Energizing Oman's Future

Annual Report 2024

الباطنة للطاقة

AL BATINAH POWER

HIS MAJESTY
SULTAN HAITHAM BIN TARIK

Contents

BOARD OF DIRECTORS AND KEY EXECUTIVE OFFICERS

Board of Directors	Position
Mr. Muhammad Fawad Akhtar	Chairperson
Mr. Gopal Hariharan	Deputy Chairperson
Mr. Khalil Ahmed Al Harthy	Director
Mr. Boris Max Smondack	Director
Mr. Masamitsu Hirose	Director
Mr. Shabib Abdullah Mohamed Al-Busaidi	Director
Mr. Pradeep Asrani	Director
Mr. Mohamed Amur Mohamed Al-Mamari	Director
Mr. Sami Nasser Badar Al Riyami	Director
Mr. Makoto Imabayashi	Director
Mr. Yasser Ramadan Mahamad Kheir	Director

Key Executive Officers	Position
Mr. Saud Hamed Ahmed Al Waili	Chief Executive Officer
Mr. Yasuhito Tsuyuguchi	Chief Financial Officer

Board of Directors' Report

Dear Shareholders,

On behalf of the Board of Directors of Al Batinah Power Company SAOG (the "Company"), I have the pleasure of presenting the Company's Directors' Report for the year ended 31 December 2024.

Operational Highlights

The plant crossed 4,926 lost time accident-free days since inception, maintaining its excellent track record of zero lost time accidents and zero environmental incidents, which reflects our continued focus on health, safety, security, and environment.

The plant's operation was excellent during the period, achieving a reliability of 99.26%. The plant delivered 4,155 GWh to the grid, translating to a load factor of 64.23% compared to 47.29% for the corresponding period of 2023.

Financial Results

	12-month-2024 RO'000s Audited	12-month-2023 RO'000s Audited	Percentage change
Revenues	78,967	66,332	19.0%
Direct costs	(57,433)	(45,263)	
Gross profit	21,534	21,069	2.2%
Other income	566	477	
General and administrative expenses	(883)	(842)	
Profit before interest and tax	21,217	20,704	2.5%
Finance costs	(4,915)	(6,016)	
Finance income	290	260	
Profit before tax	16,592	14,948	11.0%
Tax	(2,490)	(2,243)	
Net Profit for the year	14,102	12,705	11.0%

Higher revenues and direct costs, as compared to the previous year were attributed mainly to a higher plant load factor. The variability of the plant load factor influences the fuel and energy charges received from Nama Power & Water Procurement Company SAOC ("PWP"), however, these charges are passed through to the gas supplier and the O&M service provider hence there is no material impact on the Company's profitability. Higher gross profit was mainly attributed to lower maintenance costs. In addition, the steady reduction in the finance costs positively contributed to higher profit before tax. As a result, the net profit was 11.0% higher than the corresponding period of the previous year.

The share price was 65 Baizas at the end of December 2024.

Corporate Social Responsibility

Striving to ensure that the Company positively impacts people and the country, the Company allocated an amount of OMR 50,000 for the CSR initiatives for the year 2024 and is undertaking the following CSR activities:

- Contributed 20% of its CSR budget to Oman Charitable Organization as per the Ministry of Commerce, Industry, and Investment Promotion decision number 205/2021.
- In collaboration with Al Suwadi Power Company SAOG (ASPC), the Company engaged Sohar University to run a Student's Competition between Oman Universities and Colleges on Problem Solving related to Power Plants.
- In collaboration with ASPC, the Company signed a contract with Ministry of Education to sponsor Green Schools Project and Inclusive classrooms Initiative.
- Signed a contract with Ministry of Education to sponsor STEM Oman Program.
- Sponsored interactive Boards initiative through the Ministry of Education.
- Sponsored Educational Planting Project.

- Signed an agreement to install Solar PV project with A/C at waiting stations for taxi drivers and car users.
- Provided health centres with refrigerators for storing vaccines.

Medium term Outlook

All reasonable measures are taken by the management to maintain high availability and reliability levels. Any change in the power supply and demand landscape in the Sultanate has substantially no impact on the financial performance of the Company since its profitability is mainly derived from its plant availability.

Acknowledgement

I would like to extend my personal thanks to all personnel associated with the operation of the power plant and the staff of the Company for their hard work and dedication, as well as to those others, such as our contractors, whose expertise has assisted us in achieving these excellent results.

Finally, on behalf of the Board of Directors, I would like to extend our deep appreciation and gratitude to His Majesty Sultan Haitham Bin Tariq and His Government for their continued support and encouragement to the private sector by creating an environment that allows us to participate effectively in the growth of the Sultanate's economy and to dedicate our achievements to the building of a strong nation.

Muhammad Fawad Akhtar
Chairperson of the Board

Profile of Major Shareholders

Kahrabel FZE

Kahrabel FZE oversees and manages the development, construction and operation of the electricity and water production business of ENGIE group in MENA region. It is an entity 100% owned by International Power S.A., which is ultimately owned indirectly by ENGIE group. Engie is a global reference in low-carbon energy and services, committed to accelerate the transition towards a carbon-neutral world, through reduced energy consumption and more environmentally-friendly solutions. As of 2023, Engie had 97.3 thousand employees, and revenues of 82.6 billion Euros. The Group is listed on the Paris and Brussels stock exchanges (ENGI) and is represented in the main financial indices (CAC 40, Euronext 100, FTSE Eurotop 100, MSCI Europe) and non-financial indices (DJSI World, DJSI Europe, Euronext Vigeo Eiris - Eurozone 120/ Europe 120/ France 20, MSCI EMU ESG, MSCI Europe ESG, Euro Stoxx 50 ESG, Stoxx Europe 600 ESG, and Stoxx Global 1800 ESG).

Middle East Investment LLC

Middle East Investment LLC is a subsidiary of Suhail Bahwan Group, which is one of the foremost & most reputed business house in the Sultanate of Oman.

Middle East Investment LLC is mainly engaged in investment & trading in quoted & un-quoted equity and debt securities.

MEI has grown to become a reputed Omani Investment Company. An achievement resulting from unwavering commitment to Sultanate of Oman, the professionalism of the Group's employees, a keen sense of social responsibility with a strong awareness of its operating environment and the exceptional vision and close adherence to basic values. MEIs portfolios focuses on investing in banking, power, telecom, consumer & pharmaceutical sectors that provide the opportunity to create and capture value in a risk averse manner. The Company professionally managed investment stakes consist of local and international diversified portfolios of securities, debts and direct investment.

Sojitz Global Investment B.V. (SGI)

Sojitz Global Investment B.V. (SGI) is a wholly owned subsidiary of Sojitz, which is an investment and trading corporation based in Tokyo, Japan, and listed on the Tokyo Stock Exchange.

Sojitz employs more than 20,000 people worldwide (as of September 2024) and achieved revenues of JPY 2.4 trillion in the fiscal year ended in March 2024 (IFRS basis).

Sojitz was established through the merger of Nichimen Corporation (established in 1892) and Nissho Iwai Corporation (established in 1896) in 2004. Sojitz conducts its operations in around 50 countries through over 400 consolidated subsidiaries and affiliated companies in Japan and overseas. Sojitz's business activities are wide-ranging, covering machinery, energy and metal, chemicals and consumer lifestyle. Sojitz's strength lies not only in developing financial schemes, but also in conducting accurate analysis of markets through its overseas networks and determining the commercial viability of businesses using accumulated expertise in various fields. Sojitz has used these skills to pursue opportunities in IPP/IWPP businesses as a developer, investor, finance arranger and/or project coordinator. Sojitz has been involved in IPP projects worldwide including Oman, Saudi Arabia, USA, Indonesia, Vietnam, Mexico, and Japan.

Specifically in the Gulf region, Sojitz has long been actively involved in power and water business including EPC projects such as Ghubrah Phase 1, 2, 3/4 and 5, IPP projects such as PP11 IPP (1,729 MW) in Saudi Arabia and Barka-3 (744 MW, CCGT) / Sohar-2 (744MW, CCGT) in Oman and IWPP project such as Mirfa (1,600MW/ 52.5 MIGD).

Further information about Sojitz is available at: http://www.sojitz.com/en/

SEP International Netherlands B.V. (SEPI)

SEPI is a wholly owned subsidiary of Shikoku Electric Power Co., Inc. (YONDEN) for investing to and managing IPP/IWPP projects outside Japan. YONDEN holds shares in Barka-3 & Sohar-2 IPP (each 744MW, GTCC) in Oman, Ras Laffan C IWPP (2,730MW, GTCC & 63MIGD) in Qatar, Sharjah Hamriyah IPP (1,800MW, GTCC) in U.A.E., Riyadh PP11 IPP (1,730MW, GTCC) in Saudi Arabia, other than IPP projects including thermal and photovoltaic power in U.S.A., Chile, Vietnam, and Myanmar.

YONDEN, listed on the Tokyo Stock Exchange, is one of major electric power utilities and YONDEN Group carries out the integrated process of generating, transmitting, distributing, and selling electricity to approx. 3.6 million people in Shikoku region, Japan. YONDEN employs approx. 2,200 people and has achieved consolidated operating revenues of USD 5.2 billion from the electricity sales of 30.6 TWh in the fiscal year ended March 31, 2024. Since its establishment in 1951, YONDEN has contributed to regional development through the stable supply of low-cost, high-quality electricity by establishing a balanced energy mix that combines nuclear, coal, oil, gas, hydro, and solar power, totaling approx. 5.3MW (net and gross) in generating capacity at 63power stations.

Especially in the thermal power field, approx. 400 engineers engage in engineering, construction, operation and maintenance of thermal power plants whose generating capacity is approx. 3.3MW with their

comprehensive experiences, skills and know-how obtained for 70+ years.

Further information about YONDEN is available at: http://www.yonden.co.jp/english/index.html

Social Protection Fund (SPF)

The Social Protection Fund is the official entity responsible for launching all social protection initiatives and programs in the Sultanate of Oman. It is an entity with administrative and financial independence established by Royal Decree No. (33/2021). Its mission is to implement the provisions of the Social Protection Law and the relevant legislation, and to cooperate with the authorities dedicated for carrying out protection, empowerment, integration, welfare and support programs to ensure the availability of such programs to eligible categories.

Corporate Social Responsibility Report

Al Batinah Power Company SAOG (the "Company") considers corporate citizenship as a key element of the business success. Striving to ensure that the Company has a positive impact on people and the country, the Company allocated 50,000 OMR for the CSR initiatives for the year 2024, as summarized in the table below:

Project Description		Amount (RO)
1)	Oman Charitable Organization	10,000.000
2)	Initiatives for the Ministry of Education: - Green Schools Project - Inclusive classrooms Initiative - Interactive Boards - STEM Oman Program	25,000.000
3)	Student's Competition between Oman Universities and Colleges on Problem Solving related to Power Plants	3,150.000
4)	Educational Planting Project	5,085.000
5)	Solar PV project with A/C at waiting stations for taxi drivers and car users in Al Dakhiliya.	5,725.000
6)	Refrigerators for MOH Health Centers to Store Vaccines	1,040.000
	Total	**50,000.000**

1) Oman Charitable Organization

The Company contributed 20% of its CSR budget to Oman Charitable Organization as per the Ministry of Commerce, Industry, and Investment Promotion decision number 205/2021.

2) Initiatives for the Ministry of Education

Al Batinah Power Company SAOG, in collaboration with Al Suwadi Power Company, signed a contract with the Ministry of Education to sponsor the Green Schools Project, the Inclusive Classes Initiative, and the purchase of interactive boards.

- **Green Schools Project:** Through the Green Schools initiative, students are equipped with essential knowledge on the circular economy and sustainability. This includes fostering an understanding of environmental preservation, highlighting the importance of natural resources, and instilling behaviours and values conducive to achieving sustainable development goals.
- **Inclusive Classes Initiative:** The goal of the inclusive classes is to provide an inclusive educational environment that supports the interaction of students with special needs with their peers in regular classes, thus enhancing communication and social interaction skills among all students. The initiative also aims to develop their academic and personal skills, raise awareness of diversity and acceptance of others, and empower students to acquire independence skills while promoting collaboration and teamwork.
- **Interactive Boards:** 38 schools across various governorates of the Sultanate were sponsored with interactive Boards. Interactive boards are classroom tools that allow for an enriched, dynamic and engaging educational experience for both teachers and students. Interactive boards in the classroom significantly simplify the teaching and learning process in the classroom, making each lesson more time-efficient, effective and engaging

The Company has also signed a contract to sponsor STEM Oman Program of Ministry of Education. The STEM Oman Program is an educational system that aims to combine the four basic education subjects, Science, Technology, Engineering and Mathematics and link and mix them in an integrated manner in creative ways based on scientific experiments to transform ideas into practical applications that focus on linking education to daily life through developing creative and critical thinking skills among students.

3) **Student's Competition between Oman Universities and Colleges on Problem Solving related to Power Plants**

In collaboration with Al Suwadi Power company SAOG, the company engaged Sohar University to organize a competition among Oman universities and colleges students on solving issues related to power plants. The competition aimed to encourage innovation and enhance analytical thinking among students in the power sector, encourage innovation in addressing real-word power plants challenges, promote collaboration between academia, industry and individuals as well as develop sustainable technological solutions to the challenges faced by power plants.

4) **Green Education Program (Educational Planting Project)**

Al Batinah Power played a key role as a sponsor for the Green Education Program, which was developed under the Green Schools Program in collaboration with the Ministry of Education. This initiative was implemented in six schools in the Al Dakhiliyah Governorate, reflecting a strong commitment to environmental sustainability and enhancing community engagement. The program addressed key environmental challenges and worked to raise sustainability and environmental awareness within the schools and surrounding communities, contributing to the creation of a more sustainable educational environment. The program aligns with Oman Vision 2040 and the national goal of achieving net-zero carbon emissions, fostering effective participation in the conservation of natural resources and achieving sustainable development in the Sultanate. ABPC is proud to sponsor the Water Boxes initiative, providing these innovative systems to schools for students to learn from and benefit. Water boxes are eco-friendly irrigation tools designed to store and gradually release water directly to plant roots, ensuring efficient water usage and reducing wastage. These systems not only help in maintaining healthy plant growth but also serve as an excellent learning resource for students, teaching them about sustainable water management and environmental conservation. By using water boxes, schools can promote water conservation, support eco-friendly practices, and inspire the next generation to care for the environment.

5) **Solar PV project with A/C at waiting stations for taxi drivers and car users in Al Dakhiliya**

Al Batinah Power Company signed an agreement to install a Solar Photovoltaic (PV) project with air conditioning at two waiting stations for taxi drivers and road users. This project aims to provide a sustainable and comfortable environment for those spending time at taxi stations, especially during hot weather. By usinging the power of solar energy, the system generates electricity to run air conditioning units and lights, ensuring that the stations remain cool and comfortable without relying on conventional, energy-intensive power sources.

This initiative not only supports the health and well-being of the community but also contributes to environmental sustainability by reducing the carbon footprint associated with traditional energy consumption.

The solar facility is expected to be fully commissioned in Q1 2025.

6) **Refrigerators for MOH Health Centers to Store Vaccines**

The initiative to provide health centers with refrigerators for storing vaccines aims to ensure the safe and effective storage of vaccines at appropriate temperatures, thus contributing to preserving their efficacy and quality. This step is crucial to ensure the provision of effective healthcare services and enhance efforts to maintain the health of the community.

Management Discussion and Analysis Report

Management Discussion and Analysis Report

The management of Al Batinah Power Company SAOG (the "Company") is pleased to present its report on the Company's business structure, opportunities and threats, operational and financial performance, risks and concerns, outlook and other matters of importance to the shareholders.

Industry structure and development

In 2004, the 'Sector Law' came into force which provides the framework for the industry structure of electricity and related water in Oman. It led to the establishment of an independent regulatory authority, the Authority for Electricity Regulation (currently, the Authority for Public Services Regulation (ASPR)), a single procurement company, Nama Power and Water Procurement Company SAOC (PWP) and a holding company, Electricity Holding Company SAOC (EHC).

PWP is responsible for ensuring that there is sufficient electricity and water production capacity available at the lowest cost to meet growing demands in Oman. PWP undertakes long-term generation planning and identifies new projects to be developed by private sector entities, in order to meet the future power generation and water desalination requirements of Oman.

Oman's electricity sector is partly government-owned and partly privatized. PWP's portfolio of contracted power and water capacity comprises of long-term contracts with power and/or desalination plants in operation.

The Company's Generation License was amended in January 2019 to reflect the introduction of the electricity spot market. The Company is closely following PWP's "spot market" arrangements for the future procurement of power from independent power producers. Although the Company has a Power Purchase Agreement (PPA) with PWP which expires in April 2028, the proposed spot market rules will require the Company to participate, on a daily basis, in the "spot market" process albeit with no risk to its revenue arrangements agreed within the existing PPA. With the proposed arrangement, PWP aims to enhance dispatch efficiency by increasing transparency, achieving fuel efficiency, efficient asset utilization and clarity in respect of post PPA term revenue opportunities for generators, thereby enhancing transparency of the treatment of expiring PPAs. PWP would continue to retain its role as the single buyer of all wholesale electricity in the country.

Opportunities and Threats

The Company has a well-established contractual framework ensuring stable and predictable cash flows.

Contractual Framework

The Power Purchase Agreement (PPA) with PWP is resilient to potential shocks in gas prices and power demand until 2028. PWP is the sole purchaser of all electricity output from the power plant (the "Plant") and the Company is fully dependent on timely payments by PWP.

The Natural Gas Sales Agreement (NGSA) executed with the Integrated Gas Company SAOC (erstwhile Ministry of Energy and Minerals and Ministry of Oil and Gas) secures the availability of fuel (natural gas) back to back with the PPA term. The gas price will be revised with annual escalation of minimum 3% as per the NGSA. However, as the gas cost is a pass-through element under the PPA, the Company has no impact from the increase in the gas price.

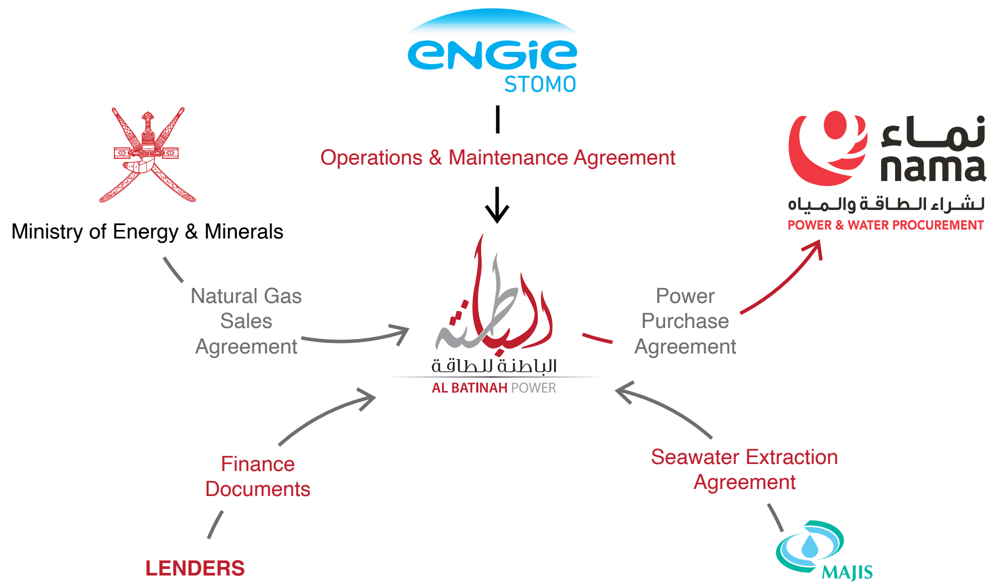
The Seawater Extraction Agreement executed with Majis Industrial Services SAOC (Majis) secures the availability of chlorinated seawater, which the Company uses mainly for cooling purpose for different equipment of the Plant.

The Company has entered into financing agreements with a consortium of international banks and export credit agencies. The interest rates volatility is adequately hedged through entering into interest rate swap agreements thus improving the predictability of cash flows available to shareholders.

The technological risk is considered low as the Plant uses proven technology from renowned international suppliers (mainly Siemens).

Suez-Tractebel Operation and Maintenance Oman LLC (ENGIE STOMO) is contracted to operate and maintain the Plant for the term of the PPA. STOMO is an experienced and skilled operator with the largest O&M expertise in Oman. The operations and maintenance standards of the Plant are based on international best practices, in accordance with ENGIE's policies and principles which in turn are derived from its experience in operating numerous power generation plants worldwide.

Finally, the Company continues to benefit from the extensive experience of its main shareholders in ownership and operation of power projects in the country and worldwide.



Discussion on operational performance

Health and Safety

Health and safety performance is given utmost importance within the Company and encompasses STOMO, various contractors and sub-contractors, in order to achieve the goal set by the top management: zero harm and zero environmental incidents.

The overall health, safety, security and environmental (HSSE) performance in 2024 was excellent with no lost-time accident (LTA) reported. The Company takes pride to inform that the Plant has completed 4,926 days without LTA (1,524,512 man hours) by the end of 2024.

The Plant holds major standard certifications like ISO 14001 and ISO 45001 as a testimony for plant commitment toward safe people and equipment and a safe environment. Many other proactive actions undertaken by the Company and STOMO have led to such excellent accomplishment of HSSE objectives:

- Management reviews and safety walks
- Proactive key performance indicators (KPI)
- Behavioral-based program called "fresh eyes."
- Implementation of INTELEX – a safety reporting management system
- Behavioral Attitude Recommendation Standards (BARS) is a corporate initiative introduced by Engie as part of wider loss control and risk management approach.
- All the O&M managers and HSE staff are NEBOSH certified

Every incident or near miss is taken very seriously, analyzed, and actions are proactively implemented and shared internally and with board members to benefit from their experience and network to ensure best practice.

Human Resources – training and career development

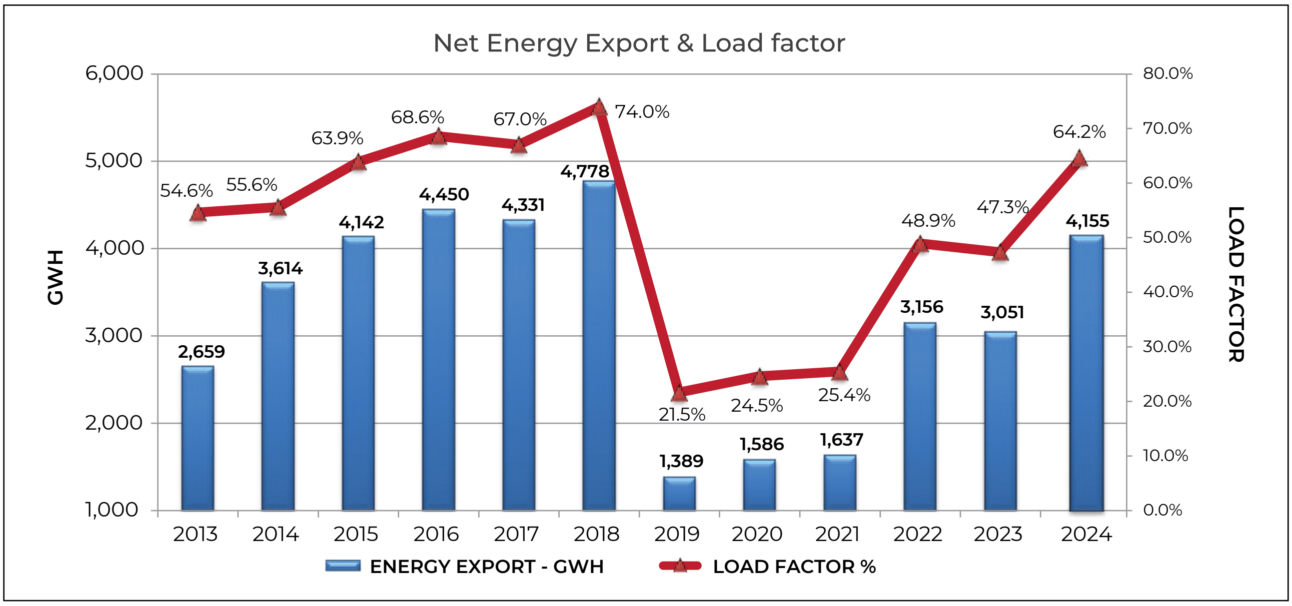
Training values at the Plant are established by STOMO. These are primarily aimed to ensure that all of their employees perform their tasks in the most efficient and safe manner. The Company and STOMO are committed to empower qualified Omani Nationals to acquire better-quality engineering and related skills and take up higher responsibilities in operating and maintaining the Plant. To this end, since inception, the strategy of the Company and STOMO has been to train and develop qualified Omani staff to take up additional responsibilities in the due course. Annual performance review of each employee includes assessment of their career growth. STOMO has been successful in identifying candidates, especially young Omani graduates, with high potentials to take them through a higher level of specialized training and peer guidance to scale the echelons of senior management, reaching the highest position in a power company.

The Company too has established processes and has implemented its human resource policy that maps career graph for young Omani Nationals to achieve their potentials and grow professionally and take up senior positions.

Net energy export and load factor

The net energy export and load factor during 2024 was 16.9% higher compared to the previous year (Refer to Chart No. 1).

Chart no. 1: Plant Yearly Energy Export& Load factor



Capacity

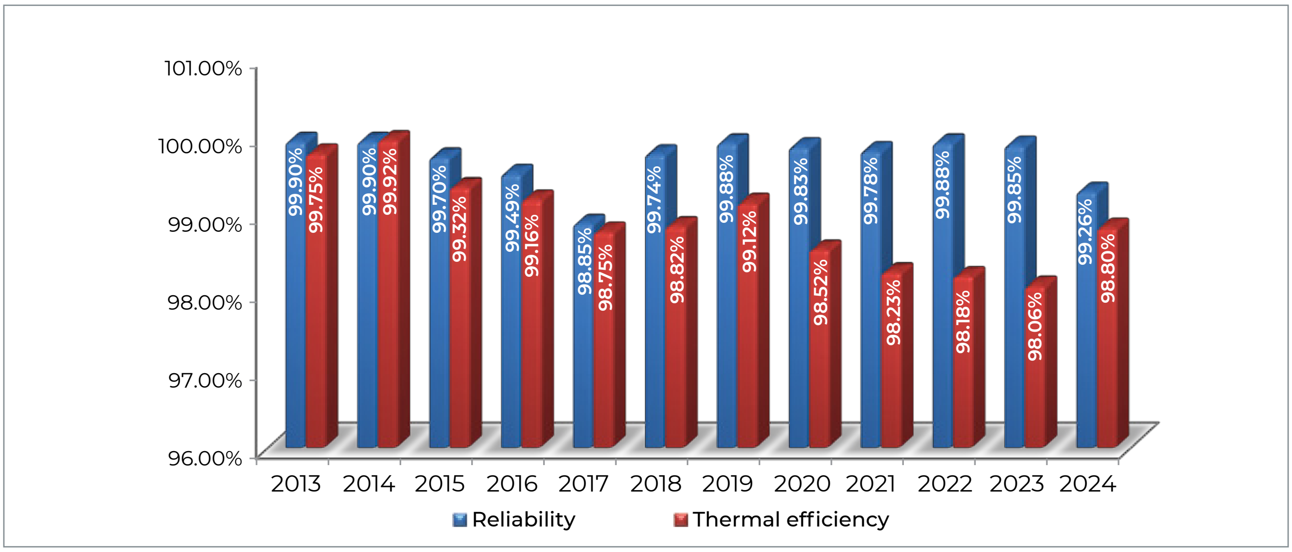
The capacity of a plant is defined as the total electrical power (MW), which can be delivered by the Plant at reference site conditions. As defined in the PPA, the guaranteed contracted capacity slightly and gradually decreases over the first 5 years of the project and then reaches a plateau at 736.53 MW from Contract Year 6 until the end of the PPA. This guaranteed contracted capacity has been successfully demonstrated by a performance test in April 2024.

Reliability and Thermal Efficiency

The reliability of a plant is its ability to deliver the declared capacity, as per the PPA. The Plant's operational reliability over the last 12 years has been excellent by industry standards and materially contributes to the Company's financial performance. The plant has achieved a reliability of 99.26% in 2024 (Refer to Chart no. 2).

The plant continues discovering new opportunities to improve its efficiency, which can shrink its negative fuel margin.

Chart no. 2: Plant Reliability and Thermal Efficiency



Maintenance

Maintenance of the Plant was undertaken as per the standard operations and maintenance processes recommended by the Original Equipment Manufacturer (OEM), Siemens, also condition-based monitoring. The major inspection of GT12 has been done in 2023 and GT11 in 2024.

EPC Warranty

EPC Warranty claims have been reduced drastically, and only a few remain open to be rectified, awaiting gas turbine major inspections. The Warranty bond value was reduced to be commensurate with the open warranty claims, and the Warranty bond remains valid until 31 December 2025.

Discussion on financial performance

Figures in RO millions		2024	2023	% change
Revenues	1	78.97	66.33	19.0%
Gross Profit	2	21.53	21.07	2.2%
Net Profit	3	14.10	12.71	11.0%
Net Profit before Finance costs	4	18.73	18.46	1.4%
Total Assets	5	227.43	237.40	-4.2%
Capital (Paid-up)	6	67.49	67.49	0.0%
Equity before hedging reserve	7	129.14	122.80	5.2%
Term Loans *	8	56.31	74.20	-24.1%
Weighted average number of shares	9	674.89	674.89	0.0%
Actual number of shares outstanding	10	674.89	674.89	0.0%
Ordinary Dividends	11	7.76	-	N/A

Key Financial Indicators				
Net Profit Margin	3/1	17.9%	19.2%	N/A
Return on Capital (Paid-up)	3/6	20.9%	18.8%	N/A
Return on Capital Employed	4/(7+8)	10.1%	9.4%	N/A
Debt Equity ratio	8:7	30.4 : 69.6	37.7 : 62.3	N/A
Net assets per share (Baizas)	7/9	191.35	181.95	5.2%
Basic earnings per share (Baizas)	3/9	20.90	18.83	11.0%
Dividends per share (Baizas)	11/10	11.50	-	N/A

** Excluding unamortised transaction cost*

Analysis of Profit & Loss

Higher revenue as compared to the previous year was attributed mainly to higher plant load factor. The variability of the plant load factor influences the fuel and energy charge received from PWP. However, these charges are passed through to the MEM and STOMO, hence no material impact on the Company's profitability.

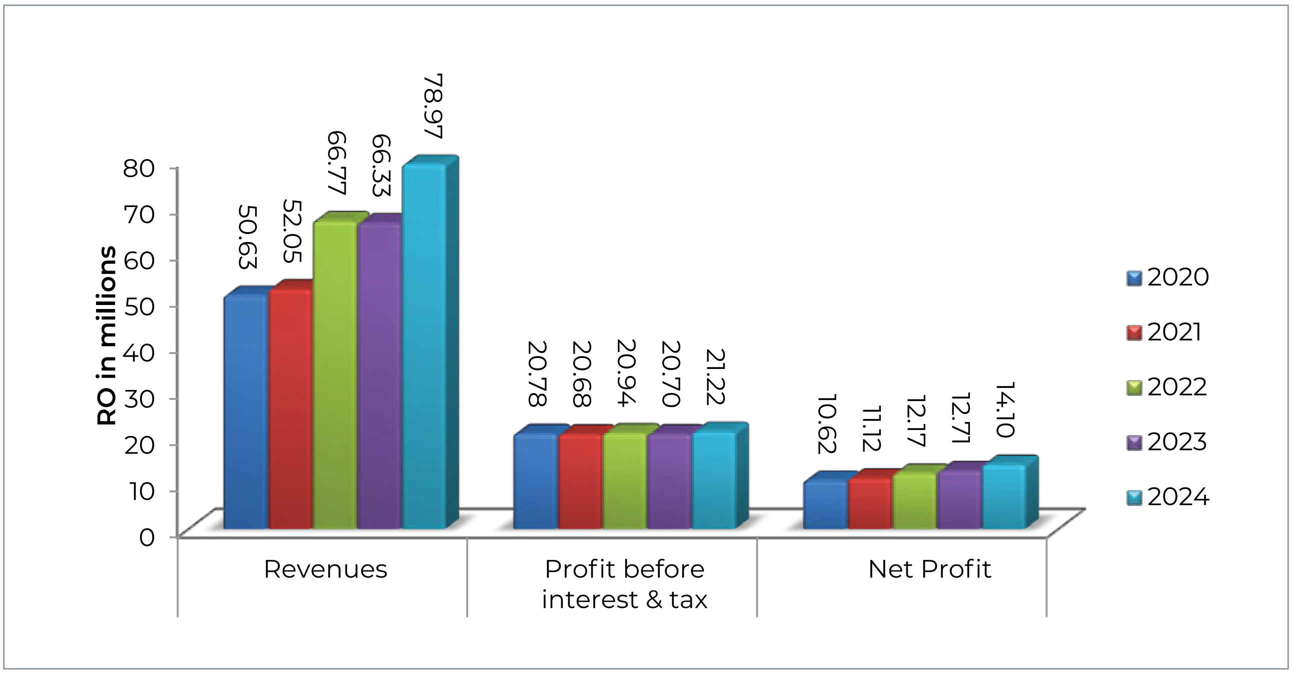
The excellent plant operations enabled the Company to achieve high gross profit. Higher gross profit as compared to the previous year was attributed mainly to the lower O&M expenses.

Furthermore, the steady reduction in the finance costs because of the scheduled debt repayments positively contributed to the better profit before tax. Consequently, the Net Profit for the year 2024 was increased by 11.0% compared to the previous year.

As a result, the basic earnings per share increased to 20.90 Baizas for the year 2024 compared to 18.83 Baizas in year 2023.

The Company revenue and profit in the last five years are graphically displayed in Chart no. 3 below:

Chart no. 3: Key profitability indicators



Analysis of Balance Sheet

Total assets of the Company stood at RO 227.43 million as on 31 December 2024 as compared to RO 237.40 million previous year mainly due to the depreciation charge for the year.

Trade Receivables are mostly from PWP and that is expected to be settled in due course as provided in PPA.

The Equity before hedging reserve increased to RO 129.14 million as of 31 December 2024 mainly due to higher net profit earned during year 2024.

Term Loans (including non-current and current balances) have reduced to RO 56.31 million as a result of scheduled loan repayments in accordance with the terms agreed within the Finance Documents.

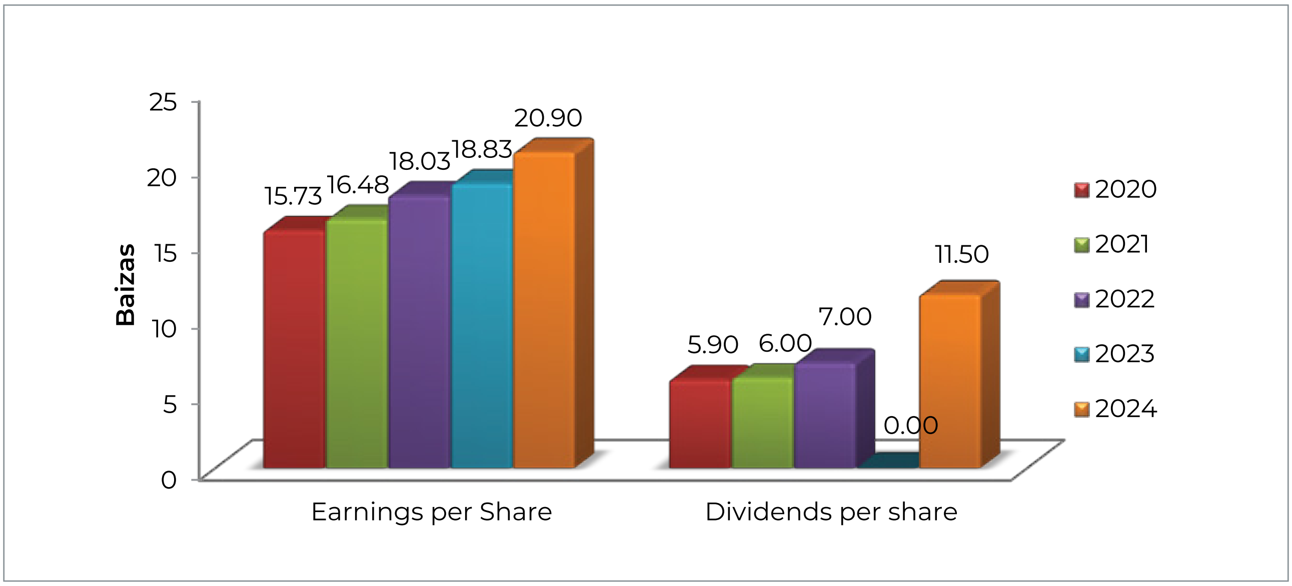
Dividend Distribution

The Company successfully refinanced its commercial loan facility on 31 January 2024, thereby eliminating the cash sweep which was effective from 30 April 2023.

The Company's dividend policy of distributing available cash is conditional upon fulfilling covenants agreed within the Finance Documents which include making adequate provisions for forecasted loan repayments and operating expenses. Consistent with the Company's policy and in accordance with Financial Service Authority regulations, the Company declared and distributed dividend of RO 7.76 million (translating to 11.5 Baizas per share) in year 2024 (paid out of the audited retained earnings for the year ended 31 December 2023).

The shareholder's value of the Company in the last five years is graphically displayed in Chart no. 4 below:

Chart no. 4: Shareholders value



Risks and Concerns

Loss of Availability due to Mechanical Breakdown

The principal risk to the Company is the Plant being unavailable due to mechanical breakdown. In order to mitigate this risk, the Company ensures and monitors that STOMO operates and maintains the Plant in line with the Company's directives, best industry practices maintenance schedules prescribed by the OEMs.

Loss of Availability due to Accidental Damage

In accordance with industry best practices, the Company ensures that adequate insurance policies are in place to protect the business against property damage and loss of income arising from accidental damage.

PWP Payments

All invoices have been settled within the agreed credit period.

Spot Market

Authority for Public Utility Services (ASPR) has issued a modified Generation License making it mandatory for the Company to participate in the spot market. The spot market "go live" has started from 1 January 2022. However, the Company revenues will not be impacted during the term of the PPA.

Outlook

The Company continues to consistently perform its obligation under the PPA in order to ensure the compensation by PWP.

Recognizing that the long-term sustainability of the Company's financial results depends upon its efficient operational base, the management will continue to focus on ensuring high levels of the Plant availability whilst closely controlling overhead costs.

Internal control systems and their adequacy

The management is fully aware of the importance of a strong internal control system. Since conversion of the Company's status to SAOG in 2014, the Company has appointed a full time in-house internal auditor. Further, the management employed one more internal auditor in 2022 to enhance the internal control system. Adequate training opportunities have been provided to the internal auditor to build upon their professional skills.

The management continues to evaluate all business processes along with related policies and procedures and also implements the recommendations of the internal auditor to further augment the overall internal controls environment of the Company.

Achievements

The company had been awarded as one of the best 5 performing companies under the Small Cap Category during the 2024 ALAM AL-IKTISAD. In addition, achieved zero non-compliance – Health, Safety, Security, Environment, Regulations, Rules, Contracts, ...etc.

Gratitude and Conclusion

The management acknowledges and appreciates the commitment and diligence of all employees of the Company while assuring them of their career advancement and continued welfare.

Saud Hamed Al Waili

Chief Executive Officer

Corporate Governance Report

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Sultanate of Oman
Tel. +968 24 749600, www.kpmg.com/om

Private and confidential
Our ref: aud/aa/sm/19619/25

Agreed-upon procedures on Code of Corporate Governance ("the Code") of Al Batinah Power Company SAOG

To the Board of Directors of Al Batinah Power Company SAOG

Purpose of this Agreed-Upon Procedures Report and Restriction on Use and Distribution

Our report is solely for the purpose of assisting the Al Batinah Power Company SAOG for submission of agreed upon procedures report on the compliance with the Code of Corporate Governance (the "Code") to Financial Services Authority ("FSA") (formerly Capital Market Authority) to assist in compliance of requirements prescribed in the FSA Circular No. E/10/2016 dated 1 December 2016 (together the "Governance Code") and may not be suitable for another purpose. This report is intended solely for the Al Batinah Power Company SAOG and the intended users and should not be used by, or distributed to, any other parties.

Responsibilities of the Al Batinah Power Company SAOG

The Board of Directors has acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

The Management of Al Batinah Power Company SAOG is responsible for the accuracy and completeness of the subject matter on which the agreed-upon procedures are performed.

Practitioners' Responsibilities

We have conducted the agreed-upon procedures engagement in accordance with the International Standard on Related Services (ISRS) 4400 (Revised), *Agreed-Upon Procedures Engagements*. An agreed-upon procedures engagement involves our performing the procedures that have been agreed with Al Batinah Power Company SAOG, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness of the agreed upon procedures.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion.

Had we performed additional procedures, other matters might have come to our attention that would have been reported.

Practitioners' Responsibilities (continued)

Professional Ethics and Quality Management

We have complied with the relevant ethical requirements including independence requirements of the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethical Standards Board for Accountants.

Our firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Procedures and Findings

We have performed the procedures described below, which were agreed upon with Al Batinah Power Company SAOG in the terms of engagement dated 13 January 2025, on the compliance with the Code:

S. No	Procedures	Findings
(a)	We checked that the corporate governance report (the report) issued by the Board of Directors includes as a minimum, all items suggested by FSA to be covered by the report as detailed in the Annexure 3 of the Code by comparing the report with such suggested content in the Annexure 3	No exceptions noted.
(b)	We obtained the details regarding areas of non-compliance with the Code identified by the Company's Board of Directors for the year ended 31 December 2024. With respect to procedure above, we inquired from and obtained written representation from management and those charged with governance for non-compliance with the Code for the year ended 31 December 2024.	No non-compliance with the Code noted during the year.

This report relates only to the items specified above and does not extend to the Company's financial statements taken as a whole.

KPMG

KPMG LLC
13 February 2025

KPMG
KPMG LLC
Children's Public Library Building
4th floor, Shatti Al Qurum
P O Box 641, PC 112
Sultanate of Oman
CR.No: 1358131

Corporate Governance Report

The Board of Directors (the "Board") of Al Batinah Power Company SAOG (the "Company") hereby presents their Corporate Governance Report for the year ended 31 December 2024 in accordance with the Code of Corporate Governance of Public Listed Companies (the "Code"), clarifications and notifications issued by the Financial Services Authority (the "FSA") from time to time.

Company's philosophy

The Company follows the principles of good Corporate Governance and has implemented the guidelines issued by the FSA. Effective Corporate Governance assures the shareholders that there is a well performing management in place which supports the highest standards towards transparency, accountability, continuous improvement of business processes, disclosure, displaying the highest ethical standards, observing compliance with laws, permits and regulations and business propriety with the aim of enhancing long term shareholders value and the interest of all stakeholders. Towards this, the Company has put in place effective policies, procedures and systems to ensure fair and timely release of material information about the Company to the stakeholders.

The Audit Committee and the Nomination & Remuneration Committee are fully operational in line with the provisions of the Code. The Company is being managed with due diligence and care, and in the best interest of all shareholders.

In accordance with the FSA rules and guidelines on disclosure, the Company's Statutory Auditors, KPMG, have issued a separate Report on the Company's Governance Report for the year ended 31 December 2024.

Board of Directors

In compliance with the Company's Articles of Association, the Board is constituted of 11 directors. The shareholders of the Company at the Annual General Meeting (the "AGM") in March 2022 elected the existing board members for a term of 3 years.

a) Composition, category and attendance of Directors in 2024

All Directors are non-executive in accordance with the requirement of the Code.

	Name of Directors	Category of Directors ^	Attendance					
			Board Meetings					AGM
			15 Feb	24 Apr	24 Jul	23 Oct	Total	14 Mar
Incumbent as of Dec 31, 2024	Mr. Muhammad Fawad Akhtar (Chairperson)	Non-Independent	√	√	√	√	4	√
	Mr. Gopal Hariharan (Deputy Chairperson)	Independent	√	√	√	√	4	√
	Mr. Khalil Ahmed Al Harthy	Independent	√	√	√	x	3	√
	Mr. Pradeep Asrani	Independent	√	√	√	√	4	√
	Mr. Masamitsu Hirose	Non-independent	√	√	√	Proxy	4	√
	Mr. Shabib Abdullah Mohamed Al-Busaidi	Non-independent	√	√	√	√	4	√
	Mr. Boris Max Smondack	Non-independent	√	√	√	√	4	√
	Mr. Mohamed Amur Mohamed Al-Mamari	Independent	√	√	√	√	4	√
	Mr. Sami Nasser Badar Al Riyami	Independent	√	√	√	√	4	√
	Mr. Makoto Imabayashi	Non-independent	√	√	√	√	4	√
	Mr. Yasser Ramadan Mahamad Kheir	Independent	√	√	√	√	4	√

√ : attend, x : absent, n/a : not in seat

b) Directors holding directorship/chairmanship in other joint stock companies in Oman as of 31 December 2024

Name of Director	Name of Companies and	Position Held
Mr. Shabib Abdullah Mohamed Al-Busaidi	Oman Cables Industry	Director and Chairman of Remuneration Committee

The brief profile of Directors and key executive officers is included as an Annexure to the Corporate Governance Report.

Audit Committee

a) Brief description of terms of reference

The primary function of the Audit Committee is to provide independent assistance to the Board in fulfilling their oversight responsibility to the shareholders, potential shareholders, the investment community and other stakeholders relating to:

(i) The integrity of the Company's financial statements and accounting and financial reporting processes,

(ii) The effectiveness of the Company's risk management and internal control systems,

(iii) The performance of the Company's internal audit function,

(iv) The qualifications and independence of the external auditors, and

(v) The Company's compliance with ethical, legal and regulatory requirements.

Consistent with this function, the Audit Committee encourages continuous improvement of, and promotes adherence to the Company's policies, procedures, and practices for corporate accountability, transparency and integrity.

In fulfilling its role, it is the responsibility of the Audit Committee to maintain free and open communication with the external auditors, the internal auditor and the management of the Company and to determine that all parties are aware of their responsibilities.

b) Composition, position and attendance in 2024

The majority of Audit Committee members and Chairperson are independent directors and at least one member has finance and accounting expertise, as required by the Code.

Name of Committee Members		Position	Attendance				
			14 Feb	23 Apr	23 Jul	22 Oct	Total
Incumbent as of Dec 31, 2024	Mr. Pradeep Asrani	Chairperson	√	√	√	√	4
	Mr. Gopal Hariharan	Member	√	√	√	√	4
	Mr. Makoto Imabayashi	Member	√	√	√	√	4

√ : attend, x : absent, n/a : not in seat

Nomination & Remuneration Committee

a) Brief description of terms of reference

The primary function of the Nomination & Remuneration Committee (the "NRC") is to:

(i) Assist the general meeting in the nomination of proficient and high caliber directors,

(ii) Prepare job descriptions of the directors including the Chairperson of the Board,

(iii) Develop succession plan for the Board or at least the Chairperson and executive management, and

(iv) Propose proper remuneration and incentives policy to attract competent executive management.

b) Composition, position and attendance in 2024

Name of Committee Members		Position	Attendance			
			14 Feb	23 Apr	22 Oct	Total
Incumbent as of Dec 31, 2024	Mr. Yasser Mohammed Kheir	Chairperson	√	√	√	3
	Mr. Boris Max Smondack	Member	√	√	√	3
	Mr. Makoto Imabayashi	Member	√	√	√	3

√ : attend, x : absent, n/a : not in seat

Appraisal for the performance of the Board

Performance appraisal of the Board members is conducted once during its 3 years' term.

In accordance with the Code of Corporate Governance and the approval by the Shareholders at the AGM held on 14th March 2024, the Company appointed an independent consultant, Oman Center for Governance and Sustainability, to carry out the performance appraisal of the Board.

The primary objective of the appraisal was to consider the composition, structure, dynamics, relationships and performance of the Board.

The appraisal process was carried out directly between the consultant and the directors, starting with a detailed online questionnaire. Following this, one-on-one interviews were conducted with the directors to further explore and refine the feedback from the questionnaires. The consultant also reviewed related documents to ensure a comprehensive assessment. Based on this process, the consultant then presented a report on the performance appraisal, along with recommendations, to the Chairperson of the Board.

The Board carefully considered the recommendations provided by the independent consultant and agreed to implement those that would add value to the Board's operations, while being practical and reasonable in terms of cost and benefit.

Process of nomination of the directors

The election of the Board is governed by the Company's Articles of Association. The Company ensures that the elections of the Board are held in accordance with the Commercial Companies Law and rules issued by the Financial Services Authority.

In accordance with the requirement of the Code and the Articles of Association of the Company, the following shall be observed on the formation of the Board:

(i) Eleven directors to be elected by the shareholders in general meeting for a term of 3 years,

(ii) All directors shall be non-executive directors,

(iii) At least one third of the directors shall be independent,

(iv) The members of the Board are elected from amongst the shareholders or non-shareholders,

(v) A director shall not be allowed to combine the positions of chief executive officer and chairperson, and

(vi) All directors shall be elected from a natural person,

(vii) No director shall be a member of the Board in more than four joint stock companies or chairperson of more than two joint stock companies.

(viii) A member of the Company's Board shall not participate in the management of another company engaged in similar business.

Remuneration

a) Sitting fees to members of Board and its sub-committees

As approved by the shareholders, the sitting fee of RO 400 for the members of the Board and RO 200 for the members of the Audit Committee and the NRC is paid. The sitting fee is payable to the Board, the Audit Committee and the NRC members who attend the meeting either in person or over video conference in line with the Code.

The sitting fees for the year 2024 paid to the directors for attending the Board, the Audit Committee and the NRC meetings amounted to RO 16,800, RO 2,400 and RO 1,800, respectively.

b) Remuneration to Board members

The Board proposes to pay remuneration for the year 2024 to the Board members, equal to actual sitting fees paid during year, for their contribution in achieving excellent operational and financial results. The proposed remuneration of RO 16,800 has been accrued in the financial statements for year ended 31 December 2024, however, the remuneration shall be paid provided it is approved by the shareholders in the forthcoming general meeting.

c) Other payments to directors

There was no other payment to the directors besides their sitting fees.

d) Top 5 officers

The Company paid to its top 5 officers an aggregate amount of RO 442,216 which includes secondment fee, salaries, allowances, performance based bonuses and other benefits. The remuneration paid is commensurate with their qualification, role, responsibility and performance. The criteria of the performance based bonus are the degree of achievement of the objectives set by officers at beginning of year in line with the Company's goal and overall strategy. The employment contracts stipulate a notice period of one month.

Details of non-compliance by the Company

There were no penalties imposed on the Company by the Financial Services Authority, Muscat Stock Exchange ("MSX") or any other statutory authority on any matter related to capital markets in the year 2024.

Means of communication with the shareholders and investors

The Company communicates with the shareholders and investors mainly through the MSX website and the Company's website (www.albatinahpower.com) in both English and Arabic. Material information is disclosed immediately, and financial information such as initial quarterly and annual un-audited financial results, un-audited interim financial statements, and annual report including audited financial statements and Management Discussion & Analysis Report are disclosed within the regulatory deadlines. The Company's executive management is also available to meet its shareholders and analysts as and when required. Based on the FSA Decision No. E/109/2022 dated 13 July 2022, the Company held live interactive session with investors and analysts post disclosure of its six months financial statements. To comply with the requirements of MSX of appointing an Investors Relation Officer (IRO), the Company has appointed its CFO as the IRO.

Market price data

a) High/Low/Closing share price and performance comparison during each month in 2024

Month	Price (Baizas)				MSX Index (Service sector)	
	High	Low	Closing	Change from 1 January 2024	Closing	Change from 1 January 2024
January	22	19	19	-5.00%	1569.677	-1.33%
February	76	20	75	275.00%	1733.200	8.95%
March	86	70	79	295.00%	1847.676	16.15%
April	81	77	79	290.00%	1833.625	15.27%
May	78	75	76	280.00%	1801.784	13.27%
June	77	69	72	260.00%	1820.388	14.43%
July	77	72	75	275.00%	1819.397	14.37%
August	76	72	75	275.00%	1823.737	14.65%
September	77	73	76	280.00%	1831.462	15.13%
October	83	74	82	310.00%	1827.785	14.90%
November	83	78	78	290.00%	1743.565	9.61%
December	79	63	66	230.00%	1743.082	9.57%

b) Distribution of shareholding as of 31 December 2024

Category	Number of shareholders	Number of shares held	Share capital %
5% and above	5	461,382,576	68.36%
1% to 5%	-	-	-
Less than 1 %	2,539	213,504,854	31.64%
Total	**2,544**	**674,887,430**	**100.00%**

There are no outstanding securities or any convertible instruments issued by the Company.

Professional profile of the statutory auditor

The shareholders of the Company appointed KPMG LLC as its external auditors for 2024. KPMG has been operating in Oman since 1974 and is part of KPMG Lower Gulf Limited. KPMG in Oman employs more than 160 people, amongst whom are six partners and Seven directors, including Omani nationals. KPMG is a global network of professional services firms providing Audit, Tax and Advisory services. It operates in 143 countries and territories and have 265,000 people working in member firms around the world. KPMG LLC and KPMG Lower Gulf Limited are member firms of the KPMG global organization of independent member firms affiliated with KPMG International Limited..

Acknowledgement by the Board of Directors

- The Board of Directors accepts the responsibility for accurately preparing accounts and financial statements and confirms the financial statements for 2024 have been prepared in accordance with the applicable International Financial Reporting Standards and rules.
- The Board of Directors, through the Audit Committee, has reviewed the Company's system of internal controls, and assures efficiency and adequacy of the internal control systems including financial management and its related operations, obligation management and risk management.
- The Company has robust business model as explained in detail in the financial report and, as such, the Board of Directors confirms that they believe there are no material matters which may affect the continuation of the Company and its ability to continue its operations during the next financial year.

Chairperson

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Director

Brief Profiles of Directors

Name	:	Mr. Muhammad Fawad Akhtar
Year of Joining	:	2019
Education	:	Fellow member of Association of Chartered Certified Accountants, UK and Institute of Chartered Accountants of Pakistan and holds a bachelor's degree in economics
Experience	:	Mr. Akhtar has 26 years of professional working experience including 21 years in energy sector. Presently working as Country CFO for ENGIE KSA whereas previously worked at senior roles in ENGIE led power and water projects in UAE, Oman and Pakistan backed by audit & assurance, due diligence and financial consultancy experience in Ernst & Young. Remained extensively involved in successful development of a 404MW greenfield power project.

Name	:	Mr. Gopal Hariharan
Year of Joining	:	2023
Education	:	Chartered Accountant degree from ICAI and CFA Level 2
Experience	:	Mr. Hariharan is an experienced Senior Regional Finance Professional with a demonstrated history of working and delivering measurable results comprising of value and wealth growth in companies engaged with in his role. Currently, Mr. Hariharan is working as Group CFO, Suhail Bahwan Group Holding. He has rich previous working experience in the following sectors - Manufacturing, Processing, IT, Financial Services and Distribution and Services. With regards to industry related experience- seven plus years in automotive sector, three years in IT and IT services sector, three years in packaging industry, four years in textile manufacturing end to end, two years in Glass Manufacturing and five years in auto components manufacturing. Mr. Hariharan is skilled in Business Turnaround and Business Transformation, Negotiation, Commercial business decisions, Businesses restructuring, Cash Flow, Business Planning, Corporate Finance, Working Capital Management, Internal Audit and Risk assessment and Analytical Skills. He has Strong accounting professional and well versed in corporate finance and treasury with strong forex knowledge. SAP working knowledge and implementation knowledge. During his previous Role, he was the Group CFO East Africa and Sub Saharan Countries– CMC Group – An Al Futtaim Group Company.

Name	:	Mr. Khalil Ahmed Al Harthy
Year of Joining	:	2022
Education	:	Banking and Finance Diploma- Oman Institute of Bankers, Oman (1998) Bachelor of Science in Finance with Double Minor in Management Information System (MIS) and Management - University of New Orleans, USA (2001) Insurance Professional Diploma- Chartered Institute of Insurance-UK (2006) Fellow of the International Compliance Association- UK (2011)
Experience	:	Mr. Khalil has more than 30 years of professional experience in Finance sector. He is a Certified Balance Score Card Strategies Professional and Associate Coaching Professional. During his professional experience he has held various financials positions and has been involved in the Business Development initiatives and consulting in Financial, Strategic, Compliance and Marketing areas across industries. He is currently working as Chief Executive Officer at Credit Oman S.A.O.C.

Name	**:**	**Mr. Pradeep Asrani**
Year of Joining	:	2020
Education	:	Graduate in Science from Bombay University, Post Graduate Diploma in Financial Management, Certified Associate of Indian Institute of Bankers
Experience	:	Mr. Pradeep Asrani is a finance professional with 44 years' working experience in senior management positions in the areas of commercial and investment banking with Indian and multinational Banks. Among others, he was Director of Corporate Finance and Head of Investment Banking with Barclays Bank plc in India, before coming to Oman in 1999 to join a public shareholding company listed at Muscat Securities Market as Executive Vice President, before assuming the charge of the company as its CEO in 2005 and retiring from this position in 2018.

Name	**:**	**Mr. Makoto Imabayashi**
Year of Joining	:	2023
Education	:	BA Faculty of Engineering, Kyoto University, Japan
Experience	:	Mr. Imabayashi has over 20 years of experience in the energy and nuclear industry. He is currently a manager of the Energy Solutions Business Dept.2 in Sojitz, as being in charge of the business development and asset management in MENA region.

Name	**:**	**Mr. Shabib Abdullah Mohamed Al-Busaidi**
Year of Joining	:	2019
Education	:	Master in Actuarial Sciences, University of Kent, UK
Experience	:	Mr. Al-Busaidi started his carrier in Capital Market Authority and Ministry of National Economy where he was involved in fields of Finance, Strategic planning and Statistics. Currently, he serves as the Acting Deputy CEO for Social Protection Affairs at the Social Protection Fund, overseeing the Social Protection sector within the organization

Name	**:**	**Mr. Boris Max Smondack**
Year of Joining	:	2022
Education	:	Master of Science – Engineering – 1999 Pre-doctorate – Geoscience - 1999
Experience	:	23 years of experience: - 2000-2001: Commercial Attaché - China - 2002-2008: Project Engineer – Water & Power - 2008-2014: Head of Water & Power Engineering – South East Asia - 2014-2019: Chief Operating Officer – ENGIE China - 2019-2021: Chief Operating Officer – Customer Solutions – ENGIE Africa - 2021-now: Head of Engineering and Technology (CTO) – ENGIE AMEA

Name	**:**	**Mr. Mohamed Amur Mohamed Al-Mamari**
Year of Joining	:	2016
Education	:	Master Degree in Accounting and Finance from Cardiff University-UK in 2008 and Bachelor Degree in Economics and Accounting from Kuwait University in 1997.
Experience	:	Mr. Al-Mamari has mor than 25 years' experience in investment , admen., finance and pension in the Civil Service Employees Pension Fund. Mr. Al-Mamari held below mentioned positions: - Director of Civil Service Employees Pension Fund – AlBatinah North Governorate Department (from 2010 till March 2023). - Director of admin. Department (from 2007 to 2009). - Head of Finance Section (from 2004 to 2006). Accountant in investment Department (from 1997 to 2003).
Name	**:**	**Mr. Sami Nasser Badar Al Riyami**
Year of Joining	:	2022
Education	:	B.A (Hons) in Accounting from Majan College
Experience	:	Mr. Sami has more than 11 years of professional experience in Accounting and Finance. During his working experience he has held various positions in Accounting and Finance.
Name	**:**	**Mr. Masamitsu Hirose**
Year of Joining	:	2023
Education	:	Master degree in Electrical Engineering from Keio University (Japan)
Experience	:	Mr. Hirose is Manager of YONDEN, which is a parent company of SEP International Netherlands B.V. [SEPI]. In this role, he is responsible for asset management of IPP/IWPP projects invested in the Middle East region as well as new project development. Mr. Hirose started his career in YONDEN in 2007 as an electrical engineer and has been involved in construction, operation and maintenance of various thermal power plants in Japan for more than 6 years. He has been engaged in international IPP/IWPP business for 9+ years including asset management of Hamriyah IPP project in UAE (1,800MW, GTCC), Ras Laffan C IWPP project in Qatar (2730MW-Power & 63MIGD-Water) and PP11 IPP project in Saudi Arabia (1730MW, GTCC).
Name	**:**	**Mr. Yasser Ramadan Mohamad Kheir**
Year of Joining	:	2018
Education	:	B. SC Electrical – Electronic Engineering, Aleppo University
Experience	:	Having 26 years' experience in the ICT domain & had worked for Syrian Telecom Company as Operation Director & deputy GM, then worked with many telecommunications Operators within GCC region, also worked as international Business Development General manager with Saudi Azian Group Holding, worked as Vice president with Saudi Trans telecoms - SA and have joined Suhail Bahwan group as General Manager of Bahwan projects & telecom company since 2013. Currently he is working as CEO at Suhail Bahwan group Holding

Brief Profiles of Key Executive Officers

The senior management team has been empowered by the Board of Directors for the day-to-day operations of the Company.

Name	**:**	**Mr. Saud Al Waili**
Position	:	Chief Executive Officer
Year of Joining	:	2022
Education	:	Master of Business Administration from Cardiff Metropolitan University in 2022 B.SC. Honors Degree in Electrical Power Engineering from Caledonian University in 2008.
Experience	:	Mr. Al Waili has 16 years plus experience (11 years plus at the managerial level and 4 years plus at the Engineering Level). After his engineering graduation, he started his career in the Oil and Gas Sector. After that, he moved to the Steel Industrial (Hadid Majan LLC). Finally, he worked in the Electricity Sector at various Operation and Maintenance Companies (Sohar 1 Power and Desalination Plant, Sembcorp Salalah Power and Water Plant, Rusail Power Plant, Barka 2 Power, and Desalination Plant). Mr. Al Waili held several positions for instance, Electrical Engineer, Shift Charge Engineer, Operations Manager, and Site Manager.

Name	**:**	**Mr. Yasuhito Tsuyuguchi**
Position	:	Chief Financial Officer
Year of Joining	:	2022
Education	:	Bachelor of Economics, Waseda University
Experience	:	Mr. Tsuyuguchi has over 17 years of work experience since he joined Shikoku Electric Power Company. He had worked in Finance and Accounting department for 10 years. Thereafter he had been worked for development of new power projects as a project manager in international Business department.

Audited Financial Statements

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Independent Auditors' Report

To the Shareholders of Al Batinah Power Company SAOG

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Al Batinah Power Company SAOG ("the Company"), which comprise the statement of financial position as at 31 December 2024, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants' (*including International Independence Standards*) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Sultanate of Oman, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Continued on page 1(b)

Continued from page 1(a)

Key Audit Matters (continued)

Impairment testing of non-financial assets	
See Note 3, 8 and 9 to the financial statements.	
The key audit matter	**How the matter was addressed in our audit**
As at 31 December 2024, the Company has non-financial assets with impairment indicators amounting to RO 208.5 million. Non-financial assets comprising the carrying value of property, plant and equipment and right of use assets minus the related lease liability, are considered as one cash generating unit (CGU). Where a review for impairment is conducted, the recoverable amount is determined based on the higher of 'value in use' or 'fair value less costs of disposal. The impairment testing of the non-financial assets of the Company is considered to be a key audit matter due to the complexity of the accounting requirements and the significant judgment required in determining the assumptions to be used to estimate the recoverable amount. The recoverable amount of the CGU, which is based on higher of the value in use or fair value less costs of disposal, has been derived from discounted forecast cash flow model (value in use). These models use several key assumptions, including estimates of future fixed and variable income, operating costs and the weighted-average cost of capital (discount rate).	Our audit procedures in this area included, among others: • Evaluating the design and implementation of key internal controls around the impairment assessment; • Involving our own valuation specialist to assist in evaluating the appropriateness of the discount rate applied; • Evaluating the appropriateness of the assumptions applied to key inputs such as estimate of future fixed and variable income, operating costs which included comparing these inputs with our own assessments based on our knowledge of the client and the industry; • Testing the mathematical accuracy of the discounted cash flow model; • Performing our own sensitivity analysis, which included assessing the effect of reasonably possible reductions in forecast cash flows to evaluate the impact on the currently estimated headroom for the non-financial assets; and • Evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions and judgements.

Other Information

Management is responsible for the other information. The other information comprises the Board of Directors' report, Corporate social responsibility report, Management discussion and analysis report and Corporate governance report included in the annual report, but does not include the financial statements and our auditors' report thereon.

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Continued from page 1(b)

Other Information (continued)

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and their preparation in compliance with the relevant requirements of the Financial Services Authority (formerly the Capital Market Authority) and the applicable provisions of the Commercial Companies Law of 2019, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Continued on page 1(d)

Continued from page 1(c)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Further, we report that these financial statements as at and for the year ended 31 December 2024, comply, in all material respects, with the:

- relevant requirements of the Financial Services Authority (formerly the Capital Market Authority); and
- applicable provisions of the Commercial Companies Law of 2019.

KPMG

Mobeen Chaudhri
13 February 2025

KPMG LLC
كي بي ام جي ش.م.م
مبنى مكتبة الأطفال العامة
الطابق الرابع، شاطىء القرم
ص.ب: ٦٤١، ر.ب ١١٢
سلطنة عمان
س.ت: ١٣٥٨١٣١

Statement of Profit or Loss

For the year ended 31 December 2024

	Notes	2024 RO'000	2024 USD'000	2023 RO'000	2023 USD'000
Revenues		**78,967**	**205,376**	66,332	172,516
Direct costs	4	**(57,433)**	**(149,370)**	(45,263)	(117,718)
GROSS PROFIT		**21,534**	**56,006**	21,069	54,798
Other income		**566**	**1,472**	477	1,241
General and administrative expenses	5	**(883)**	**(2,299)**	(842)	(2,190)
OPERATING PROFIT		**21,217**	**55,179**	20,704	53,849
Finance costs	6 (a)	**(4,915)**	**(12,781)**	(6,016)	(15,650)
Finance income	6 (b)	**290**	**754**	260	676
PROFIT BEFORE TAX		**16,592**	**43,152**	14,948	38,875
Income tax expense	7 a	**(2,490)**	**(6,475)**	(2,243)	(5,832)
PROFIT FOR THE YEAR		**14,102**	**36,677**	12,705	33,043
Earnings per share					
Basic and diluted earnings per share (Baizas / cents)	22	**20.90**	**54.35**	18.83	48.96

The attached notes 1 to 23 form part of these financial statements.

Statement of Comprehensive Income

For the year ended 31 December 2024

	Note	2024 RO'000	2024 USD'000	2023 RO'000	2023 USD'000
PROFIT FOR THE YEAR		**14,102**	**36,677**	12,705	33,043
Other comprehensive loss items that may be reclassified to profit or loss in subsequent periods (net of tax):					
Cash flow hedges - effective portion of changes in fair value (net of tax)	13	**(751)**	**(1,953)**	(185)	(479)
Other comprehensive loss for the year, net of tax		**(751)**	**(1,953)**	(185)	(479)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**13,351**	**34,724**	12,520	32,564

The attached notes 1 to 23 form part of these financial statements.

Statement of Financial Position

At 31 December 2024

	Notes	2024 RO'000	2024 USD'000	2023 RO'000	2023 USD'000
ASSETS					
Non-current assets					
Property, plant and equipment	8	**209,182**	**544,040**	216,618	563,379
Right-of-use assets	9 a	**3,084**	**8,018**	3,292	8,560
Derivative instruments	13	**652**	**1,696**	1,366	3,552
		212,918	**553,754**	221,276	575,491
Current assets					
Inventories		**2,710**	**7,049**	2,548	6,627
Trade and other receivables	10	**7,144**	**18,580**	5,285	13,745
Cash and cash equivalents	11	**4,661**	**12,123**	8,290	21,560
		14,515	**37,752**	16,123	41,932
TOTAL ASSETS		**227,433**	**591,506**	237,399	617,423
EQUITY AND LIABILITIES					
Equity					
Share capital	12 a	**67,489**	**175,523**	67,489	175,523
Legal reserve	12 b	**11,540**	**30,013**	10,130	26,345
Retained earnings		**50,108**	**130,322**	45,177	117,498
Equity before hedging reserve		**129,137**	**335,858**	122,796	319,366
Hedging reserve	12 c & 13	**(572)**	**(1,487)**	179	466
Total equity		**128,565**	**334,371**	122,975	319,832
LIABILITIES					
Non-current liabilities					
Term loans	14 a	**37,739**	**98,149**	55,169	143,482
Lease liabilities	9 b	**3,626**	**9,431**	3,755	9,765
Derivative instruments	13	**1,325**	**3,446**	1,155	3,004
Deferred tax liability	7 c	**24,657**	**64,127**	24,772	64,426
Asset retirement obligation	15	**314**	**816**	355	923
End of service benefits		**12**	**32**	10	26
		67,673	**176,001**	85,216	221,626
Current liabilities					
Current tax liabilities	7 d	**2,472**	**6,429**	2,033	5,288
Trade and other payables	16	**8,802**	**22,895**	8,104	21,078
Lease liabilities - current	9 b	**147**	**381**	134	348
Short term borrowings	14 b	**1,990**	**5,176**	1,050	2,731
Term loans - current	14 a	**17,784**	**46,253**	17,887	46,520
		31,195	**81,134**	29,208	75,965
Total liabilities		**98,868**	**257,135**	114,424	297,591
TOTAL EQUITY AND LIABILITIES		**227,433**	**591,506**	237,399	617,423
Net assets per share (Baizas / cents) - adjusted	21	**191.35**	**497.65**	181.95	473.21

The financial statements were authorised for issue and approved by the Board of Directors on 13 February 2025 and were signed on their behalf by:

Chairperson

Director

The attached notes 1 to 23 form part of these financial statements.

Statement of Cash Flows

For the year ended 31 December 2024

	Notes	2024 RO'000	2024 USD'000	2023 RO'000	2023 USD'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		**16,592**	**43,152**	14,948	38,875
Adjustments for:					
Depreciation on property, plant and equipment	4 & 5	**7,441**	**19,353**	7,446	19,365
Depreciation on right of use assets	4	**226**	**588**	228	593
Finance costs	6 (a)	**4,915**	**12,781**	6,016	15,650
Finance income	6 (b)	**(290)**	**(754)**	(260)	(676)
Gain on disposal of property, plant and equipment		**-**	**-**	(7)	(19)
Accrual of end of service benefits		**2**	**6**	4	10
Cash from operations before working capital changes		**28,886**	**75,126**	28,375	73,798
Changes in:					
Inventories		**(162)**	**(422)**	58	151
Trade and other receivables		**(1,862)**	**(4,842)**	(2,941)	(7,650)
Trade and other payables		**852**	**2,217**	3,028	7,873
Cash generated from operating activities		**27,714**	**72,079**	28,520	74,172
Income tax paid		**(2,033)**	**(5,288)**	(304)	(790)
End of service benefits paid		**-**	**-**	(36)	(92)
Net cash flows from operating activities		**25,681**	**66,791**	28,180	73,290
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received		**293**	**761**	258	672
Acquisition of property, plant and equipment	8	**(7)**	**(18)**	(1)	(1)
Proceeds generated from sale of property, plant and equipment		**2**	**4**	9	26
Net cash flows from investing activities		**288**	**747**	266	697
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of term loans	14 a	**(17,887)**	**(46,519)**	(18,908)	(49,177)
Finance costs paid		**(4,584)**	**(11,921)**	(5,581)	(14,517)
Proceeds of short term borrowings	14 b	**7,900**	**20,546**	9,920	25,800
Repayments of short term borrowings	14 b	**(6,960)**	**(18,101)**	(8,870)	(23,069)
Short term deposit		**-**	**-**	192	500
Payment for deferred finance costs		**(172)**	**(448)**	(36)	(94)
Lease payments - Principal		**(134)**	**(347)**	(123)	(322)
Dividends paid	12 d	**(7,761)**	**(20,185)**	-	-
Net cash flows used in financing activities		**(29,598)**	**(76,975)**	(23,406)	(60,879)
Net changes in cash and cash equivalents		**(3,629)**	**(9,437)**	5,040	13,108
Cash and cash equivalents at 1 January	11	**8,290**	**21,560**	3,250	8,452
Cash and cash equivalents at 31 December	11	**4,661**	**12,123**	8,290	21,560

The attached notes 1 to 23 form part of these financial statements.

Statement of Changes in Equity

For the year ended 31 December 2024

	Notes	Share capital RO'000	Legal reserve RO'000	Retained earnings RO'000	Hedging reserve RO'000	Total RO'000
Balance at 1 January 2023		67,489	8,859	33,743	364	110,455
Total comprehensive income for the year						
Profit for the year		-	-	12,705	-	12,705
Other comprehensive income - net of income tax						
Cash flow hedges - effective portion of changes in fair value	13	-	-	-	(185)	(185)
Total comprehensive income		-	-	12,705	(185)	12,520
Transfer to legal reserve		-	1,271	(1,271)	-	-
Balance at 31 December 2023		**67,489**	**10,130**	**45,177**	**179**	**122,975**
Balance at 1 January 2024		67,489	10,130	45,177	179	122,975
Total comprehensive income for the year						
Profit for the year		-	-	14,102	-	14,102
Other comprehensive (loss) - net of income tax						
Cash flow hedges - effective portion of changes in fair value	13	-	-	-	(751)	(751)
Total comprehensive income		-	-	14,102	(751)	13,351
Transfer to legal reserve		-	1,410	(1,410)	-	-
Transaction with owners of the Company						
Dividends	12 d	-	-	(7,761)	-	(7,761)
Balance at 31 December 2024		**67,489**	**11,540**	**50,108**	**(572)**	**128,565**

The attached notes 1 to 23 form part of these financial statements.

	Notes	Share capital USD'000	Statutory reserve USD'000	Retained earnings USD'000	Hedging reserve USD'000	Total USD'000
Balance at 1 January 2023		175,523	23,041	87,759	945	287,268
Total comprehensive income for the year						
Profit for the year		-	-	33,043	-	33,043
Other comprehensive income - net of income tax						
Cash flow hedges - effective portion of changes in fair value	13	-	-	-	(479)	(479)
Total comprehensive income		-	-	33,043	(479)	32,564
Transfer to legal reserve		-	3,304	(3,304)	-	-
Balance at 31 *December* 2023		**175,523**	**26,345**	**117,498**	**466**	**319,832**
Balance at 1 January 2024		175,523	26,345	117,498	466	319,832
Total comprehensive income for the year						
Profit for the year		-	-	36,677	-	36,677
Other comprehensive (loss) - net of income tax						
Cash flow hedges - effective portion of changes in fair value	13	-	-	-	(1,953)	(1,953)
Total comprehensive income		-	-	36,677	(1,953)	34,724
Transfer to legal reserve		-	3,668	(3,668)	-	-
Transaction with owners of the Company						
Dividends	12 d	-	-	(20,185)	-	(20,185)
Balance at 31 December 2024		**175,523**	**30,013**	**130,322**	**(1,487)**	**334,371**

The attached notes 1 to 23 form part of these financial statements.

1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

Al Batinah Power Company ("the Company") was registered as a closed Omani Joint Stock company ("SAOC") on 2 August 2010 under the Commercial Companies Law of Oman. Subsequently the Company was converted to a public joint stock company ("SAOG") and was listed on the Muscat Securities Market on 23 June 2014. The registered address of the Company is PO Box 39, Postal Code 103, Sultanate of Oman. There is no parent and ultimate parent of the Company.

The Company's objectives are to develop, finance, design, construct, operate, maintain, insure and own a power generating facility (the Sohar 2 Power Plant with a capacity of about 750MW, "the Plant"), and associated gas interconnection facilities and other relevant infrastructure; making available the demonstrated power capacity; and selling the electrical energy generated to Nama Power and Water Procurement Company SAOC ("PWP"). Accordingly, the Plant is considered and managed as one reportable segment. Commercial Operation of the Plant was achieved by the Company on 3 April 2013.

1.1 GOING CONCERN ASSUMPTION

As at 31 December 2024, the current liabilities of the Company exceeded its current assets by RO 16.68 million (31 December 2023: RO 13.08 million), however, the Company has generated positive cashflows from its operations during current and prior years, and has been settling its obligations. The Company's management is confident that it will be able to generate sufficient cash flows from its operations during the next 12 months to settle its obligations as and when due. Accordingly, the management believe that the Company will continue to operate as a going concern for the foreseeable future and these financial statements are prepared on a going concern basis.

2 SIGNIFICANT AGREEMENTS

Project documents

(i) Power Purchase Agreement ("PPA") dated 10 August 2010 with PWP for a period of 15 years from the scheduled Commercial Operation Date ("COD").

(ii) Natural Gas Sales Agreement ("NGSA") dated 31 August 2010 with the Integrated Gas Company SAOC (IGC) [formerly Ministry of Oil and Gas ("MOG") & Ministry of Energy & Minerals (MEM)] for the purchase of natural gas for a period of 15 years from the scheduled COD. During 2023 the NGSA agreement has been novated to IGC by MEM.

(iii) Sub-Usufruct Agreement ("SUA") relating to the plant site dated 10 August 2010 with Sohar Industrial Port Co. SAOC ("SIPC") for grant of exclusive right to use and benefit from the land upto 20 October 2028.

(iv) Electrical Connection Agreement dated 28 December 2011 with Oman Electricity Transmission Company SAOC for connection of the Company's equipment to the transmission system for a period of 30 years from its execution date.

(v) Operation & Maintenance Agreement ("O&M Agreement") dated 24 September 2010 with Suez-Tractebel Operation and Maintenance Oman LLC ("STOMO") for a period of 15 years from the scheduled COD. Kahrabel FZE owns 70% shareholding of STOMO which is ultimately controlled by Engie S.A.

(vi) Seawater Extraction Agreement ("SEA") dated 10 August 2010 with Majis Industrial Services SAOC for a period ending on the last day of the PPA term.

Finance documents

(vii) Common Terms Agreement, Facility Agreements and First Amendment Agreement related to these Agreements dated 16 September 2010 for long term loans with international and local banks.

(vii) Amendment Agreement to the Common Terms Agreement and Facility Agreement dated 24 July 2023 for replacement of LIBOR with an interest rate based on Compounded Secured Overnight Financing Rate (SOFR).

(ix) Amendment agreement to the Commercial Facility Agreement and the Common Terms Agreement dated 31 January 2024 for refinancing of the Commercial Facility Agreement.

2 SIGNIFICANT AGREEMENTS *(continued)*

Finance documents *(continued)*

(x) Hedging Agreements for currency swap with Standard Chartered Bank dated 12 October 2010 and Credit Agricole Corporate & Investment Bank dated 3 September 2019 and 22 November 2022.

(xi) Hedging Agreements for interest rate swap made with Credit Agricole Corporate & Investment Bank (dated 5 October 2010), KfW IPEX Bank GmbH (dated 6 October 2010), HSBC Bank Middle East Limited (dated 6 October 2010) and Standard Chartered Bank (dated 7 October 2010 and reprofiled on 19 December 2011).

(xii) Revolving Working Capital Facility Agreement dated 5 June 2012 with Bank Muscat SAOG for purpose of availing short term loans upto Omani Rial 8.459 million.

Security documents

(xiii) Intercreditor Deed dated 16 September 2010 with The Export-Import Bank of Korea, Credit Agricole Corporate & Investment Bank and Others.

(xiv) Commercial Mortgage over Company's Assets dated 21 September 2010 with Bank Muscat SAOG as "Mortgagee".

(xv) Legal Mortgage dated 21 September 2010 with Bank Muscat SAOG.

(xvi) Agreement for Security over Omani Shares dated 16 September 2010 with the Founding Shareholders, Bank Muscat SAOG and Credit Agricole Corporate & Investment Bank.

(xvii) Offshore Deed of Charge and Assignment dated 16 September 2010 with Credit Agricole Corporate & Investment Bank as Offshore Security Trustee for the Finance Parties.

(xviii) Deed of Assignment of Reinsurances dated 16 September 2010 with Credit Agricole Corporate & Investment Bank and Oman United Insurance Company SAOG.

(xix) Sale and Purchase Agreement dated 16 September 2010 with Bank Muscat SAOG.

(xx) Direct Agreements entered into by Lenders Agent in respect of PPA, NGSA, EPC Contract and O&M Agreement.

3 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

3.1 BASIS OF PREPARATION

a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) as issued by the International Accounting Standards Board ("IASB"), and the applicable requirements of the Commercial Companies Law of 2019 and Ministerial Decision 27/2021 issuing Commercial Companies Regulation and the applicable regulations of Financial Services Authority ("FSA") (formerly Capital Market Authority) of the Sultanate of Oman.

b) Basis of measurement

These financial statements are prepared on historical cost basis except derivatives financial instruments which are measured at fair value.

c) Presentation and functional currency

These financial statements are presented in United States Dollars ("USD"), which is the Company's functional currency and also in Rial Omani ("RO") for local regulatory requirements. The Omani Rial amounts, which are presented in these financial statements are for the convenience of the reader and have been translated from the USD amounts at an exchange rate of USD 1 = RO 0.3845. All values are rounded to the nearest thousand (USD '000 and RO '000) except where otherwise indicated.

3 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

3.1 BASIS OF PREPARATION *(continued)*

d) Use of estimates and judgements

The preparation of the financial statements in conformity with IFRSs requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in impairment of property, plant and equipment, financial valuation of derivative financial instruments, asset retirement obligation, impairment of financial assets and post reporting date events.

Measurement of fair value

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The management team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the Accounting Standards, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Company's audit committee.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in note 13 for hedging reserve.

3 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

3.1 BASIS OF PREPARATION *(continued)*

Assumptions and estimation uncertainties

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Judgments

Significant judgement in determining the lease term of contracts with renewal and termination options – Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has the option, under some of its leases to lease the assets for additional terms. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew or to terminate (e.g., a change in business strategy, construction of significant leasehold improvements or significant customization to the leased asset).

Lease classification

The Company has entered into the PPA with PWP to generate electricity and make available the power capacity from its Plant.

Management believes that IFRIC 12 is not applicable to the arrangement as the residual interest is controlled by the Company and not PWP. The estimated useful life of the power plant of 40 years takes into account the Company's right to extend the land lease under a Usufruct Agreement for an additional term of 15 years. Furthermore, the residual value of the assets will have substantial value at the conclusion of the PPA and the Company will be able to continue to generate revenue through supply of power taking into account the spot market for power sector.

Management considers the requirements of IFRS 16 Leases, which sets out guidelines to determine when an arrangement might contain a lease. The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Once a determination is reached that an arrangement contains a lease, the lease arrangement is classified as either financing or operating according to the principles in IFRS 16 Leases. A lease that conveys the majority of the risks and rewards of operation is a finance lease. A lease other than a finance lease is an operating lease.

3 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

3.1 BASIS OF PREPARATION *(continued)*

Assumptions and estimation uncertainties *(continued)*

Judgments *(continued)*

Lease classification (continued)

Based on management's evaluation, the PPA with PWP is considered as a lease within the context of IFRS 16 Leases and has been classified as an operating lease under IFRS 16 Leases since significant risks and rewards associated with the ownership of the plant lies with the Company and not with PWP.

Based on management assessment, there is no indicator of impairment of plant as at the reporting date.

Significant Estimates

Useful lives of plant

The Company's management determines the estimated useful lives of its plant for calculating depreciation. This judgement is made after considering the expected usage of the asset or physical wear and tear. The management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

Leases – Estimating *the incremental borrowing rate*

The Company cannot readily determine the interest rate implicit in the lease, therefore it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the fund necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Impairment of plant

The carrying amounts of the Company's plant is reviewed at each reporting date to determine whether there is any indication of impairment. When making the impairment assessment, the management has taken into account both internal and external factors including recent economic and regulatory development in the Sultanate of Oman.

Asset retirement obligation

Asset retirement obligation costs are based on management's technical assessment of the probable future costs to be incurred in respect of the decommissioning of the plant facilities. The Company estimates that the costs would be incurred after the useful life of the plant and calculates the provision using the discounted cash flow method.

3 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

3.2 NEW ACCOUNTING STANDARDS OR AMENDMENTS FOR 2024 AND FORTHCOMING REQUIREMENT

a) Accounting standards issued but not yet effective

A number of new accounting standards are effective for annual reporting periods beginning after 1 January 2024 and earlier application is permitted. However, the Company has not early adopted the following new or amended accounting standards in preparing these financial statements:

- Lack of exchangeability - Amendment to IAS 21 (effective from 1 January 2025)
- Classification and measurement of financial instruments - Amendments to IFRS 9 and IFRS 7 (effective from 1 January 2026)
- Annual improvements to IFRS accounting standards - Volume 11 (effective from 1 January 2026)
- IFRS 18 Presentation and disclosure in financial statements (effective from 1 January 2027)
- IFRS 19 Subsidiaries without public accountability: Disclosures (not applicable to the Company - Effective from 1 January 2027)
- Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28 (Available for optional adoption / effective date deferred indefinitely)

The above amendments are not expected to have a significant impact on the Company's financial statements.

b) New and amended standards and interpretations

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024.

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current (effective from 1 January 2024)

The amendments, as issued in 2020 and 2022, aim to clarify the requirements on determining whether a liability is current or non-current, and require new disclosures for non-current liabilities that are subject to future covenants. The amendments apply for annual reporting periods beginning on or after 1 January 2024.

- Lease liability in a sale and leaseback - Amendment to IFRS 16 (not applicable to the Company -Effective from 1 January 2024)
- Supplier finance arrangements - Amendment to IAS 7 and IFRS 7 (not applicable to the Company - Effective from 1 January 2024)

The above standards did not have a significant impact on the financial statements of the Company. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

3.3 MATERIAL ACCOUNTING POLICIES

The Company has consistently applied the following accounting policies to all periods presented in these financial statements.

a) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

3 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

3.3 MATERIAL ACCOUNTING POLICIES *(continued)*

a) Leases (continued)

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

a. Right of use assets

The Company recognises right of use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any measurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date and an estimate if costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term, as follows:

	Years
Site rent	40
Connection equipment	15

Lease costs for the year ended 31 December 2024 relating to the right-of-use assets amounting to USD 0.59 million (RO 0.23 million) (2023: USD 0.59 million (RO 0.23 million)) are included under depreciation expenses.

The right-of-use assets are also subject to impairment. Based on management assessment, there is no indicator of impairment of right-of-use assets as at the reporting date.

b. Lease liabilities

At the commencement date of the lease, lease liability is measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g, a changes in future payments resulting from a change in index or rate used to determine such lease payments) or a change in the assessment to purchase the underlying asset.

3 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

3.3 MATERIAL ACCOUNTING POLICIES *(continued)*

a) Leases (continued)

c. Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Company as a lessor

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Company applies IFRS 15 to allocate the consideration in the contract.

The Company applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease.

The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

b) Foreign currency transactions

Transactions in foreign currencies are initially recorded by the Company at its functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Foreign exchange gains and losses are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in statement of profit or loss or statement of other comprehensive income are also recognised in statement of profit or loss or statement of other comprehensive income, respectively).

3 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

3.3 MATERIAL ACCOUNTING POLICIES *(continued)*

c) *Financial Instruments*

IFRS 9 Financial Instruments has principle-based requirements for the classification of financial assets. The standard contains two primary measurement categories for financial assets: amortised cost and fair value. The classification of financial assets under IFRS 9 is generally based on the business model in which the financial asset is managed and contractual cash flows characteristics. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Trade receivables and debt securities are recognised when they are originated. The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

1) Trade and other receivables;
2 Cash and cash equivalents;
3) Short term deposits;
4) Amounts due from related parties;
5) Term loans;
6) Short term borrowings;
7) Trade and other payables;
8) Lease liabilities; and
9) Derivatives.

Recognition and initial measurement

Financial assets

On initial recognition, a financial asset (unless it is trade receivable without a significant financing components) is classified as measured at amortised cost; fair value through other comprehensive income – debt instruments; fair value through other comprehensive income – equity instruments; or fair value through profit or loss account. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss account:

(i) It is held within a business model whose objective is to hold assets to collect contractual cash flows; and

(ii) Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

On Initial recognition if an equity investment that is not held for trading, the companies may irrevocably elect to prevent subsequent changes in the investments fair value through other comprehensive income. This election is made on an investment-by-investment basis.

Debt instruments where the contractual cash flows are solely principal and interest and the objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets.

3 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

3.3 MATERIAL ACCOUNTING POLICIES *(continued)*

c) Financial Instruments (continued)

Financial assets at fair value through profit or loss account

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss account.

Financial assets, at initial recognition, may be designated at fair value through profit or loss, if the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or fair value through profit or loss account. A financial liability is classified as at fair value through profit or loss account if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

Financial liabilities, at initial recognition, may be designated at fair value through profit or loss if the following criteria are met:

(i) The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis;

(ii) The liabilities are part of a group of financial liabilities which are managed and their performance evaluated on fair value basis, in accordance with a documented risk management strategy; or

(iii) The financial liability contains an embedded derivative that would otherwise need to be separately recorded.

Financial liabilities at fair value through profit or loss account are measured at fair value and net gains and losses, including any interest expense, are recognised in the profit or loss account.

Subsequent measurement of financial assets

Financial assets

Financial assets carried at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the profit or loss account. Any gain or loss on derecognition is recognised in the profit or loss statement.

Financial assets carried at fair value through profit or loss (FVTPL)

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the profit or loss account. However, see note Derivative financial instruments and hedging for derivatives designated as hedging instruments.

Subsequent measurement of financial liabilities

The Company categorises its financial liabilities into two measurement categories: FVTPL and amortised cost.

The Company designates a financial liability as measured at FVTPL when it meets the definition of held for trading or when they are designated as such on initial recognition using the fair value option.

3 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

3.3 MATERIAL ACCOUNTING POLICIES *(continued)*

c) *Financial Instruments (continued)*

Subsequent measurement of financial liabilities (continued)

Gains and losses on financial liabilities designated as at FVTPL are split into the amount of change in fair value attributable to changes in credit risk of the liability, presented in other comprehensive income, and the remaining amount in profit or loss.

The Company recognises the full amount of change in the fair value in profit or loss only if the presentation of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. That determination is made at initial recognition and is not reassessed.

Cumulative gains or losses presented in other comprehensive income is subsequently transferred within equity.

Financial liabilities not held at FVTPL are subsequently measured at amortised cost using the effective interest method.

The Company's financial liabilities include accounts payable, due to related parties, fair value of derivatives, short term borrowings and term loans.

Except for fair value of derivatives which is measured at fair value, all other financial liabilities of the Company are measured at amortised cost.

Derecognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

(i) The rights to receive cash flows from the asset have expired; or

(ii) The Company retains the right to receive cash flows from the asset, but assumes an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or

(iii) The Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in the statement of other comprehensive income is recognised in the profit or loss account.

Any cumulative gain/loss recognised in the statement of other comprehensive income in respect of equity instrument designated as fair value through other comprehensive is not recognised in the profit or loss account on derecognition of such instrument. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Company is recognised as a separate asset or liability.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

3 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

3.3 MATERIAL ACCOUNTING POLICIES *(continued)*

c) *Financial Instruments (continued)*

Derecognition of financial assets (continued)

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss account.

Interest rate benchmark reform

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changed as a result of interest rate benchmark reform, the Company updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss account.

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Company first updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Company applied the policies on accounting for modifications to the additional changes.

Impairment of financial assets

The Company recognises the loss allowances for 'expected credit loss' ('ECL') on all financial assets at amortised cost. The Company also recognises ECLs on lease receivables, which are part of trade and other receivables.

The Company measures loss allowances at an amount equal to lifetime ECLs.

3 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

3.3 MATERIAL ACCOUNTING POLICIES *(continued)*

c) *Financial Instruments (continued)*

Impairment of financial assets (continued)

When determining whether the credit risk of a financial asset has increased significantly since the initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Lifetime ECL are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from possible default events within the 12 months after the reporting date.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Credit-impaired financial assets

The Company assesses whether there is objective evidence that financial assets carried at amortised cost are impaired. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Objective evidence that financial assets are impaired can include significant financial difficulty of the issuer, default or delinquency by an issuer, indications that an issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a Company of assets such as adverse changes in the payment status of issuers or economic conditions that correlate with defaults in the Company.

Derivative financial instruments and hedge accounting

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's cash flows attributable to the hedged risk.

3 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

3.3 MATERIAL ACCOUNTING POLICIES *(continued)*

c) *Financial Instruments (continued)*

Derivative financial instruments and hedge accounting (continued)

A hedging relationship qualifies for hedge accounting only if all of the following criteria are met:

(i) there is formal designation and documentation of the hedging relationship at the inception of hedge;

(ii) there is an economic relationship between the hedged item and hedging instrument;

(iii) the effect of credit risk does not dominate the value changes that result from that economic relationship; and

(iv) the hedge ratio of the hedging relationship is the same as that resulting from the quantity of hedge item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

As part of risk management strategies, the Company uses derivative financial instruments, such as interest rate swaps, to hedge interest rate sensitivities. These derivative financial instruments qualify for hedge accounting and are designated as cash flow hedges. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The Company adjusts the effective portion of the cash flow hedge reserve in equity to the lower of the following:

(a) the cumulative gain or loss on the hedging instrument from inception of the hedge; and

(b) the cumulative change in fair value of the hedged item from inception of the hedge.

Effectiveness testing, rebalancing and discontinuation

The Company performs prospective assessment of effectiveness of its cash flow hedges at each reporting date. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and any remaining gain or loss is hedge ineffectiveness which is recognised in profit or loss.

When the Company discontinues hedge accounting for a cash flow hedge, the amount that has been accumulated in the cash flow hedge reserve remains in equity if the hedged future cash flows are still expected to occur, until such cash flows occur. If the hedged future cash flows are no longer expected to occur, that amount is immediately reclassified to profit or loss.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Company adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The Company discontinues hedge accounting prospectively only when the hedging relationship (or a part of a hedging relationship) ceases to meet the qualifying criteria (after any rebalancing). This includes instances when the hedging instrument expires or is sold, terminated or exercised.

3 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

3.3 MATERIAL ACCOUNTING POLICIES *(continued)*

c) *Financial Instruments (continued)*

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is presented in the statement of financial position when and only when, the Company has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Presentation of expected credit losses

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets and is charged to the statement of profit or loss.

Write - off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectation of recovering a financial asset in its entirety or portion thereof. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

d) *Property, plant and equipment*

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and the difference is recognised in the statement of profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases future economic benefits embodied in the specific asset to which it relates. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

(iii) Depreciation

Depreciation is charged to the statement of profit or loss on a straight-line basis over the estimated useful lives of the asset less its residual value.

3 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

3.3 MATERIAL ACCOUNTING POLICIES *(continued)*

d) Property, plant and equipment (continued)

Depreciation (continued)

The Management assigns useful lives and residual values to the items of property, plant and equipment based on intended use of the assets and the expected economic lives of those assets. Subsequent changes in circumstances such as technological advances or prospective utilisation of the assets concerned could result in the actual lives or residual values differing from the initial estimates. Management has reviewed the residual values and useful lives of the major items of property, plant and equipment and have determined that no adjustment is necessary.

The estimated useful lives for current and comparative periods are as follows:

	Years
Property, plant and equipment	40
Technical spares	25
Other assets	3

(iv) Capital work in progress

Capital work in progress is measured at cost and is not depreciated until it is transferred into one of the fixed asset categories, which occurs when the asset is ready for intended use.

(v) Asset retirement obligation

A liability for future asset retirement obligation is recognised based on the obligation to restore the site in the future. The liability is measured at the present value of the estimated future cash outflows to be incurred on the basis of current technology. The liability includes all costs associated with site restoration, including plant closure and monitoring costs.

e) Inventories

Inventories comprises of fuel oil and spares which are stated at lower of cost or net realisable value. The cost of fuel oil is determined on the weighted average cost basis and includes expenditure incurred in acquiring and bringing them to their existing location and condition. Obsolete inventory items are written down to their estimated net realisable value.

f) Cash and cash equivalents

Cash and cash equivalents comprise cash at hand, bank balances and short term deposits with an original maturity of three months or less.

g) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss unless it reverses a previous revaluation that was credited to equity, in which case it is charged to equity.

The recoverable amount of the cash generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the plant.

3 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

3.3 MATERIAL ACCOUNTING POLICIES *(continued)*

g) *Impairment of non-financial assets (continued)*

The management determines whether there are any indications of impairment to carrying value of property, plant and equipment on an annual basis because of the difference between the duration of the contracted cash flows and accounting deprecation of assets. This requires an estimation of the value in use of the cash generating unit. Estimating the value in use requires the Company to make an estimate of the residual value of the cash generating unit at the end of the term of the PPA considering the expected future cash flows for the period beyond the term of the PPA and also a suitable discount rate in order to calculate the present value of those cash flows.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets' carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

h) *Financial liabilities*

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Interest-bearing liabilities are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of profit or loss over the period of the borrowings on an effective interest basis.

i) *Provisions*

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. Where some or all of the economic benefits required to settle a provision are expected to be recovered from third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

j) *Deferred financing cost*

The qualifying transaction cost of obtaining long-term financing is deferred and amortised over the period of the long term loan using the effective interest rate method. Deferred financing costs less accumulated amortisation are offset against the drawn amount of the term loans. The amortisation of the deferred financing costs was capitalised during construction period of the plant except during the early power period during which an amount proportionate to the period was charged to the statement of profit or loss. Subsequent to the COD, the amortisation of the deferred financing costs is charged to the statement of profit or loss.

3 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

3.3 MATERIAL ACCOUNTING POLICIES *(continued)*

k) Finance charges

Interest expense and similar charges are expensed in the statement of profit or loss in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of a qualifying asset which necessarily takes a substantial period of time to prepare for its intended use or sale. Finance income is recognised as it accrues in the statement of profit or loss.

l) Revenues

Revenue is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

The Company's business is to supply power for which the Company has entered into a long-term agreement with PWP ("the Contract"). Revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. Revenue from PWP comprises of the following:

1) Capacity charge covering the investment charges and fixed operation and maintenance charges; and
2) Variable charge covering the fuel and energy output charges.

Capacity charge

Investment charges is the amount payable to compensate the Company for the capital and related costs of the Project which are calculated based on fixed rate and guaranteed capacity till the end of the Contract.

Fixed operation and maintenance charges (O&M) is the amount payable to compensate the Project Company for fixed operation and maintenance and all related costs of the Plant which are calculated based on fixed rate adjusted with inflation year to year and guaranteed capacity till end of the Contract.

Variable charge

For variable energy output charges Company revenue is determined based on fixed rate adjusted with inflation year to year and output delivered.

Fuel charge is based on actual fuel consumed adjusted for efficiency margin and mutually agreed rate with MEM.

There are no significant judgements that are involved while recognising revenue from the Contract. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. There is no significant financing component attached to the receivable from customer. Services are provided on agreed credit terms of the Contract and payment occurs within 25 days from the submission of invoice. The Company submits invoices on monthly basis in arrears and generally are submitted on or before the 1st working day of the subsequent month

3 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

3.3 MATERIAL ACCOUNTING POLICIES *(continued)*

m) Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of profit or loss except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Temporary differences in relation to right-of-use-assets and a lease liability for a specific lease are regarded as a net package (the lease) for the purpose of recognising the deferred tax.

Deferred tax assets and liabilities are offset if only certain criteria are met.

n) Dividend

The Board of Directors takes into account appropriate parameters including the requirements of the Commercial Companies Law while recommending the dividend. The Company recognises a liability to pay a dividend when it is approved by Board of Directors upto the cap which is approved by the shareholders at the annual general meeting. A corresponding amount is recognised directly in equity.

3 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

3.3 MATERIAL ACCOUNTING POLICIES *(continued)*

o) Directors' sitting fees and remuneration

Directors' sitting fees and remuneration are approved by the Shareholders in the ordinary annual general meeting of the Company and are recognised as an expense in the statement of profit or loss.

p) Earnings per share

The Company presents basic earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

q) Fair value

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on a number of accounting policies and methods. Where applicable, information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability. The fair value of a liability reflects its non-performance risk.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Determination of fair value

(i) Derivative financial instruments

Fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using yield curves of the respective currencies.

3 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

3.3 MATERIAL ACCOUNTING POLICIES *(continued)*

q) *Fair value (continued)*

Determination of fair value (continued)

(i) Derivative financial instruments (continued)

The fair value of interest rate swaps is based on estimated fixture cash flows based on the terms and maturity of each contract and using market interest rates.

Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Company and counterparty when appropriate.

(ii) Non-derivative financial liabilities

Fair value, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

r) *Current versus non-current classification*

The Company presents assets and liabilities in statement of financial position based on current / non-current classification.

An asset as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

s) *Segmental reporting*

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer.

4 DIRECT COSTS

	2024 RO'000	2024 USD'000	2023 RO'000	2023 USD'000
Fuel gas	**39,671**	**103,175**	27,850	72,433
Depreciation on property, plant and equipment (note 8)	**7,439**	**19,347**	7,439	19,347
Operation and maintenance ("O&M") fees (note 17)	**7,313**	**19,020**	6,702	17,430
Seawater extraction	**1,107**	**2,879**	1,090	2,834
Insurance	**620**	**1,613**	677	1,760
Custom duty (note 17)	**559**	**1,453**	788	2,049
Depreciation on right of use assets [note 9(a)]	**226**	**588**	228	593
Other O&M expenses (note 17)	**220**	**573**	201	522
Fuel oil	**140**	**363**	105	273
Grid connection fee	**13**	**33**	13	34
Other direct costs	**125**	**326**	170	443
	57,433	**149,370**	45,263	117,718

5 GENERAL AND ADMINISTRATIVE EXPENSES

	2024 RO'000	2024 USD'000	2023 RO'000	2023 USD'000
Secondment fees (note 17)	**290**	**755**	268	697
Employee related costs	**189**	**492**	187	485
Public company related costs	**94**	**246**	83	216
Corporate social responsibility	**70**	**183**	49	127
Agency fees	**59**	**154**	58	152
Directors' sitting fees and remuneration (note 17)	**38**	**98**	39	101
Office rent	**19**	**49**	19	49
Audit fees	**19**	**48**	18	46
Depreciation on property, plant and equipment (note 8)	**2**	**6**	7	18
Other expenses (note 5.1)	**103**	**268**	114	299
	883	**2,299**	842	2,190

5.1 Other expenses include provision against non-audit fees from external auditor of OMR 6,202 (USD 16,131) [2023: OMR 3,012 (USD 7,834)]

6(a) FINANCE COSTS

	2024 RO'000	2024 USD'000	2023 RO'000	2023 USD'000
Interest on term loans and swap interests	3,958	10,294	4,956	12,892
Amortisation of deferred finance costs [note 14(a)]	526	1,367	569	1,481
Interest on lease liability [note 9(b)]	226	587	230	599
Debt Service Reserve Account ("DSRA") LC cost (note 17)	169	439	175	455
Exchange loss	59	153	55	143
Asset retirement obligation - unwinding of discount (note 15)	19	49	18	47
Interest on short term borrowings	18	48	13	33
Reversal due to reassessment of discount factor (note 15)	(60)	(156)	-	-
	4,915	12,781	6,016	15,650

6(b) FINANCE INCOME

Finance income	290	754	260	676
	290	754	260	676

7 TAXATION

(a) Tax expense recognised in the statement of profit or loss:

	2024 RO'000	2024 USD'000	2023 RO'000	2023 USD'000
Corporate tax expense	2,472	6,429	2,033	5,288
Deferred tax expense relating to temporary differences	18	46	210	544
	2,490	6,475	2,243	5,832

The Company is subject to income tax at the rate of 15% (2023-15%) of taxable income in accordance with the Income Tax Law of the Sultanate of Oman. Current tax is calculated on taxable income after adjusting carried forward tax loss from previous year. The deferred tax on all temporary differences have been calculated and dealt with in the statement of profit and loss.

(b) Reconciliation

The following is a reconciliation of income tax on the accounting profit with the tax expenses at the applicable tax of 15% (2023:15%):

	2024 RO'000	2024 USD'000	2023 RO'000	2023 USD'000
Profit before tax	16,592	43,152	14,948	38,875
Income tax as per rates mentioned above	2,489	6,473	2,242	5,830
Non-deductible expenses	1	2	1	2
Tax expense for the year	2,490	6,475	2,243	5,832

The Company's effective tax rate for the year ended 31 December 2024 was 15% (31 December 2023: 15%).

7 TAXATION *(continued)*

(c) Deferred tax liability

	At 1 Jan 2024 RO'000	Recognised during the year RO'000	At 31 Dec 2024 RO'000
Deferred tax liability recognised in statement of profit and loss			
Property, plant and equipment	**(24,884)**	**(25)**	**(24,909)**
Provision for right-of-use assets	**(493)**	**31**	**(462)**
Provision for lease liabilities	**583**	**(17)**	**566**
Provision for asset retirement obligation	**54**	**(7)**	**47**
	(24,740)	**(18)**	**(24,758)**
Deferred tax asset directly recognised in statement of comprehensive income			
Derivative (interest rate and forex swap) (note 13)	**(32)**	**133**	**101**
Deferred tax liability	**(24,772)**	**115**	**(24,657)**
In equivalent USD	**(64,426)**	**299**	**(64,127)**

	At 1 Jan 2023 RO'000	Recognised during the year RO'000	At 31 Dec 2023 RO'000
Deferred tax liability recognised in statement of profit and loss			
Property, plant and equipment	(24,656)	(228)	(24,884)
Provision for right-of-use assets	(414)	(79)	(493)
Provision for lease liabilities	489	94	583
Provision for asset retirement obligation	51	3	54
	(24,530)	(210)	(24,740)
Deferred tax asset directly recognised in statement of comprehensive income			
Derivative (interest rate and forex swap) (note 13)	(64)	32	(32)
Deferred tax liability	(24,594)	(178)	(24,772)
In equivalent USD	(63,967)	(459)	(64,426)

7 TAXATION *(continued)*

(d) Current tax liabilities included in the statement of financial position as:

	2024 RO'000	2024 USD'000	2023 RO'000	2023 USD'000
Opening balance	2,033	5,288	304	790
Current tax expense	2,472	6,429	2,033	5,288
Income tax paid	(2,033)	(5,288)	(304)	(790)
Current tax liabilities	2,472	6,429	2,033	5,288

(e) Deferred tax asset has been recognised directly in other comprehensive income in respect of the changes in fair values of interest rate swaps and forward rate contracts (note 14).

(f) Status of tax assessments

The tax assessment including and up to the tax years 2020 have been completed and accepted by the Company. The tax return for 2021 is under assessment, whereas the tax years from 2022 to 2023 remain unassessed to date. The management is of the opinion that the final tax liability for the years from 2021 to 2023 would not be material to the Company's financial position as of 31 December 2024.

(g) BEPS Pillar Two

As at 31 December 2024, the BEPS Pillar Two was not considered to be substantively enacted from the perspective of IAS 12 – Income Taxes since the corresponding regulations/ clarifications were yet to prescribed.

8 PROPERTY, PLANT AND EQUIPMENT

	Property, plant and equipment RO'000	Technical spares RO'000	Other assets RO'000	Capital work-in-progress RO'000	Total RO'000
Cost					
1 January 2024	296,552	1,709	116	-	298,377
Additions during the year	-	-	1	6	7
Disposals during the year	-	-	(4)	-	(4)
31 December 2024	296,552	1,709	113	6	298,380

	Property, plant and equipment RO'000	Technical spares RO'000	Other assets RO'000	Capital work-in-progress RO'000	Total RO'000
Depreciation					
1 January 2024	80,966	683	110	-	81,759
Charge during the year	7,371	68	2	-	7,441
Disposals during the year	-	-	(2)	-	(2)
31 December 2024	88,337	751	110	-	89,198
Carrying amounts					
31 December 2024	208,215	958	3	6	209,182

8 PROPERTY, PLANT AND EQUIPMENT *(continued)*

	Property, plant and equipment RO'000	Technical spares RO'000	Other assets RO'000	Capital work-in-progress RO'000	Total RO'000
Cost					
1 January 2023	296,552	1,713	135	-	298,400
Additions during the year	-	-	1	-	1
Disposals during the year	-	(4)	(20)	-	(24)
31 December 2023	296,552	1,709	116	-	298,377
Depreciation					
1 January 2023	73,595	617	123	-	74,335
Charge during the year	7,371	68	7	-	7,446
Disposals during the year	-	(2)	(20)	-	(22)
31 December 2023	80,966	683	110	-	81,759
Carrying amounts					
31 December 2023	215,586	1,026	6	-	216,618

	Property, plant and equipment USD'000	**Technical spares USD'000**	**Other assets USD'000**	**Capital work-in-progress USD'000**	**Total USD'000**
Cost					
1 January 2024	**771,268**	**4,445**	**300**	**-**	**776,013**
Additions during the year	**-**	**-**	**2**	**16**	**18**
Disposals during the year	**-**	**-**	**(9)**	**-**	**(9)**
31 December 2024	**771,268**	**4,445**	**293**	**16**	**776,022**
Depreciation					
1 January 2024	**210,571**	**1,779**	**284**	**-**	**212,634**
Charge during the year	**19,169**	**178**	**6**	**-**	**19,353**
Disposals during the year	**-**	**-**	**(5)**	**-**	**(5)**
31 December 2024	**229,740**	**1,957**	**285**	**-**	**231,982**
Carrying amounts					
31 December 2024	**541,528**	**2,488**	**8**	**16**	**544,040**

8 PROPERTY, PLANT AND EQUIPMENT *(continued)*

	Property, plant and equipment USD'000	Technical spares USD'000	Other assets USD'000	Capital work-in-progress USD'000	Total USD'000
Cost					
1 January 2023	771,268	4,456	352	-	776,076
Additions during the year	-	-	1	-	1
Disposals during the year	-	(11)	(53)	-	(64)
31 December 2023	771,268	4,445	300	-	776,013
Depreciation					
1 January 2023	191,402	1,605	319	-	193,326
Charge during the year	19,169	178	18	-	19,365
Disposals during the year	-	(4)	(53)	-	(57)
31 December 2023	210,571	1,779	284	-	212,634
Carrying amounts					
31 December 2023	560,697	2,666	16	-	563,379

Depreciation charged for the year is allocated as follows:

	2024 RO'000	**2024 USD'000**	2023 RO'000	2023 USD'000
Direct costs (note 4)	**7,439**	**19,347**	7,439	19,347
General and administrative expenses (note 5)	**2**	**6**	7	18
	7,441	**19,353**	7,446	19,365

The term loan facilities are secured by a comprehensive legal and commercial mortgage on all assets of the Company (note 14).

The Company's plant is constructed on land leased from the Sohar Industrial Port Company SAOC (note 2 and 9). The Company has leased out the entire property, plant and equipment under operating lease.

During 2024, the Company carried out an impairment testing for the plant using the discounted cash flow method in which the Company considered the present value of the net cash flows expected to be generated from the plant facility, taking into account the budgeted EBITDA growth rate and budgeted maintenance expenditure growth rate of 1.5%; the expected net cash flows are discounted using a risk-adjusted discount rate of 9.1%. Management has assessed that 10% increase/decrease in key assumptions including revenue, cost and discount rate would not result in an impairment loss.

9a) RIGHT-OF-USE ASSETS

	Connection equipment RO'000	Site rent RO'000	Total RO'000
Cost			
1 January 2023	999	2,721	3,720
Additions during the year	-	748	748
31 December 2023	999	3,469	4,468

	Connection equipment RO'000	**Site rent RO'000**	**Total RO'000**
Cost			
1 January 2024	999	3,469	4,468
Additions during the year	-	18	18
31 December 2024	999	3,487	4,486
Depreciation			
1 January 2023	500	448	948
Charge for the year (note 4)	125	103	228
31 December 2023	625	551	1,176
1 January 2024	625	551	1,176
Charge for the year (note 4)	125	101	226
31 December 2024	750	652	1,402
Carrying amounts			
31 December 2024	**249**	**2,835**	**3,084**
31 December 2023	374	2,918	3,292

9a) RIGHT-OF-USE ASSETS *(continued)*

	Connection equipment USD'000	Site rent USD'000	Total USD'000
Cost			
1 January 2023	2,599	7,076	9,675
Additions during the year	-	1,945	1,945
31 December 2023	2,599	9,021	11,620
1 January 2024	2,599	9,021	11,620
Additions during the year	-	46	46
31 December 2024	2,599	9,067	11,666
Depreciation			
1 January 2023	1,300	1,167	2,467
Charge for the year (note 4)	325	268	593
31 December 2023	1,625	1,435	3,060
1 January 2024	1,625	1,435	3,060
Charge for the year (note 4)	325	263	588
31 December 2024	1,950	1,698	3,648
Carrying amounts			
31 December 2024	**649**	**7,369**	**8,018**
31 December 2023	974	7,586	8,560

The above right-of-use assets are not part of the assets which are secured against the comprehensive legal and commercial mortgages for the term loan facilities (note 14).

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payment associated with these leases as an expense on a straight-line basis over the lease term.

9b) LEASE LIABILITIES

Lease liabilities included in the statement of financial position as:

	2024 RO'000	2024 USD'000	2023 RO'000	2023 USD'000
1 January	**3,889**	**10,113**	3,264	8,490
Additions during the year	**18**	**46**	748	1,945
Interest on lease liabilities [note 6(a)]	**226**	**587**	230	599
Lease payments	**(360)**	**(934)**	(353)	(921)
31 December	**3,773**	**9,812**	3,889	10,113

9b) LEASE LIABILITIES *(continued)*

	2024 RO'000	2024 USD'000	2023 RO'000	2023 USD'000
Non-current lease liabilities	**3,626**	**9,431**	3,755	9,765
Current lease liabilities	**147**	**381**	134	348
	3,773	**9,812**	3,889	10,113

	Contractual Undiscounted cash flows 2024 RO'000	Present value of lease payments 2024 RO'000	Contractual Undiscounted cash flows 2024 USD'000	Present value of lease payments 2024 USD'000
Within one year	**363**	**147**	**944**	**381**
In 2 to 5 years	**1,086**	**286**	**2,824**	**744**
More than 5 years	**6,464**	**3,340**	**16,811**	**8,687**
Lease liabilities	**7,913**	**3,773**	**20,579**	**9,812**

	Contractual Undiscounted cash flows 2023 RO'000	Present value of lease payments 2023 RO'000	Contractual Undiscounted cash flows 2023 USD'000	Present value of lease payments 2023 USD'000
Within one year	358	134	931	348
In 2 to 5 years	1,228	413	3,194	1,074
More than 5 years	6,646	3,342	17,285	8,691
Lease liabilities	8,232	3,889	21,410	10,113

The Company has leased land for plant premises and lease term includes the renewal terms. The Company is restricted from assigning and subleasing the leased assets.

The following are the amounts recognised in statement of profit or loss:

	2024 RO'000	2024 USD'000	2023 RO'000	2023 USD'000
Depreciation for rights-of-use assets [note 9(a)]	**226**	**588**	228	593
Interest on lease liabilities [note 6(a)]	**226**	**587**	230	599
Total amount recognised in statement of profit or loss	**452**	**1,175**	458	1,192

10 TRADE AND OTHER RECEIVABLES

	2024 RO'000	2024 USD'000	2023 RO'000	2023 USD'000
Trade receivables	**5,306**	**13,801**	4,077	10,604
Accrued income	**764**	**1,988**	190	493
Prepayments	**338**	**879**	367	954
Due from a related party (note 17)	**12**	**31**	32	84
Other receivables	**724**	**1,881**	619	1,610
	7,144	**18,580**	5,285	13,745

Trade receivables are generated and related to Sultanate of Oman only.

11 CASH AND CASH EQUIVALENTS

	2024 RO'000	2024 USD'000	2023 RO'000	2023 USD'000
Cash in hand and at bank	**4,661**	**12,123**	6,514	16,940
Short term deposits (less than 3 months)	**-**	**-**	1,776	4,620
	4,661	**12,123**	8,290	21,560

Bank balances and deposit accounts are placed with reputed financial institutions with currencies denominated in Rial Omani, USD and Euros. The management believes that the ECL is immaterial to the financial statements as a whole.

Short term deposits less than 3 months are denominated in USD and are held with commercial banks with maturities ranging from one to 3 months from reporting date. Interest on deposit accrues on monthly basis.

12 EQUITY

a) Share capital

The details of the shareholders are as follows:

	Nationality	No. of shares held of nominal value 100 Bzs. Each	% of total	Aggregate nominal value of shares held RO'000
31 December 2024				
Kahrabel FZE	UAE	**201,791,343**	**29.90%**	**20,179**
Middle East Investment LLC	Omani	**96,508,899**	**14.30%**	**9,651**
Social Protection Fund	Omani	**70,031,999**	**10.38%**	**7,003**
SEP International Netherlands B.V.	Netherlands	**48,254,453**	**7.15%**	**4,825**
Sojitz Global Investment B.V.	Netherlands	**48,254,453**	**7.15%**	**4,825**
Shareholders with less than 5% shareholding		**210,046,283**	**31.12%**	**21,006**
		674,887,430	**100.00%**	**67,489**
Nominal value in USD				**175,523**

12 EQUITY *(continued)*

a) Share capital *(continued)*

31 December 2023	Nationality	No. of shares held of nominal value 100 Bzs. Each	% of total	Aggregate nominal value of shares held RO '000
Kahrabel FZE	UAE	201,791,343	29.90%	20,179
Middle East Investment LLC	Omani	96,508,899	14.30%	9,651
Civil Service Employees Pension Fund *	Omani	87,413,257	12.95%	8,741
SEP International Netherlands B.V.	Netherlands	48,254,453	7.15%	4,825
Sojitz Global Investment B.V.	Netherlands	48,254,453	7.15%	4,825
Public Authority for Social Insurance *	Omani	44,086,913	6.53%	4,409
Ministry of Defence Pension Fund *	Omani	34,900,737	5.17%	3,490
Shareholders with less than 5% shareholding		113,677,375	16.85%	11,369
		674,887,430	100.00%	67,489
Nominal value in USD				175,523

* Based on the Royal Decree 50/2023, the assets and liabilities of (i) Civil Service Employees Pension Fund (ii) Public Authority for Social Insurance and (iii) Ministry of Defence Pension Fund were transferred into Social Protection Fund owned by the Government effective 1 January 2024.

The Company has authorised, issued and paid-up share capital of RO 67,488,743 consisting of 674,887,430 shares of RO 0.1 each (2023: RO 67,488,743 consisting of 674,887,430 shares of RO 0.1 each).

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All shares rank equally with regard to the Company's residual assets.

b) Legal reserve

Article 132 of the Commercial Companies Law requires that 10% of Company's net profits, after deduction of taxes for establishing a legal reserve until such legal reserve amounts to at least one-third of the Company's share capital. During the year, the Company has transferred RO 1.41 million (USD 3.67 million) to legal reserve. The reserve shall not be distributed to the shareholders as dividends except where the Company reduces its share capital provided that the legal reserve shall not be less than one third after the reduction.

c) Hedging reserve

Hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred (note 14).

d) Dividend

The Company's dividend policy of distributing available cash is conditional upon fulfilment of covenants agreed within the Finance Documents which include making adequate provisions for forecasted loan repayments and operating expenses. The Cash Sweep Mechanism included in the loan covenants, which restricted the Company's ability to distribute dividends, was removed following the successful refinancing of the Commercial Loan Facility on January 31, 2024 [note 14 (a)].

12 EQUITY *(continued)*

d) Dividend *(continued)*

Pursuant to the shareholders resolution of 14 March 2024 and the Board of Directors meetings held on 24 April 2024 and 23 October 2024, the Board approved the payments of cash dividends of 3.00 Baizas and 8.50 Baizas per share [total dividend amounting to RO 7.76 million (2023: Nil)], respectively from the retained earnings of the Company as at 31 December 2023, to the shareholders of the Company who are registered in the Company shareholders' register with Muscat Clearing and Depository Company SAOC. The cut off dates for entitlement to receive dividends were 2 June 2024 and 1 December 2024, respectively.

Unclaimed dividend relating to cut off date of 2 June 2024 amounting to RO 1,089.309 has been deposited by Muscat Clearing & Depository Company SAOC with the Investors' Trust Fund.

13 HEDGING RESERVE

Derivative instruments assets (liabilities) were as follows :

	2024 RO'000	2024 USD'000	2023 RO'000	2023 USD'000
Interest rate swaps:				
Term loans (note 14)				
Standard Chartered Bank	**275**	**715**	573	1,490
KfW IPEX - Bank GmbH	**141**	**366**	296	770
Credit Agricole Corporate & Investment Bank	**133**	**346**	279	726
HSBC Bank Middle East Limited	**103**	**269**	218	566
Total fair value of interest rate swaps	**652**	**1,696**	1,366	3,552
Deferred tax asset	**(98)**	**(254)**	(205)	(533)
Fair value of interest rate swaps net of tax	**554**	**1,442**	1,161	3,019
Currency swaps:				
Standard Chartered Bank	**(1,216)**	**(3,162)**	(1,233)	(3,207)
Credit Agricole Corporate & Investment Bank	**(109)**	**(284)**	78	203
Total fair value of currency swaps	**(1,325)**	**(3,446)**	(1,155)	(3,004)
Deferred tax asset	**199**	**517**	173	451
Fair value of currency swaps net of tax	**(1,126)**	**(2,929)**	(982)	(2,553)
Total fair value of derivative instruments	**(673)**	**(1,750)**	211	548
Less: Deferred tax asset [note 7(c)]	**101**	**263**	(32)	(82)
Total fair value of derivative instruments (net of tax)	**(572)**	**(1,487)**	179	466
Hedging reserve net of tax at the end of the year	**(572)**	**(1,487)**	179	466
Less: Hedging reserve net of tax at the beginning of the year	**179**	**466**	364	945
Effective portion of change in fair value of cash flow hedge for the year	**(751)**	**(1,953)**	(185)	(479)

13 HEDGING RESERVE *(continued)*

(a) The long term facilities (note 14) [total drawdown of USD 490.50 million (RO 188.60 million) excluding Hermes Covered Fixed Facility of USD 120 million (RO 46.14 million)], the Company bears interest at USD Secured Overnight Financing Rate (SOFR) plus CAS plus applicable margins (2023: US SOFR plus CAS plus applicable margins).

The Company has fixed the rate of interest through Interest Rate Swap Agreements ("IRS") entered into with, Standard Chartered Bank, dated 19 December 2011; KfW IPEX - Bank GmbH, dated 6 October 2010; Credit Agricole Corporate & Investment Bank, dated 5 October 2010 and HSBC Bank Middle East Limited, dated 6 October 2010 respectively, for the facilities (excluding Hermes Covered Fixed Facility).

The hedged notional amounts stand at approximately USD 43.03 million (RO 16.54 million), USD 22.54 million (RO 8.67 million), USD 20.49 million (RO 7.88 million) and USD 16.39 million (RO 6.30 million) at fixed interest rates of 2.9708%, 2.9750%, 2.9530% and 2.9788% per annum respectively, excluding margins.

The interest rate swaps have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. The Company applies hedge accounting to remove the accounting mismatch between the hedging instrument and the hedged item since all critical terms matched during the period and the economic relationship was 100% effective. This will effectively result in recognising interest expense at a fixed interest rate for the hedged floating rate loans.

Hedge ineffectiveness for interest rate swaps may occur due to:

(i) the credit value/debit value adjustment on the interest rate swaps which is not matched by the loan, and

(ii) differences in critical terms between the interest rate swaps and loans.

Derivatives are only used for economic hedging purposes and not as speculative investments.

(b) The O&M Agreement includes an outflow of approximately Euro 28 million, payable in Euro. The Company has entered into Forward Rate Agreements ("FRA") with Standard Chartered Bank and two FRA with Credit Agricole Corporate & Investment Bank on 12 October 2010, 3 September 2019 and 22 November 2022 respectively to hedge against fluctuations in Euro/USD exchange rate. As per the FRAs', the Company shall pay a fixed USD amount at an exchange rate of 1.4318, 1.2155 and 1.1029 respectively and receive contractual Euro amount at each maturity date.

14a) TERM LOANS

	2024 RO'000	**2024 USD'000**	2023 RO'000	2023 USD'000
Term loan	**56,314**	**146,460**	74,201	192,979
Less: current portion of term loan	**(17,784)**	**(46,253)**	(17,887)	(46,520)
Non-current portion of term loan	**38,530**	**100,207**	56,314	146,459
Less: Unamortised deferred finance costs	**(791)**	**(2,058)**	(1,145)	(2,977)
	37,739	**98,149**	55,169	143,482

On 16 September 2010, the Company entered into a Common Terms Agreement ("CTA"), for credit facilities with a consortium of international banks, export credit agencies and a local bank, with Credit Agricole Corporate & Investment Bank as the Global Facility Agent, Offshore Security Trustee, Offshore Account Bank, KEXIM Facility Agent and Commercial Facility Agent; with Bank Muscat SAOG as Onshore Security Agent and Onshore Account Bank; and with KfW IPEX - Bank GmbH as the Hermes Facility Agent.

14a) TERM LOANS *(continued)*

At 31 December, the outstanding USD term loan amounts were as follows:

	2024 RO'000	2024 USD'000	2023 RO'000	2023 USD'000
Commercial Facility *	29,106	75,698	33,175	86,280
Hermes Covered Variable Facility	10,667	27,742	16,084	41,832
Hermes Covered Fixed Facility	6,809	17,708	10,267	26,701
KEXIM Direct Facility	6,629	17,241	9,996	25,997
KEXIM Covered Facility	3,103	8,071	4,679	12,169
	56,314	146,460	74,201	192,979

* The Company successfully completed the refinancing of its Commercial loan facility on 31 January 2024 thereby eliminating the Cash Sweep activated from 30 April 2023. As a result of refinancing, the Company is able to make future dividend distributions subject to the availability of cash and fulfillment of other covenants agreed within the Finance Documents which include making adequate provisions for forecasted loan repayments and operating expenses.

Repayments

The aggregate amount of drawdown under the above facilities is repayable in half yearly instalments commencing from 31 October 2013, with the final instalment being due on 31 March 2027 except for Commercial Facility which has a final maturity date of 30 September 2027.

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	2024 RO'000	2024 USD'000	2023 RO'000	2023 USD'000
Balance at 1 January	74,201	192,979	93,109	242,156
Repayments of borrowing	(17,887)	(46,519)	(18,908)	(49,177)
Balance at 31 December	56,314	146,460	74,201	192,979

Payment of finance costs

	2024 RO'000	2024 USD'000	2023 RO'000	2023 USD'000
Balance at 1 January	715	1,860	867	2,255
Interest costs during the year	4,430	11,521	5,429	14,122
Finance costs paid	(4,584)	(11,921)	(5,581)	(14,517)
Balance at 31 December	561	1,460	715	1,860

Movement of unamortised deferred finance costs is as follows:

	2024 RO'000	2024 USD'000	2023 RO'000	2023 USD'000
Balance at 1 January	1,145	2,977	1,678	4,364
Addition	172	448	36	94
Amortisation	(526)	(1,367)	(569)	(1,481)
Balance at 31 December	791	2,058	1,145	2,977

14a) TERM LOANS *(continued)*

Interest

(i) Interest on Hermes Covered Fixed Facility is charged at a fixed rate of 3.60% per annum, including margin.

(ii) Interest on the remaining facilities is charged at a floating rate of US SOFR plus CAS plus applicable margin (2023: US SOFR plus CAS plus applicable margin). The Company has entered into interest rate swap contracts to fix its obligations against unfavorable US SOFR rate (2023: US SOFR plus CAS rate) changes.

During the year, the margins ranged between 1.75% and 2.85% per annum (2023: ranged between 1.70% and 3.10% per annum) depending on the type of facility and the interest payment period.

Other fees

Under the terms of the above facilities, the Company is required to pay agency and other fees.

Securities

The above facilities are secured by comprehensive legal and commercial mortgages on all the assets of the Company.

Covenants

The term loan facilities contain certain covenants pertaining to, amongst other things, liquidation and merger, entering into material new agreements, negative pledge on any of its present or future assets, rights, undertakings, revenue, property or shares other than Permitted Encumbrances, disposal of plant, granting of loan and guarantee, acquisition of capital assets, change of business, loan and guarantee, hedging agreement, etc, which the Company is required to comply. The Company is in compliance with the covenants. Further, the loan contains a covenant that requires the Company to meet Debt Service Coverage Ratio (DSCR) annually. The covenant is required to be tested annually on 30 June and 31 December. The loan becomes repayable on demand if the required DSCR threshold is not met at any testing date.

The Company complied with the DSCR ratio when it was tested on 30 June 2024 and 31 December 2024. Management believes that the Company will meet the DSCR requirement till the end of the loan repayment."

14b) SHORT TERM BORROWINGS

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	2024 RO'000	**2024 USD'000**	2023 RO'000	2023 USD'000
Balance at 1 January	**1,050**	**2,731**	-	-
Proceeds from borrowings	**7,900**	**20,546**	9,920	25,800
Repayments of borrowings	**(6,960)**	**(18,101)**	(8,870)	(23,069)
Balance at 31 December	**1,990**	**5,176**	1,050	2,731

The Company had availed short term borrowings for general working capital purposes at prevailing market rates from a commercial bank in Oman.

15 ASSET RETIREMENT OBLIGATION

Under the Sub-Usufruct agreement, the Company has a legal obligation to remove the Plant at the end of its useful life and restore the land. The Company shall at its sole cost and expense dismantle, demobilise, safeguard and transport the assets, eliminate soil and ground water contamination, fill all excavation and return the surface to grade of the designated areas.

The fair value of Asset Retirement Obligation ("ARO") provision has been calculated using an expected present value technique. The technique reflects assumptions such as costs, plant useful life, inflation and discount rates that third parties would consider to assume for the settlement of the obligation.

The movement in ARO provision is as follows:

	2024 RO'000	2024 USD'000	2023 RO'000	2023 USD'000
Balance at 1 January	355	923	337	876
Unwinding of discount during the year [note 6(a)]	19	49	18	47
Reversal due to reassessment of discount factor [note 6(a)]	(60)	(156)	-	-
Balance at 31 December	314	816	355	923

16 TRADE AND OTHER PAYABLES

	2024 RO'000	2024 USD'000	2023 RO'000	2023 USD'000
Fuel gas payable and accrual	6,475	16,840	5,601	14,568
Accrued interest cost	561	1,460	715	1,860
Due to related parties (note 17)	558	1,452	598	1,555
Other payable and accruals	1,208	3,143	1,190	3,095
	8,802	22,895	8,104	21,078

17 RELATED PARTY TRANSACTIONS

Related parties comprise the directors, key management personnel, business entities that have the ability to control or exercise significant influence over financial and operating decisions of the Company and entities over which certain shareholders are able to exercise significant influence. Prices and terms of these transactions, which are entered in the normal course of business, are on mutually agreed terms and conditions.

17 RELATED PARTY TRANSACTIONS *(continued)*

The Company had the following transactions with related parties during the year:

	2024 RO'000	2024 USD'000	2023 RO'000	2023 USD'000
Group companies and other related parties				
STOMO	**8,574**	**22,301**	8,072	20,994
Al Suwadi Power Company SAOG	**269**	**700**	295	767
Kahrabel Operations & Maintenance (Oman) LLC	**169**	**437**	156	404
International Power SA Dubai Branch	**31**	**82**	32	82
Engie CC S.A.	**8**	**22**	-	-
Entities exercising significant influence over the Company:				
Shikoku Electric Power Co., Inc.	**150**	**390**	144	374
ENGIE SA	**77**	**202**	80	209
Middle East Investment LLC	**37**	**97**	39	100
Sojitz Corporation	**19**	**48**	19	50
Social Protection Fund *	**18**	**46**	18	46
Board of Directors - Sitting fees and remuneration:				
Directors' (note 5)	**38**	**98**	39	101
	9,390	**24,423**	8,894	23,127

* Effective 01 January 2024, the 'Public Authority for Social Insurance' has been replaced by Social Protection Fund.

The nature of the above transactions recorded in the statement of profit or loss is as follows:

	2024 RO'000	2024 USD'000	2023 RO'000	2023 USD'000
Operation and maintenance ("O&M") fees from STOMO (note 4)	**7,313**	**19,020**	6,702	17,430
Custom duty to STOMO (note 4)	**559**	**1,453**	788	2,049
Sharing of costs	**254**	**662**	283	735
Secondment fees (note 5)	**290**	**755**	268	697
Other O&M cost (note 4)	**220**	**573**	201	522
DSRA LC cost [note 6(a)]	**169**	**439**	175	455
Directors' sitting fee and remuneration (note 5)	**38**	**98**	39	101
Backcharge of expenses	**58**	**151**	34	89
Professional fees	**31**	**82**	32	82
Plant, technical spares and capital spares	**23**	**60**	-	-
Others	**435**	**1,130**	372	967
	9,390	**24,423**	8,894	23,127

17 RELATED PARTY TRANSACTIONS *(continued)*

Balances due from a related party at the year end comprised (note 10)

	2024 RO'000	2024 USD'000	2023 RO'000	2023 USD'000
Al Suwadi Power Company SAOG	12	31	32	84

Balances due to related parties at the year end recorded at statement of financial position comprises of (note 16):

	2024 RO'000	2024 USD'000	2023 RO'000	2023 USD'000
Entities under common control:				
STOMO	446	1,160	512	1,331
Kahrabel Operations & Maintenance (Oman) LLC	51	134	24	62
International Power SA Dubai Branch	5	13	5	13
ENGIE SA	4	10	4	11
Entities exercising significant influence over the Company:				
Social Protection Fund *	15	39	16	41
Shikoku Electric Power Co., Inc.	12	31	11	29
Middle East Investment LLC	2	5	2	5
Sojitz Corporation	1	2	1	3
Board of Directors - Sitting fees and remuneration:				
Directors'	22	58	23	60
	558	1,452	598	1,555

* Effective 01 January 2024, the 'Public Authority for Social Insurance' has been replaced by Social Protection Fund.

Key Management benefits

Key management personnel are those having authority for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise).

Total compensation paid to key management personnel for the year ended 31 December are as follows:

	2024 RO'000	2024 USD'000	2023 RO'000	2023 USD'000
Key management benefits				
Short term benefits and allowances	290	755	268	697

There are no long term benefits and allowances which are applicable to the key management personnel that are to be paid by the Company.

18 FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks arising from:

- Market risk
- Credit risk
- Liquidity risk"

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for establishing and overseeing the Company's risk management framework. The Board has entrusted the management with the responsibility of developing and monitoring the Company's risk management policies and procedures and its compliance with them.

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company has borrowings which are interest bearing and exposed to changes in US SOFR rates (2023: US SOFR rates). The Company has entered into interest rate swaps to hedge its US SOFR risk (2023: US SOFR risk) exposure on its total loan facilities, excluding Hermes Covered Fixed Facility.

The Company does not account for any fixed rate financial liabilities at fair value through profit or loss and the Company does not designate hedging instruments under a fair value hedge accounting model. Therefore a change in interest rate at the reporting date would not affect the statement of profit or loss.

At the reporting date, the interest rate profile of the Company's interest-bearing financial liabilities was:

	Interest rate %	**2024 RO'000**	**2024 USD'000**	2023 RO'000	2023 USD'000
Financial liabilities					
Term loans					
- USD variable rate loans	SOFR + CAS + margins	**49,505**	**128,752**	63,934	166,278
- USD fixed rate loan *	3.60%	**6,809**	**17,708**	10,267	26,701
		56,314	**146,460**	74,201	192,979
Short term borrowings					
- Variable rate borrowings	Variable	**1,990**	**5,176**	1,050	2,731
		58,304	**151,636**	75,251	195,710

* The USD fixed rate loan is not subject to interest rate risk

18 FINANCIAL RISK MANAGEMENT *(continued)*

(a) Market risk *(continued)*

Interest rate risk (continued):

Cash flow sensitivity analysis for variable rate instruments

A 10% change in US SOFR rates (2023: US SOFR rates) at the reporting date would have increased/(decreased) statement of profit or loss and statement of other comprehensive income by the amounts of USD 264,457 (RO 101,684) [2023: USD 310,501 (RO 119,388)] and equity by the amount of USD 224,788 (RO 86,431) [2023: USD 263,926 (RO 101,480)]. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial liabilities at fair value through profit or loss and the Company does not designate hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rate at the reporting date would not affect profit or loss.

Adoption of amendments to IFRS 9 and IFRS 7 Interest Rate Benchmark Reform

The United Kingdom Financial Conduct Authority (FCA), which regulates the London Interbank Offered Rate ('LIBOR') was effective till 30th June 2023 for overnight, 1, 3, 6 and 12 months tenors. From 1st July 2023, Secured Overnight Financing Rate (SOFR') is implemented which used as benchmark overnight interest rates. The Company completed its transition to SOFR on 31 July 2023.

As part of the Company's risk management strategy, the Company uses financial instruments to manage exposure arising from variation of interest rates that could affect profit or loss or other comprehensive income and applies hedge accounting to these instruments.

Cash flow hedges

At 31 December 2024, the Company held the following instruments to hedge exposures to change in foreign currency and interest rates.

		Maturity	
	1-6 months	6-12 Months	More than one year
Foreign currency risk			
Foreign exchange contracts			
Net exposure hedged (in thousands of euro)	2,824	3,002	13,101
Average EURO:USD forward contract rate	0.79	0.80	0.79
Interest rate risk			
Interest rate swaps			
Net exposure hedged (in thousands of USD)	5,980	41,480	54,988
Average fixed interest rate for notional values	2.97%	2.97%	2.97%

At 31 December 2023, the Company held the following instruments to hedge exposures to change in foreign currency and interest rates.

18 FINANCIAL RISK MANAGEMENT *(continued)*

(a) Market risk *(continued)*

Cash flow hedges (continued)

	Maturity		
	1-6 months	6-12 Months	More than one year
Foreign currency risk			
Foreign exchange contracts			
Net exposure hedged (in thousands of euro)	2,816	3,001	18,927
Average EURO:USD forward contract rate	0.77	0.77	0.79
Interest rate risk			
Interest rate swaps			
Net exposure hedged (in thousands of USD)	4,895	41,295	102,448
Average fixed interest rate	2.97%	2.97%	2.97%

The amounts relating to items designated as hedging instruments and hedge effectiveness were as follows:

	2024			
	Notional amount	Carrying amount: Assets	Carrying amount: Liabilities	Line item in the statement of financial position where the hedging instrument is included
Foreign currency risk				
Forward exchange contracts (in thousands of USD)	**18,927**	**-**	**(3,446)**	Derivative instrument under non-current liabilities
Interest rate risk				
Interest rate swaps (in thousands of USD)	**102,448**	**1,696**	**-**	Derivative instrument under non-current assets

	2023			
	Notional amount	Carrying amount: Assets	Carrying amount: Liabilities	Line item in the statement of financial position where the hedging instrument is included
Foreign currency risk				
Forward exchange contracts (in thousands of USD)	24,744	-	(3,004)	Derivative instrument under non-current liabilities
Interest rate risk				
Interest rate swaps (in thousands of USD)	148,638	3,552	-	Derivative instrument under non-current liabilities

18 FINANCIAL RISK MANAGEMENT *(continued)*

(a) Market risk *(continued)*

Cash flow hedges (continued)

The following table provides a reconciliation by risk category components of hedging reserve under equity and analysis of OCI items, net of tax, resulting from cash flow hedge accounting.

	2024 RO'000	2024 USD'000	2023 RO'000	2023 USD'000
Balance at 1 January	179	466	364	945
Cash flow hedges				
Amount reclassified to profit or loss:				
- Foreign currency risk	481	1,251	509	1,324
- Interest rate risk	(1,397)	(3,634)	(1,629)	(4,238)
Changes in fair value:				
- Foreign currency risk	(652)	(1,694)	219	570
- Interest rate risk	684	1,779	685	1,780
Tax on movements on reserves during the year	133	345	31	85
Balance at 31 December	(572)	(1,487)	179	466

Currency risk :

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in foreign exchange rates. Most of the Company's transactions are in US Dollar and the management believes that the Company is not materially exposed to currency risk as the RO is effectively pegged to the USD and also as the revenues of the Company are protected against changes in the RO/USD exchange rate by a provision under its Power Purchase Agreement (PPA) with PWP.

The price under the O&M Agreement includes an expected amount of approximately Euro 28 million, payable in Euro. The Company has entered into FRAs' to hedge against fluctuations in Euro/ USD exchange rate (note 13(b)). The Euro amounts hedged cover 72% of expected outflows for the period from January 2025 to December 2025, 67% for the period from January 2026 to December 2026 and 68% for the period from January 2027 to March 2028. The Management considers that the Company is not exposed to significant foreign exchange risk because most other transactions and balances are either in RO or USD and RO is effectively pegged to the USD.

Sensitivity analysis:

A strengthening/ (weakening) by 10% of the Euro against all other currencies at the reporting date would have affected the measurement of financial instruments denominated in a foreign currency and increased/ (decreased) equity and the statement of profit or loss and statement of other comprehensive income by the amounts of USD 344,644 (RO 132,516) [2023: USD 300,486 (RO 115,537)]. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and cash balances held with banks. PWP is the Company's sole customer and the Company analyses its credit risk with PWP.

18 FINANCIAL RISK MANAGEMENT *(continued)*

(b) Credit risk *(continued)*

The Company limits its credit risk with regard to bank deposits by only dealing with reputable banks and financial institutions.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2024 RO'000	2024 USD'000	2023 RO'000	2023 USD'000
Trade receivables (note 10)	5,306	13,801	4,077	10,604
Short term deposit (note 11)	-	-	1,776	4,620
Cash at bank (note 11)	4,661	12,123	6,514	16,940
Due from a related party (note 10)	12	31	32	84
Derivative instruments (note 13)	652	1,696	1,366	3,552
Accrued income (note 10)	764	1,988	190	493
Other receivables (note 10)	724	1,881	619	1,610
	12,119	31,520	14,574	37,903

Age analysis of trade receivables as at 31 December was:

	2024 RO'000 Trade receivable	2024 USD'000 Expected credit losses	2023 RO'000 Trade receivable	2023 USD'000 Expected credit losses
Not past due	5,306	-	4,077	-
Past due 0 < 3 months	-	-	-	-
Past due > 3 months and < 1 year	-	-	-	-
	5,306	-	4,077	-
Nominal value in USD '000	13,801	-	10,604	-

-

The table below shows the balances with banks categorised by short-term credit ratings as published by Moody' Service at the reporting date:

	Rating	2024 RO'000	2024 USD'000	2023 RO'000	2023 USD'000
Bank					
Bank balances:					
Bank Muscat SAOG	P-3	4,400	11,444	4,775	12,419
Credit Agricole Corporate and Investment Bank	P-1	261	679	1,739	4,521
		4,661	12,123	6,514	16,940
Short term deposit					
Credit Agricole Corporate and Investment Bank	P-1	-	-	1,776	4,620

18 FINANCIAL RISK MANAGEMENT *(continued)*

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company limits its liquidity risk by ensuring that a working capital facility is available, when required.

Liquidity requirements are monitored on a monthly basis and management ensures that sufficient liquid funds are available to meet any commitments as they arise.

The following are the contractual maturities of financial liabilities, including interest payments:

31 December 2024	Carrying amount RO'000	Contractual cash flow RO'000	Less than 1 year RO'000	Between 2 to 5 years RO'000	More than 5 years RO'000
Derivatives					
Derivative instruments	1,325	1,347	-	1,347	-
Non-derivative financial liabilities					
Term loans	56,314	62,601	21,357	41,244	-
Lease liabilities	3,773	7,913	363	1,086	6,464
Short term borrowings	1,990	1,990	1,990	-	-
Trade and other payables	8,802	8,802	8,802	-	-
	72,204	82,653	32,512	43,677	6,464

31 December 2024	Carrying amount USD'000	Contractual cash flow USD'000	Less than 1 year USD'000	Between 2 to 5 years USD'000	More than 5 years USD'000
Derivatives					
Derivative instruments	3,446	3,504	-	3,504	-
Non-derivative financial liabilities					
Term loans	146,460	162,811	55,544	107,267	-
Lease liabilities	9,812	20,579	944	2,824	16,811
Short term borrowings	5,176	5,176	5,176	-	-
Trade and other payables	22,895	22,895	22,895	-	-
	187,789	214,965	84,559	113,595	16,811

31 December 2023	Carrying amount RO'000	Contractual cash flow RO'000	Less than 1 year RO'000	Between 2 to 5 years RO'000	More than 5 years RO'000
Derivatives					
Derivative instruments	1,155	1,178	-	1,178	-
Non-derivative financial liabilities					
Term loans	74,201	82,982	26,161	56,821	-
Lease liabilities	3,889	8,232	358	1,228	6,646
Short term borrowings	1,050	1,050	1,050	-	-
Trade and other payables	8,104	8,104	8,104	-	-
	88,399	101,546	35,673	59,227	6,646

18 FINANCIAL RISK MANAGEMENT *(continued)*

(c) Liquidity risk *(continued)*

31 December 2023	Carrying amount USD'000	Contractual cash flow USD'000	Less than 1 year USD'000	Between 2 to 5 years USD'000	More than 5 years USD'000
Derivatives					
Derivative instruments	3,004	3,064	-	3,064	-
Non-derivative financial liabilities					
Term loans	192,979	215,816	68,038	147,778	-
Lease liabilities	10,113	21,410	931	3,194	17,285
Short term borrowings	2,731	2,731	2,731	-	-
Trade and other payables	21,078	21,078	21,078	-	-
	229,905	264,099	92,778	154,036	17,285

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amount.

(d) Fair value hierarchy

The management believes that the fair value of the financial assets and liabilities are not significantly different from their carrying amounts as shown in the financial statements at the reporting date.

There were no transfers between level 1 and level 2 during the year.

Measurement of fair values

Type	*Valuation technique*	*Significant un-observable inputs*
Derivative instrument (level 2)	Market comparison technique: fair value is calculated by the respective financial institutions	Not applicable

Embedded derivatives

The following agreements contain embedded derivatives:

(a) The PPA between the Company and PWP contains embedded derivatives in the pricing formulae that adjusts the charge rates to reflect changes in USD / RO currency exchange rates and changes in US price index and the Oman price index.

(b) The O&M Agreement contains embedded derivatives in the pricing formula that adjust the payments to reflect changes in the relevant inflation indices.

(c) The SUA between the Company and SIPC contains embedded derivatives in the pricing formula that adjust the rent for the land to reflect changes in US consumer price index and the Omani consumer price index.

18 FINANCIAL RISK MANAGEMENT *(continued)*

(d) Fair value hierarchy *(continued)*

Embedded derivatives *(continued)*

These embedded derivatives are not separated from the host contract, the PPA and the O&M Agreement, and SUA and is not accounted for as a standalone derivative under IFRS 9, as the management believes that the economic characteristics and risks associated with the embedded derivatives are closely related to those of the host contracts.

Capital management

The Company aims to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development and growth of its businesses, while at the same time maintaining an appropriate dividend policy to reward shareholders.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year ended 31 December 2024.

19 COMMITMENTS

a) Operation and maintenance commitments

As per the O&M Agreement, STOMO is scheduled to operate and maintains the plant until 31 March 2028. Under the O&M Agreement the Company has to pay the following operating fees :

- a fixed monthly fee; and
- a variable fee

All fees are subject to indexation based on Omani, Euro material and labour & US Producer Price indices.

At 31 December the expected future payments under the O&M Agreement (excluding indexation) are as follows:

	2024 RO'000	**2024 USD'000**	2023 RO'000	2023 USD'000
Within one year	**9,227**	**23,997**	8,360	21,743
One to two years	**9,941**	**25,855**	8,242	21,435
Two to three years	**9,748**	**25,353**	6,220	16,177
Three to four years	**1,967**	**5,115**	6,050	15,734
Four to five years	**-**	**-**	1,136	2,954
	30,883	**80,320**	30,008	78,043

Euro/USD rate for converting Euro denominated O&M payments as at 31 December 2024 was 1.06 (31 December 2023: 1.12).

b) As at 31 December 2024, the Company has outstanding purchase orders for USD 332,302 (RO 127,770) [2023: USD 196,434 (RO 75,529)].

20 OPERATING LEASE AGREEMENT FOR WHICH THE COMPANY ACTS AS A LESSOR

The Company has entered into a PPA with OPWP for a substantial element of the production of power with 100% "take-or-pay" clauses in favour of the Company.

The Management has determined that the take-or-pay arrangement with OPWP under the PPA is subject to IFRS - 16 Leases. The Management further determined that such an arrangement in substance represents an operating lease. The lease commenced on 3 April 2013. The following is the total of minimum lease receipts expected to be received under the PPA, excluding indexation:

	2024	2024	2023	2023
	RO'000	USD'000	RO'000	USD'000
Within one year	28,282	73,555	28,282	73,555
One to two years	28,246	73,462	28,246	73,462
Two to three years	28,246	73,462	28,246	73,462
Three to four years	3,241	8,428	28,246	73,462
Four to five years	-	-	3,241	8,428
	88,015	228,907	116,261	302,369

21 NET ASSET PER SHARE

Net assets per share is calculated by dividing the adjusted net assets attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

	2024	2024	2023	2023
	RO'000	USD'000	RO'000	USD'000
Net assets - shareholder funds	129,137	335,858	122,796	319,366
Weighted average number of shares outstanding during the year	674,887	674,887	674,887	674,887
Net assets per share (Baizas / cents) - adjusted	191.35	497.65	181.95	473.21

The management believes that the hedging deficit of RO 0.57 million (USD 0.15 million) [2023: hedging surplus RO 0.18 million (USD 0.47 million)] at the end of the reporting period represents the loss which the Company would accrue, if it opts to terminate its swap agreements on this date. However, under the terms of its financing agreements, the Company is not permitted to terminate the swap agreements. Accordingly the hedging surplus has been excluded from the Shareholder Funds.

22 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

	2024	**2024**	2023	2023
	RO'000	**USD'000**	RO'000	USD'000
Net profit for the year	**14,102**	**36,677**	12,705	33,043
Weighted average number of shares outstanding during the year	**674,887**	**674,887**	674,887	674,887
Basic and diluted earnings per share (Baizas / cents)	**20.90**	**54.35**	18.83	48.96

23 SEGMENTAL REPORTING

The Company has only one segment in accordance with IFRS 8. Segment information is, accordingly, presented in respect of the Company's business segments. The primary format, business segments, is based on the Company's management and internal reporting structure. All operation and revenue are generated and all non-current asset are situated in Sultanate of Oman.