

Auditors Report	English 01/01/2025-31/12/2025
DISCLOSURE AUDITOR'S REPORT DISCLOSURE OF AUDITOR'S REPORT	
AUDITOR'S OPINION	
Unmodified Opinion	Yes
Qualified Opinion	No
Adverse Opinion	No
Disclaimer of Opinion	No
AUDITOR'S OPINION BASIS	
Opinion and basis of Opinion	Ref #1
Key Audit Matters	Ref #2
Other information	Ref #3
Responsibilities of Management and Those Charged with Governance for the Financial Statements	Ref #4
Auditor's Responsibilities for the Audit of the Financial Statements	Ref #5
Report on Other Legal and Regulatory Requirements	Ref #6

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Opinion

We have audited the financial statements of Barka Water and Power Company SAOG (“the Company”), which comprise the statement of financial position as at 31 December 2025, 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 2025, 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), as applicable to audits of the financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in the Sultanate of Oman. We have also 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.

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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.

See Note 6(e) and 31 to the financial statements.

The key audit matter

The Company holds significant non-financial assets, including property, plant and equipment, primarily relating to its power generation and water desalination operations. As at 31 December 2025, the carrying value of these non-financial assets amounted to ٥٥.7 million.

At each reporting date, management assesses whether there are any indicators of impairment or reversal for non-financial assets which includes the Power Generating Plant (“Power Plant”), the Multi-stage Flash Evaporator (“MSFE Plant”), the 10 MIGD Sea Water Reverse Osmosis Plant (“SWRO Plant-1”), the 12.5 MIGD Sea Water Reverse Osmosis Plant (“SWRO Plant-2”), and the related right-of-use assets for the underlying land. Each plant, together with its associated right-of-use asset, is considered a separate cash-generating unit (CGU).

Based on the assessment, management has concluded that no indicators of impairment or reversal were identified as at 31 December 2025, and accordingly, no impairment assessment was performed.

This matter was considered a key audit matter due to the significance of the non-financial assets to the financial statements and the judgement

How the matter was addressed in our audit

- Understanding the Company’s process for assessing impairment or reversal triggers;
- Evaluating the design and implementation of key controls over the impairment or reversal trigger assessment;
- Assessed management’s consideration of key internal indicators and external indicators including but not limited to:
 - Assessing changes in market interest rates;
 - Obsolesce or physical damage of an asset
 - Significant adverse changes in the technological market, economic or legal environment
 - Assessing the economic performance
- Performing a retrospective review of prior year assumptions by comparing forecasted results to actual performance.

- Evaluating the adequacy of the related financial statement disclosures in accordance with IAS 36 – Impairment of assets.

involved in assessing whether indicators impairment or reversal exist, which could have a material impact on the Company’s financial position and results if such indicators were identified.

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Other Information

Management is responsible for the other information. The other information comprises the Board of Director’s report, Management discussion and Analysis report and Corporate Governance report.

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.

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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 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.

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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.
- 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.

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Report on Other Legal and Regulatory Requirement

Further, we report that these financial statements as at and for the year ended 31 December 2025, comply, in all material respects, with the:

- relevant requirements of the Financial Services Authority; and
- applicable provisions of the Commercial Companies Law of 2019.

Auditors Report		English
		01/01/2025-31/12/2025
DISCLOSURE OF AUDITOR'S DETAILS		
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Name of partner signing off auditor's report		Mobeen Chaudhri
Registration number of partner signing off auditor's report		112596127
Name of audit firm		KPMG LLC
Registration number of Audit firm		1358131
Date of certification from auditor		11/02/2026