

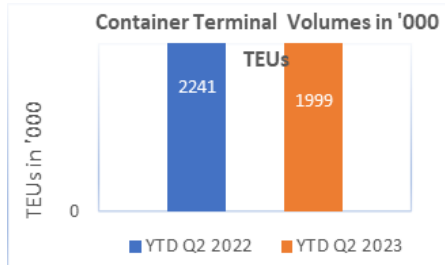
DIRECTOR'S REPORT FOR THE HALF YEAR ENDED 30TH JUNE 2023

Dear Shareholders,

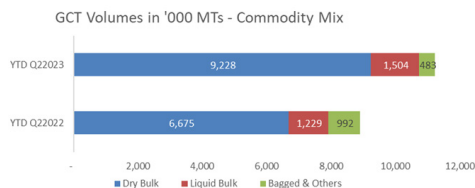
On behalf of the Board of Directors, I have the pleasure in presenting the unaudited consolidated financial results of your company for the period ended 30th June 2023 (H1 2023).

Operational Overview

During H1, 2023 the Container Terminal (CT) handled 1.999 million compared to 2.241 million TEUs in corresponding period last year, a decrease of 11%.



The GCT has handled 11.215 million tons of general cargo during H1, 2023, as compared to 8.896 million corresponding period last year, an increase of 26%. 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, 2023 was recorded at RO 2.363 million, as compared to the corresponding period last year at profit of RO 1.418 million. Consolidated EBITDA was recorded at RO 8.028 million during H1, 2023, as compared to RO 6.598 million during same period last year.

Total Revenue from Operations marginally increased by 2% compared to the same period last year mainly due to higher GCT volumes. 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.

There was a marginal decrease in total cost in H1,2023 as compared to H1,2022 due to lower maintenance & repair cost and staff cost.

Year 2022	Particulars	1 Jan 2023 to 30th June 2023	1 Jan 2022 to 30th June 2022
4,344	Volume		
15,296	Container Terminal (TEUs'000)	1,999	2,241
	General Cargo Terminal (Tons'000)	11,295	8,896
70,909	Revenue (RO'000)	35,843	35,113
3,924	Profitability (RO'000)		
3,222	Net Profit before tax	2,781	1,931
	Net Profit/ (Loss) after tax	2,363	1,418
4.54	Ratios		
0.03	Net profit / (Loss) (%)	6.59	4.04
0.03	Earnings per share (RO)	0.01	0.01
0.40	Book value per share (RO)	0.42	0.40

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 courses are offered 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 workplace.

Corporate Social Responsibility (CSR)

The 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 post of the company CSR program.

Future Outlook

The International Monetary Fund (IMF) predicts global economic growth of only 2.8% in 2023 and 3.0% in 2024. Volumes in the first half of 2023 showed negative growth for container shipping as head-haul and regional trade lanes have not yet recovered from the slowdown that began in the second half of 2022. Key container shipping line, in their Asia Pacific market update of June 2023, predicts that the growth in the second half is expected to be much slower than we saw over the previous six months in container shipping.

In the container segment for Salalah, the targets for 2023 for transshipment has been set at -14% compared to 2022 due to the capacity constraints coming out of the Container Terminal upgrade. Looking at the first half, the overall gate volume has increased by 3% over same period of 2022 whereas the laden gate volume (Export & Import full) increased by 8%. We expect this trend to continue in the second half of 2023 for gate volume.

With an ambitious target of 20MMT by end 2023 (a growth of 10% YoY), The General Cargo business is off to a good start in the first half of 2023 with volume exceeding the Year-to-date target by +12%. The main contributions come from dry bulk and liquid bulk. The dry bulk performance is driven by strong demand in key markets in India and other Asian countries. While a marginal slowdown is expected in Q3 compared to Q2 owing to the Khareef restrictions, forecasts are positive for the second half which will help to close the year with good growth over 2022.

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 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 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
August 10, 2023

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 30TH JUNE 2023

Parent Company		Consolidated		Parent Company		Consolidated	
Jun-2022	Jun-2023	Jun-2022	Jun-2023	Jun-2023	Jun-2022	Jun-2023	Jun-2022
US \$ '000	US \$ '000	US \$ '000	US \$ '000	RO'000	RO'000	RO'000	RO'000
153,141	138,551	153,349	138,733	53,289	58,901	53,358	58,980
22,973	19,024	23,043	19,083	7,318	8,836	7,340	8,863
239	201	239	201	77	92	77	92
546	546	-	-	210	210	-	-
-	26,000	-	26,000	10,000	-	10,000	-
176,899	184,322	176,631	184,017	70,894	68,039	70,775	67,935
7,592	8,414	7,592	8,414	3,236	2,920	3,236	2,920
5,427	5,758	5,427	5,758	2,215	2,087	2,215	2,087
8,147	8,701	8,147	8,701	3,347	3,133	3,347	3,133
6,639	6,577	6,639	6,577	2,530	2,554	2,530	2,554
31,200	20,601	31,200	20,601	7,923	12,000	7,923	12,000
59,814	82,230	59,814	82,230	31,627	23,006	31,627	23,006
118,819	132,281	118,819	132,281	50,878	45,700	50,878	45,700
295,718	316,603	295,450	316,298	121,772	113,739	121,653	113,635
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
118,114	124,326	118,531	124,665	47,819	45,427	47,949	45,587
188,122	194,334	188,620	194,754	74,746	72,354	74,907	72,545
21,944	18,218	22,022	18,285	7,007	8,440	7,032	8,470
9,970	11,143	9,970	11,143	4,286	3,834	4,286	3,834
9,970	9,741	9,957	9,729	3,747	3,835	3,742	3,830
41,884	39,102	41,949	39,157	15,040	16,109	15,060	16,134
4,950	5,142	4,950	5,146	1,978	1,904	1,979	1,904
49,254	50,038	48,422	49,254	19,245	18,946	18,944	18,626
10,255	26,318	10,255	26,318	10,122	3,944	10,122	3,944
1,253	1,669	1,254	1,669	641	482	641	482
65,712	83,167	64,881	82,387	31,986	25,276	31,686	24,956
107,596	122,269	106,830	121,544	47,026	41,385	46,746	41,090
295,718	316,603	295,450	316,298	121,772	113,739	121,653	113,635
1.05	1.08	1.05	1.08	0.42	0.40	0.42	0.40

UNAUDITED CONSOLIDATED AND PARENT STATEMENT OF COMPREHENSIVE INCOME FOR 30TH JUNE 2023

Parent Company		Consolidated		Parent Company		Consolidated	
Jun-2022	Jun-2023	Jun-2022	Jun-2023	Jun-2023	Jun-2022	Jun-2023	Jun-2022
US \$ '000	US \$ '000	US \$ '000	US \$ '000	RO'000	RO'000	RO'000	RO'000
91,284	93,192	91,291	93,192	35,843	35,110	35,843	35,113
(64,100)	(59,128)	(64,100)	(59,128)	(22,742)	(24,652)	(22,742)	(24,652)
(10,908)	(14,532)	(10,923)	(14,548)	(5,589)	(4,196)	(5,595)	(4,201)
(13,737)	(13,552)	(13,750)	(13,565)	(5,213)	(5,284)	(5,216)	(5,289)
123	(76)	123	(76)	(29)	48	(29)	48
1,872	529	1,872	529	204	720	204	720
4,534	6,433	4,513	6,404	2,474	1,746	2,465	1,739
1,344	1,541	1,344	1,541	593	517	593	517
(840)	(743)	(843)	(746)	(286)	(323)	(287)	(324)
5,038	7,231	5,014	7,199	2,781	1,940	2,771	1,932
(1,335)	(1,062)	(1,335)	(1,062)	(408)	(514)	(408)	(514)
3,703	6,170	3,679	6,138	2,373	1,426	2,363	1,418
-	-	-	-	-	-	-	-
3,703	6,170	3,679	6,138	2,373	1,426	2,363	1,418
3,703	6,170	3,679	6,138	2,373	1,426	2,363	1,418
-	-	-	-	-	-	-	-
3,703	6,170	3,679	6,138	2,373	1,426	2,363	1,418
-	-	-	-	-	-	-	-
3,703	6,170	3,679	6,138	2,373	1,426	2,363	1,418
0.02	0.03	0.02	0.03	0.01	0.01	0.01	0.01