by the increase in fuel expenses of RO 3 million and direct staff cost of RO 2 million.

Consolidated Net Profit for the year 2022 was recorded at RO 3.220 million, as compared to RO 4.638 million during corresponding period last year.

During 2022, your company distributed 10 baiza per share annual dividend pertaining to year 2021. 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 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**

	2017	2018	2019	2020	2021
Dividend %	15%	15%	20%	25%	10%
Cash Outlay (RO'000)	2,698	2,698	3,597	4,496	1,798

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.

**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 Organization 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 89 K in CSR initiatives during 2022 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.

**Future Outlook**

Given the state of the global economy, we can look forward to a continued drop in consumer demand, oversupply associated with reduced purchasing, and an ongoing economic crisis with inflation and a potential recession. While the supply chain issues will diminish in 2023 shipping costs will be more favorable to trade. The World Trade Organization forecast world GDP to grow at a rate of 2.3% in 2023—1% lower than their previous estimate. This having said the Middle East/ GCC growth in 2023 is predicted to be 3.1%.

In terms of the containerized segment, the transshipment volume, which constitutes the major segment, continues to remain negatively impacted by the network schedule reliability of carriers. Moreover, we expect lower transshipment volume due to the Container Terminal Upgrade project in 2023-24, however, the outlook for gate volume looks positive and expected to show growth in 2023.

In the dry bulk segment, the softening of freight rates in the global container trade have eased the pressure on the availability of dry bulk geared vessels and corresponding impact on freight rates are also more favorable to exporters. This helps facilitate the growth of Lime stone and Gypsum exports from Oman which are expected to show positive growth in Q1 as we have also set an ambitious target for the year ahead.

**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 with daily.

Lastly, but certainly not the least, I place on record our appreciation for the contributions made by our employees in achieving the level of performance in 2022. 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  
 23 February 2023

**AUDITED CONSOLIDATED AND PARENT STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2022**

Parent Company		Consolidated		Parent Company		Consolidated	
2022	2021	2022	2021	2022	2021	2022	2021
US \$ '000	US \$ '000	US \$ '000	US \$ '000	RO'000	RO'000	RO'000	RO'000
139,857	145,159	140,075	145,352	55,830	53,791	55,905	53,875
24,843	21,000	24,916	21,062	8,077	9,555	8,101	9,583
257	220	257	220	85	99	85	99
546	546	-	-	210	210	-	-
165,503	166,925	165,248	166,634	64,202	63,655	64,091	63,572
7,025	6,861	7,025	6,861	2,639	2,702	2,639	2,702
6,128	4,291	6,128	4,291	1,651	2,357	1,651	2,357
23,026	24,103	23,083	24,103	9,270	8,856	9,270	8,878
7,977	5,054	7,977	5,054	1,944	3,068	1,944	3,068
32,500	36,201	32,500	36,201	13,923	12,500	13,923	12,500
70,247	67,520	70,247	67,520	25,969	27,018	25,969	27,018
146,903	144,030	146,960	144,030	55,396	56,501	55,396	56,523
312,406	310,955	312,208	310,664	119,598	120,156	119,487	120,080
46,758	46,758	46,758	46,758	17,984	17,984	17,984	17,984
7,666	7,666	7,666	7,666	2,949	2,949	2,949	2,949
15,584	15,584	15,665	15,665	5,994	5,994	6,025	6,025
119,082	122,833	119,506	123,203	47,244	45,799	47,384	45,960
189,090	192,841	189,959	193,292	74,171	72,728	74,342	72,918
23,507	20,429	23,590	20,502	7,857	9,041	7,885	9,073
9,672	10,599	9,672	10,599	4,076	3,720	4,076	3,720
10,137	10,321	10,127	10,308	3,970	3,899	3,965	3,895
43,316	41,349	43,369	41,409	15,903	16,660	15,926	16,688
4,950	4,763	4,950	4,767	1,832	1,904	1,833	1,904
48,226	48,201	47,450	47,398	18,538	18,549	18,232	18,253
22,789	22,357	22,789	22,357	8,599	8,765	8,599	8,765
4,035	1,444	4,035	1,441	555	1,552	555	1,552
80,000	76,765	79,224	75,963	29,524	30,770	29,219	30,474
123,316	118,114	122,613	117,372	45,427	47,430	45,145	47,162
312,406	310,955	312,208	310,664	119,598	120,156	119,487	120,080
1.05	1.07	1.05	1.07	0.41	0.40	0.41	0.41

**AUDITED CONSOLIDATED AND PARENT STATEMENT OF COMPREHENSIVE INCOME FOR YEAR ENDED 31 DECEMBER 2022**

Parent Company		Consolidated		Parent Company		Consolidated	
2022	2021	2022	2021	2022	2021	2022	2021
US \$ '000	US \$ '000	US \$ '000	US \$ '000	RO'000	RO'000	RO'000	RO'000
173,391	184,364	173,430	184,364	70,909	66,689	70,909	66,704
(116,181)	(126,157)	(116,181)	(126,157)	(48,521)	(44,685)	(48,521)	(44,685)
(18,156)	(23,044)	(18,187)	(23,074)	(8,862)	(6,983)	(8,874)	(6,995)
(27,136)	(28,535)	(27,152)	(28,554)	(10,975)	(10,437)	(10,982)	(10,443)
296	282	296	282	108	114	108	114
1,098	2,455	1,098	2,455	944	422	944	422
13,312	9,365	13,304	9,316	3,603	5,120	3,584	5,117
2,662	2,548	2,662	2,548	980	1,024	980	1,024
(1,859)	(1,660)	(1,864)	(1,665)	(638)	(715)	(640)	(717)
14,115	10,253	14,102	10,199	3,945	5,429	3,924	5,424
(2,043)	(1,826)	(2,043)	(1,826)	(702)	(786)	(702)	(786)
12,072	8,427	12,059	8,373	3,243	4,643	3,222	4,638
12,072	8,427	12,059	8,373	3,243	4,643	3,222	4,638
12,072	8,427	12,059	8,373	3,243	4,643	3,222	4,638
12,072	8,427	12,059	8,373	3,243	4,643	3,222	4,638
0.07	0.05	0.07	0.05	0.02	0.03	0.02	0.03