

1. Legal status and principal activities

SMN Power Holding SAOG (the “Parent Company” or “Company”) is a public Omani joint stock company incorporated on 7 May 2011 under the Commercial Companies Law of Oman in Sultanate of Oman.

The Parent Company holds a 99.99% stake in each of Al-Rusail Power Company SAOC (RPC) and SMN Barka Power Company SAOC (SMNBPC). RPC and SMNBPC (the Project Companies) are two closed joint stock companies incorporated in the Sultanate of Oman.

The Company and its subsidiaries (the Group) are engaged in the business of power generation, water desalination or other businesses related thereto, the management and supervision of such companies, to invest its funds in shares, bonds and securities, to provide loans, security and finance to its subsidiaries, and to own patents, trademarks, concessions and other incorporeal rights, utilize them and lease them to its subsidiaries and other companies.

2. Significant agreements**(a) The Company**

- (i) The Secondment Services Agreement entered on 1 May 2017 by and between Kahrabel Operation and Maintenance Oman LLC (KOMO) and the Company.
- (ii) Cost Sharing Agreement entered on 21 February 2019, between SMNBPC, RPC and the Company.

(b) Subsidiary – RPC – Power

- (i) Power Purchase Agreement (PPA) dated 1 May 2005 (amended on 6 December 2006, 19 April 2012) expired on 31 March 2022 and contract was further extended to 7 months period ended 31 October 2022. On further expiry, this was renewed again for 14 months ending on 31 December 2023 with Oman Power and Water Procurement Company SAOC (OPWP) relating to the commitment (1) from the Company to sell to OPWP the available capacity of electricity and (2) from OPWP to purchase this available capacity and electricity energy delivered up to December 2023. In February 2024, RPC obtained interim extension of the PPA contract for 2 months period starting from February 2024 until March 2024 and later in the same month RPC was awarded a long-term PPA (new PPA) for six years commencing from 20 April 2024.
- (ii) Natural Gas Sales Agreement (NGSA) dated 1 May 2005 and the NGSA Amendment Agreement dated 6 December 2006 with the Integrated Gas Company (IGC) for the purchase of natural gas. This contract is further extended from the effective date of 20 April 2024 and shall expire on 17 January 2030 in line with the new PPA term.
- (iii) Usufruct agreement dated 1 May 2005 with the Government for grant of usufruct rights over the plant site for 25 years and further extendable up to 25 years.
- (iv) Operation & Maintenance (O&M) Agreement with Suez Tractebel Operating Maintenance Oman LLC (STOMO) dated 1 February 2007. On 9 October 2024, an Amendment and Restatement agreement is signed whereby the O&M Agreement has been further extended up to 17 January 2030 in line with the new PPA terms.
- (v) Cost Sharing Agreement entered on 21 February 2019, between SMNBPC, RPC and the Company.

(c) Subsidiary – SMNBPC – Power & Water

- (i) Power and Water Purchase Agreement (PWPA) dated 6 December 2006, amended on 27 January 2010, with Oman Power and Water Procurement Company SAOC (OPWP) for a period of 15 years from the scheduled commercial operation date expired on 31 March 2024. PWPA of SMNBPC was further extended until 1 June

2024 with respect to the force majeure events approved during the PWPA term. On 22 February 2024, the SMNBPC was awarded the new Power Purchase Agreement (PPA), the new Water Purchase agreement (WPA) for around nine years commencing from 2 June 2024.

- (ii) Natural Gas Sales Agreement (NGSA) dated 6 December 2006 with the Ministry of Energy and Minerals (Integrated Gas Company (IGC)) for the purchase of natural gas for a period of 15 years from the scheduled commercial operation date until the expiry of PWPA. This contract is further extended in line with the new PPA term.
- (iii) Usufruct Agreement relating to the Barka site dated 6 December 2006 and respective amendments dated 3 December 2007, with the Government for grant of Usufruct rights over the plant site for 25 years and further extendable up to 25 years.
- (iv) Operation and Maintenance (O&M) Agreement with Suez Tractebel Operation and Maintenance Oman LLC (STOMO) dated 10 February 2007 is further extended in line with the new PPAs and new WPA term.
- (v) Financing Agreements with international and local banks along with respective hedging agreements as disclosed in notes 13 and 14.
- (vi) Equity Contribution Loan (ECL) agreement dated 20 February 2007 with SMN Power Holding Company Ltd, subsequently transferred to SMN Power Holding SAOG following a Deed of Novation dated 9 August 2011 and entered between SMNBPC and the Company.
- (vii) Agreement with Abu Dhabi Commercial Bank PJSC for working capital facilities dated 29 September 2024.
- (viii) Shareholders Agreement dated 20 February 2007 with Barka Water and Power Company SAOG (BWPC) (formerly ACWA Power Barka SAOG) in respect of the establishment of Barka Seawater Facilities Company SAOC (BSFC). This has been accounted for as a Joint Operation by the SMNBPC.
- (ix) Cost Sharing Agreement entered on 21 February 2019, by and between SMN Power Holding SAOG, RPC and the company.

3. Basis of preparation and material accounting policies

3.1 Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (IASB), interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC), the relevant requirements of the Commercial Companies Law and Regulations of the Sultanate of Oman and the relevant Rules and Guidelines on Disclosure requirements applicable for licensed companies as issued by the Financial Services Authority (FSA) (formerly Capital Market Authority).

(b) Going concern

The consolidated financial statements of the Group have been prepared on a going concern basis. As at 30 June 2025, the Group's current assets exceeded its current liabilities by RO 3,533 thousand (2024: (RO 15,794 thousand)). Therefore, the Group believes it will generate sufficient cash flows by making available the plant capacity to discharge the short-term liabilities as and when they fall due. The main portion of the current liability represents the current portion of term loan which is payable semi-annually and the future short term capacity charge revenue from the off taker will be more than such liability. Further, the Group also has access to credit facilities as described in note 14. Based on the above assessment, the management considers that it is appropriate to continue to prepare the consolidated financial statements under the assumption that the Group

will continue as a going concern.

(c) *Basis of measurement*

These financial statements are prepared on historical cost basis except where otherwise described in the accounting policies below.

(d) *Functional and presentation currency*

These consolidated financial statements are measured and presented in Rial Omani (RO) which is considered as the currency of the primary economic environment in which the Group operates ('the functional and presentation currency').

(e) *Use of estimates and judgments*

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses and the accompanying disclosures, and the disclosure of contingent liabilities.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The areas where accounting assumptions and estimates are significant to the financial statements are disclosed below and in the relevant notes to the financial statements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, estimates that involve uncertainties and judgments which have a significant effect on the financial statements are as below:

3.2 Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

(a) *Determining the lease term*

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The renewal option has been considered in the lease term of Usufruct agreement for SMNBPC and RPC as management is certain to exercise the renewal option to the extent of life of respective plants.

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

RPC and SMNBPC have usufruct agreements dated 1 May 2005 and 6 December 2006 respectively for the respective Plants' sites with Ministry of Housing and Urban Development Planning (MOHUP) for 25 years, with an option to extend the lease term at the Subsidiaries' discretion. The Group has considered the extension option in determining the lease term, aligning it with the useful life of the respective plants. The usufruct agreements specify the rates for both the initial 25-year term and the extended period. However, in 2013,

MOHUP issued Ministerial Decision (MD) 145/2013, which was later replaced by MD 92/2016, determining the lease rates for governmental lands.

For determining the lease liabilities and right-of-use assets under IFRS 16, management has applied significant judgment regarding the lease rates for the extended term and has considered the rates prescribed in the Ministerial Decision issued in 2016. As the Group has the right to negotiate the lease rates for the extended term with MOHUP, management believes there is a reasonable likelihood that the rates under the Ministerial Decision will be applicable for the extended term.

(a) Operating lease of RPC

In February 2024, RPC was awarded by OPWP a new PPA for six years commencing from 20 April 2024.

Management assessed the new PPA under applicable financial reporting framework and identified a lease component in the new PPA.

Based on that management further assessed the lease arrangement as operating lease as the term of this lease arrangement does not substantially cover the economic life of underlying assets. Hence, the lease arrangement does not substantially transfer all the risks and rewards incidental to the ownership of the underlying assets.

(b) Operating lease and useful life of assets of SMNBPC

In 2024, SMNBPC and OPWP, have entered a new PPA and new WPA containing a take-or-pay clause favouring SMNBPC.

Based on management's evaluation, the new PPA and new WPA with OPWP is considered as a lease within the context of IFRS 16 Leases and have been classified as an operating lease under IFRS 16 since significant risks and rewards associated with the ownership of the power and water plants lies with the SMNBPC and not with OPWP.

The primary basis for this conclusion is that the lease terms of the new PPA and new WPA do not cover the substantial economic life of the underlying assets. Moreover, the present value of minimum lease payments under the new PPA and new WPA does not substantially recover the fair value of the power and water plant at the inception of the lease. Furthermore, the residual risk is borne by SMNBPC and not OPWP.

(c) Joint arrangement

The management has assessed the shareholders agreement dated 20 February 2007 between BWPC and SMNBPC committed to establish a shared facility company owned 50:50 between the shareholders and concluded that it falls within the scope of IFRS 11, 'Joint Arrangements' and the arrangement is a joint operation. The primary basis for this conclusion is that both shareholders have collective/joint control over the arrangement, its activities primarily aim to provide the parties with an output, and it depends on the shareholders on a continuous basis for settling the liabilities relating to the activity conducted through the arrangement. The SMNBPC's joint arrangement is structured as a closed public joint stock company and provides the SMNBPC and the parties to the agreements with rights to their respective share of the assets, liabilities, income and expenses of joint operations.

(e) Service concession agreement

Based on the terms of the RPC's new PPA and SMNBPC's new PPA and new WPA, management has determined that OPWP does not control any residual interest in the respective plants at the end of the term of the new PPAs and new WPA and therefore does not consider the new PPAs and new WPA to fall within the scope of IFRIC interpretation 12 Service Concession Arrangements.

3.3 Estimates and assumptions

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 years are discussed below:

(a) *Effectiveness of hedge relationship*

At the inception of the hedge, the management documents the hedging strategy and performs hedge effectiveness testing to assess whether the hedge is effective. This exercise is performed at each reporting date to assess whether the hedge will remain effective throughout the term of the hedging instrument. As at the reporting date, the cumulative fair value of the interest rate swaps is RO 34 thousand (2024: RO 636 thousand).

(b) *Useful lives of property, plant and equipment*

Depreciation is charged so as to write-off the cost of assets, less their residual value, over their estimated useful lives. The calculation of useful lives is based on assessment of various factors such as the operating cycles, the maintenance programmes, and normal wear and tear using best estimates.

(c) *Site restoration costs*

Site restoration 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 significant uncertainty in estimating the provision is the cost that will be incurred and the applicable discount rate. It has been assumed that the site will be restored using technology and material that are currently available. The provision has been calculated using discount rate of 5.8% (2024: 5.8%) for both SMNBPC and RPC.

3.4 Change in accounting policies

The Group has adopted Classification of Liabilities as Current or Non-current (Amendments to IAS 1) and Non-current Liabilities with Covenants (Amendments to IAS 1) from 1 January 2024. The amendments apply retrospectively. They clarify certain requirements for determining whether liability should be classified as current or non-current and require new disclosures for non-current loan liabilities that are subject to covenants within 12 months after the reporting period. Despite the change in policy, there is no retrospective impact on the comparative statement of financial position for the period ended 30 June 2025.

3.5 Material accounting policies

A summary of the material accounting policies adopted in the preparation of these financial statements is set out below. These policies have been adopted for all the years presented, unless stated otherwise.

(a) *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2025. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee

- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flow relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment remains recognised at fair value.

Name of Subsidiary	Place of incorporation and operation	Proportion of ownership interest	Proportion of voting power held	Principal Activity	Date of acquisition / incorporation
RPC	Sultanate of Oman	99.99%	99.99%	Electricity generation activities under a license issued by the Authority for Public Service Regulation (APSR), Oman.	1 February 2007
SMNBPC	Sultanate of Oman	99.99%	99.99%	Electricity generation and water desalination activities under a license issued by the APSR, Oman	26 November 2006

(b) *Interest in joint arrangements*

The Group has interests in joint arrangement which is a joint operation. A joint arrangement is a contractual arrangement in which two or more parties have joint control. A joint operation is a joint arrangement whereby the parties have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties have rights to the net assets of the arrangement.

The Group combines its share of the assets, liabilities, income and expenses of joint operations with similar items, line by line, in its consolidated financial statements. The financial statements of joint operations are prepared at the same reporting date as the Group, using consistent accounting policies.

The group recognises in relation to its joint operation interest its assets, including its share of any assets held jointly, liabilities, including its share of any liabilities incurred jointly, revenue from the sale of its share of the output arising from the joint operation, share of the revenue from the sale of the output by the joint operation, expenses, including its share of any expenses incurred jointly.

Profits or losses resulting from ‘upstream’ and ‘downstream’ transactions between the Group and the joint operation are recognised in the Group’s financial statements only to the extent of unrelated investors’ interest in the joint operation.

The joint operations are consolidated until the date on which the Group ceases to have joint control over them.

(c) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period or Cash or cash equivalents 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 the 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 terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instrument do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(d) Goodwill

Goodwill is initially measured at cost (the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss and other comprehensive income.

After initial recognition, goodwill is measured at cost less than any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations

which require the use of assumptions. The calculations use cash flow projections based on financial forecasts approved by the Board of Directors, contractual cash flows of the new PPAs and new WPA and projections by the management using industry reports, consultant's forecast and other data available to the management.

(e) *Property, plant and equipment*

Items of property, plant and equipment are measured at cost less accumulated depreciation and any identified impairment loss.

(i) *Subsequent expenditure*

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the period in which the asset is derecognised.

When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss.

(ii) *Depreciation*

Depreciation is calculated so as to allocate the cost of property, plant and equipment (other than capital work-in-progress) on a written down value at 9% per annum (2024: written down value at 9% per annum). Change in depreciation methodology is assessed as change in estimation and related impact has been accounted for prospectively as described in note 3.3 (b).

Depreciation method, useful lives and residual values are assessed at each reporting date.

(iii) *Capital work-in-progress*

Capital work-in-progress is measured at cost and is not depreciated until transferred to one of the above categories, which occurs when the asset is ready for its intended use.

(iv) *Site restoration*

A liability for future site restoration is recognised as the activities giving rise to the obligation of site restoration take place. 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.

(f) *Impairment of Non-financial assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is higher of an asset's or CGU's fair value, less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing the 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 asset. Impairment losses recognised in prior years are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's 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.

Policy for impairment of financial assets under IFRS 9 is disclosed in note 3.5 (i) to these financial statements.

(g) Leases

The Group 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.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Group 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 remeasurement 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 less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	RPC	SMNBPC
Property under Usufruct Agreement	Up to the end of 2036	Up to the end of 2039
Connection equipment	Up to the end of 2036	Up to end of 2038

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in note 3.5(f) Impairment of non-financial assets.

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities 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 Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because 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., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the

assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (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 of office equipment 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.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(h) Inventories

Inventories are valued at the lower cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials and consumables: cost of direct materials and related overheads on a weighted average method.

Initial cost of inventories includes the transfer of gains and losses on qualifying cash flow hedges, recognised in OCI, in respect of the purchases of raw materials.

Net realisable value is the estimated selling price in the ordinary course of business, the less estimated costs of completion and the estimated costs necessary to make the sale.

(i) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(I) Financial assets

Initial recognition and measurement

The Group classifies all financial assets, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price as disclosed in section (e) Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount

outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flow. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchasing or selling the assets.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost include cash and cash equivalents and trade receivables.

Financial assets at fair value through OCI (debt instruments)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of comprehensive income and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair

value with net changes in fair value recognised in the statement of profit or loss and other comprehensive income.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group 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 Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group 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 Group has retained.

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 Group could be required to repay.

Impairment

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flow will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECLs). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECLs).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30

days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flow.

(II) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include loans and borrowings, trade and other payable and derivative financial instruments.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at fair value through profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost (loans and borrowings)

This is the category most relevant to the Group. After initial recognition through fair values less attributable cost, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to loans and borrowings and trade and other payables.

Derecognition

Financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(III) Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

*(j) Derivative financial instruments and hedge accounting**Initial recognition and subsequent measurement*

The Group uses derivative financial instruments such as interest rate swaps to hedge the interest rate risks. 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.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment
- Hedges of a net investment in a foreign operation

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Fair value hedges

The change in the fair value of a hedging instrument is recognised in the statement of profit or loss as another expense. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit or loss as other expense.

For fair value hedges relating to items carried at a mortised cost, any adjustment to carrying value is a mortised through profit or loss over the remaining term of the hedge using the EIR method. The EIR amortization may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognized, the unmortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

Cash flow hedges (continued)

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial

cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

The Group has not entered any new hedging relationships during the current period requiring adoption of hedging accounting requirements of IFRS 9.

(k) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(l) Taxation

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

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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 is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that:
 - is not a business combination; and
 - At the time of the transaction (i) affects neither accounting nor taxable profit or loss and (ii) does not give rise to equal taxable and deductible temporary differences.
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

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

(m) Foreign currency

The Group's consolidated financial statements are presented in Rial Omani (RO). For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective 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.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

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 OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration

(n) Employee benefits

Obligations for contributions to a defined contribution retirement plan, for Omani employees, in accordance with the Omani Social Insurance Scheme, are recognised as an expense in profit and loss as incurred.

The Group's obligation in respect of non-Omani employees' terminal benefits is the amount of future benefit that such employees have earned in return for their service in the current and prior periods having regard to the employee contract and Oman Labour Law 2003, as amended. In accordance with the provisions of IAS 19, Employee benefits, management carries an exercise to assess the present value of the Group's obligations as of reporting date, using the actuarial techniques, in respect of employees' end of service benefits payable under the Oman aforesaid Labour Law. Under this method, an assessment is made of an employee's expected service life with the Group and the expected basic salary at the date of leaving the service.

(o) Revenue recognition

The Group's business is to supply power and water for which the Project Companies have entered into long-term agreements with OPWP. 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 OPWPC comprises of the following:

- Capacity charge covering the investment charge and fixed operation and maintenance charge; and
- Output charge covering the fuel charge and variable operation and maintenance charge.

Capacity charges

Capacity charges are recognised as revenue when the capacity is made available by performing required planned and unplanned maintenance on a timely basis so that the plant is in a position to run and generate required output.

Output charges

Output charges are recognized when electricity and water are delivered, and there are no unfulfilled obligations that could affect the customer's acceptance of the delivered electrical energy and water.

The Group recognize revenue over time since the customer simultaneously receives and consumes the output of electricity and water under the contract and by availing the available capacity. Further, there are no unfulfilled performance obligations that could impact the customer's acceptance of the project. There are no significant judgements that are involved while recognizing revenue from contracts with customers. The Group sells electricity and water to OPWP in Oman, as its primary customer. Invoices are generated at the end of the month. The payment terms are for less than a month and accordingly, transaction price does not contain any significant material financing component. The Group satisfies its performance obligations upon the actual delivery of water and electricity output, making capacity available. Revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. The revenue disclosed in note 18 is based on actual invoiced amount.

(p) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time that the assets are substantially ready for their intended use. Investment

income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets. All other borrowing costs are recognised as expenses in the period in which they are incurred.

(q) Dividend

The Board of Directors takes into account appropriate parameters including the requirements of the Commercial Companies Law while recommending the dividend. Dividend distribution to the Parent Company's shareholders is recognised as a liability in the Group's and Parent Company's financial statements in the period in which the dividends are approved.

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

Net assets per share are calculated by dividing the net assets attributable to ordinary shareholders of the Company by the number of ordinary shares outstanding during the period. Net assets for the purpose are defined as total equity less hedging deficit/surplus.

(r) Cash and cash equivalents

Cash and cash equivalents are carried at cost in case of local currency and at closing exchange rate in case of foreign currency. For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand and bank and short term highly liquid investments with original maturities of three months or less, and that are readily convertible to known amounts of cash, and subject to an insignificant risk of changes in value.

(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 who manages the company on a day-to-day basis, as per the directives given by the board of directors that makes strategic decisions.

Newly effective standards and standards issued but not yet effective

New currently effective requirements

The adoption of the following amendments to the existing standards on 1 January 2025 had no significant financial impact on the consolidated financial statements of the Group:

Lack of Exchangeability (Amendments to IAS 21)	Effective date January 2025
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Forthcoming requirements

A number of new standards and amendments are effective for annual years beginning on or after 1 January 2025 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

	Effective date
Classification and Measurement of Financial Instruments (Amendments to - IFRS 9 and IFRS 7)	January 2026
Annual Improvement to IFRS Accounting Standards – Volume 11	January 2026
IFRS 18 Presentation and Disclosure of Financial Statements	January 2027
IFRS 19 Subsidiaries without Public Accountability Disclosures	January 2027
Sale and Contribution of Assets between an Investor and its Associates or	available for

Joint Ventures – Amendment to IFRS 10 and IAS 28

tional adoption

The Group does not expect these new standards and amendments to have any significant impact on the consolidated financial statements, when implemented in future periods.

4. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities.

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 by the Group.

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 Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

The fair value of interest-bearing items is estimated based on discounted cash flows using interest rates for items with similar terms and risk characteristics. The fair value of unquoted derivatives is determined by reference to broker/dealer price.

Trade and other receivables

The fair value of trade and other receivables including cash and bank balances approximates to their carrying amount due to their short-term maturity.

Derivatives

The fair value of interest rate swaps is calculated by discounting estimated future cash flow based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. This calculation is tested for reasonableness through comparison with the valuations received from the parties issuing the instruments.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, 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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable quotations.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period

5. Property, plant and equipment

Consolidated

	Plant and equipment RO '000	Furniture and fixture RO '000	Motor vehicles RO '000	Office equipment RO '000	Leasehold Improvement RO '000	Total RO '000
Cost						
At 1 January 2025	236,374	102	64	220	1,968	238,728
Additions	-	-	-	-	-	-
At 30 June 2025	236,374	102	64	220	1,968	238,728
Accumulated depreciation						
At 1 January 2025	151,006	102	64	200	1,968	153,340
Charge for the year (notes 19 and 20)	3,842	-	-	2	-	3,844
At 30 June 2025	154,848	102	64	202	1,968	157,184
Carrying amount						
At 30 June 2025	81,526	-	-	18	-	81,544

	Plant and equipment RO '000	Furniture and fixture RO '000	Motor vehicles RO '000	Office equipment RO '000	Leasehold Improvement RO '000	Total RO '000
Cost						
At 1 January 2024	236,505	102	64	202	1,968	238,841
Additions	-	-	-	18	-	18
Provision for site restoration (note 15)	(131)	-	-	-	-	(131)
At 31 December 2024	236,374	102	64	220	1,968	238,728
Accumulated depreciation and impairment loss						
At 1 January 2024	142,559	102	64	194	1,968	144,887
Impairment of non-financial assets	-	-	-	-	-	-
Charge for the year (notes 19 and 20)	8,447	-	-	6	-	8,453
At 31 December 2024	151,006	102	64	200	1,968	153,340
Carrying amount						
At 31 December 2024	85,368	-	-	20	-	85,388

Depreciation is allocated as follows:

	30 June 2025 RO '000	30 June 2024 RO '000
Direct costs (note 19)	3,842	3,935
General and administrative expenses (note 20)	2	2
	<u>3,844</u>	<u>3,937</u>

(a) Security

The Group's entire property, plant and equipment are pledged as security against the term loan (note 14).

(b) Plant and equipment

The entire plant and equipment currently appearing in the consolidated financial statements which is subject

to an operating lease with OPWP solely relates to SMNBPC

6. Right-of-use assets and lease liabilities

Subsidiary - SMNBPC

SMNBPC has a short-term office rent agreement.

SMNBPC has leased land on which the plant is constructed. The land has been leased from Government of Sultanate of Oman for a period of 25 years expiring on 5 December 2031 under the terms of the Usufruct Agreement with an option for a further lease extension of maximum of 25 years. SMNBPC considers extension of Usufruct Agreement until end of 2039 (2024: until end of 2039). SMNBPC also has Electricity Connection equipment agreement with OETC for a lease term until end of 2038 (2024: until end of 2038).

Subsidiary - RPC

RPC has a short-term office rental agreement.

RPC has leased land on which plant is constructed. The land has been leased from Government of Sultanate of Oman by RPC for a period of 25 years expiring on 1 May 2030 under the terms of the Usufruct Agreement which can be extended for another maximum of 25 years, if required. RPC considers extension of Usufruct Agreement until end of 2036 based upon the estimated useful life of the asset. RPC also has Electricity Connection equipment agreement with OETC for a lease term until end of 2036.

Details of right-of-use assets are presented below:

(a) Right-of-use-assets

The statement of financial position shows the following amounts relating to leases:

Consolidated

	Property RO '000	Equipment RO '000	Total RO '000
Cost			
At 1 January 2025	469	335	804
Additions	-	-	-
At 30 June 2025	469	335	804
Accumulated depreciation			
At 1 January 2025	279	133	412
Charge for the year (notes 19)	5	8	13
At 30 June 2025	284	141	425
Carrying amount			
At 30 June 2025	185	194	379

	Property RO '000	Equipment RO '000	Total RO '000
Cost			
At 1 January 2024	406	285	691
Additions / modifications	63	50	113
At 31 December 2024	469	335	804
Accumulated depreciation			
At 1 January 2024	271	115	386
Charge for the year (notes 19 and 20)	8	18	26
At 31 December 2024	279	133	412
Carrying amount			
At 31 December 2024	190	202	392

Depreciation is allocated as follows:

	30 June 2025 RO '000	30 June 2024 RO '000
Direct costs (note 19)	13	12
	13	12

(b) Lease liabilities

	Contractual undiscounted cash flows RO '000	Present value of lease payments RO '000
At 30 June 2025		
Lease liabilities		
Within one year	31	30
One to two years	35	31
Two to three years	35	29
Three to four years	35	28
Four to five years	35	27
More than 5 years	790	421
	961	566
Less: unpaid finance cost	(395)	-
Present value of lease payments	566	566

Lease liabilities included in the consolidated statement of financial position as:

Consolidated	
Current lease liabilities	17
Non-current lease liabilities	549
	566

At 31 December 2024	Contractual undiscounted cash flows RO '000	Present value of lease payments RO '000
Lease liabilities		
Within one year	29	28
One to two years	35	31
Two to three years	35	29
Three to four years	35	28
Four to five years	35	27
More than 5 years	807	425
	<u>976</u>	<u>568</u>
Less: unpaid finance cost	(408)	-
Present value of lease payments	<u>568</u>	<u>568</u>

Lease liabilities included in the consolidated statement of financial position as:

Consolidated	
Current lease liabilities	15
Non-current lease liabilities	553
	<u>568</u>

(b) Lease liabilities
Amounts recognized in the consolidated statement of profit or loss and other comprehensive income:

	Consolidated	
	30 June 2025 RO '000	30 June 2024 RO '000
Interest on lease liabilities (note 21)	<u>13</u>	<u>13</u>

Amounts recognized in the Statement of Cash Flows

	Consolidated	
	30 June 2025 RO '000	30 June 2024 RO '000
Total cash outflow for leases	<u>15</u>	<u>14</u>

7. Investment in subsidiaries

Details of the company's subsidiaries are as follows:

Name of the subsidiaries	Principal Activities	Date of acquisition	Proportion of shares acquired %	2025 RO '000	Parent Company 2024 RO'000
RPC	Electricity generation	18 July 2011	99.99	3,851	3,851
SMNBPC	Electricity generation /Desalinated Water	18 July 2011	99.99	15,452	15,452
				<u>19,303</u>	<u>19,303</u>

Management has assessed its investments as required under IFRS 10 and concluded that it has control over these investments. Accordingly, the investments continue to be recognised as subsidiaries.

The investment in subsidiaries, incorporated in the Sultanate of Oman, has been recorded at cost.

The total investment comprises of the following amounts:

	Parent Company	
	30 June	31
2025		December 2024
	RO '000	RO '000
<i>Cost of acquisition of SMNBPC</i>	15,452	15,452
<i>Cost of acquisition of RPC</i>	3,851	3,851
<i>Equity contribution loan*</i>	8,102	8,102
	27,405	27,405

*Equity Contribution Loan (ECL) given to SMNBPC has been classified as investment in subsidiary with effect from 11 December 2019 as the ECL facility is subordinated to the respective term loan facilities of SMNBPC and is repayable at the option of SMNBPC (note 8).

8. Loan to a subsidiary

The loan to a subsidiary has been put in place through the novation of existing Equity Contribution Loan (ECL) novated from SMN Power Holding Company (SMNPHC) to the Company pursuant to the Novation Agreement dated 9 August 2011.

The ECL facility carried an interest of 9% per annum up to September 2011. Effective from 1 October 2011, ECL carried nil interest rate after amending the agreements between the company and SMNBPC as approved by the respective Boards of Directors.

Equity Contribution Loan (ECL) given to SMNBPC was classified as investment in subsidiary with effect from 11 December 2019 (note 7). The ECL facility is subordinated to the respective term loan facilities of SMNBPC and is repayable at the option of SMNBPC (note 7).

9. Inventory

	Consolidated	
	30 June	31 December
2025		2024
	RO '000	RO '000
<i>Fuel oil (diesel)</i>	1,628	1,720

Inventories represent stock of diesel held by the group at the reporting date as backup fuel to operate the plant.

10. Trade and other receivables

	Parent Company		Consolidated	
	30 June 2025	31 December 2024	30 June 2025	31 December 2024
	RO '000	RO '000	RO '000	RO '000
Trade receivables	-	-	9,614	4,484
Expected credit losses	-	-	(12)	(6)
Trade receivables, net	-	-	9,602	4,478
Prepayments	43	27	92	425
Other receivables	-	-	976	595
	43	27	10,670	5,498

The trade receivable balance pertains to the sole customer (OPWP) of the Group.

*The ageing of trade receivables at the reporting date was:
Consolidated*

	30 June 2025	31 December 2024
	RO '000	RO '000
Not past due	9,075	3,412
0 to 30 days past due	331	742
31 to 60 days past due	8	17
61 to 90 days past due	-	-
Over 91 days past due	200	313
	9,614	4,484

Set out below is the movement in the allowance for expected credit losses of trade receivables:

	30 June 2025	31 December 2024
	RO '000	RO '000
As at 1 January	6	28
Charge / (Reversal) during the year	6	(22)
Closing balance	12	6

11. Cash and cash equivalents & fixed term cash deposits

Cash and cash equivalents comprise the fixed term cash deposits maturity less than 3 months and cash and bank balances.

(a) Cash and cash equivalents

	Parent Company		Consolidated	
	30 June 2025	31 December 2024	30 June 2025	31 December 2024
	RO '000	RO '000	RO '000	RO '000
Cash at bank	42	16	9,682	8,601
Fixed term cash deposits - (maturity less than 3 - months)	-	14,677	965	15,888
Cash in hand	-	-	1	2
	42	14,693	10,648	24,491
Less: Expected credit loss	-	-	(11)	(11)
Cash and cash balances	42	14,693	10,637	24,480

(b) Fixed term cash deposits

	Consolidated	
	30 June 2025	31 December 2024
	RO '000	RO '000
Fixed term cash deposits (maturity more than 3 months)	3,250	3,186
	3,250	3,186

Fixed term cash deposits represent amounts kept with banks for a period of 3 to 12 months having fixed interest rate. The interest rate on these deposits was in the range of 3.5% to 4.5% (2024 – 3.5% to 4.5%)

Set out below is the movement in the allowance for expected credit losses of cash and bank balances:

	30 June 2025	31 December 2024
	RO '000	RO '000
As at 1 January	11	31
Reversal during the year	-	(20)
Closing balance	11	11

11.1 Reconciliation of liabilities arising from financing activities (The Group)

	2024 RO '000	Additions RO '000	Cash flows RO '000	Non-cash items RO '000	25 RO '000
Term loan (note 14)	39,084	-	(2,713)	34	,405
Accrued interest on -derivative and term loan	-	-	(1,128)	1,128	
Lease liabilities	568	-	(15)	13	6
Liabilities arising from financing activities	39,652	-	(3,856)	1,175	,971

11.1 Reconciliation of liabilities arising from financing activities (The Group)

	2023 RO '000	Additions RO '000	Cash flows RO '000	Non-cash items RO '000	2024 RO '000
Term loan (note 14)	38,717	5,345	(5,082)	104	39,084
Accrued interest on -derivative and term loan	657	-	(3,011)	2,354	-
Lease liabilities	453	113	(25)	27	568
Liabilities arising from financing activities	39,827	5,458	(8,118)	2,485	39,652

12. Share capital and reserves

(a) Share capital

The Company has authorized share capital of RO 70,000,000, consisting of 700,000,000 shares of 100 baizas each (2024: RO70,000,000,000 shares of 100 baizas each).

As at 30 June 2025, the Company's issued, and paid-up capital consists of 199,635,600 shares of 100 baizas each. The details of the shareholders are as follows:

30 June 2025				
	Nationality	Number of shares held of nominal value 100 baiza each	% of total	Aggregate nominal value of shares held (RO '000)
Kahrabel FZE	UAE	61,637,490	30.875%	6,164
Mubadala Power Holding Company Limited	UAE	61,637,490	30.875%	6,164
Social Protection Fund	Omani	19,679,543	9.858%	1,968
General public		56,681,077	28.392%	5,668
		<u>199,635,600</u>	<u>100%</u>	<u>19,964</u>

	31 December 2024			Aggregate nominal value of shares held (RO '000)
	Nationality	Number of shares held of nominal value 100 baiza each	% of total	
Kahrabel FZE	UAE	61,637,490	30.875%	6,164
Mubadala Power Holding Company Limited	UAE	61,637,490	30.875%	6,164
Civil Service Employees' Pension Fund	Omani	15,158,016	7.593%	1,516
Ministry of Defense Pension Fund	Omani	14,010,443	7.018%	1,401
General public		47,192,161	23.639%	4,719
		<u>199,635,600</u>	<u>100%</u>	<u>19,964</u>

(b) Statutory reserve

In accordance with the Commercial Companies Law of the Sultanate of Oman applicable to Companies registered in the Sultanate of Oman, 10% of a Company's net profits after the deduction of taxes will be transferred to a non-distributable statutory reserve each year until the amount of such legal reserve has reached a minimum of one-third of that Company's issued share capital.

13. Hedging reserve/ Derivative financial instruments

(a) *Subsidiary - SMNBPC*

	30 June 2025 RO	31 December 2024 RO
<u>Interest rate swaps:</u>		
National Bank of Oman	20	352
Abu Dhabi Commercial Bank	14	284
Hedging instrument at the end of the year	<u>34</u>	<u>636</u>
Deferred tax asset (note 16(c))	<u>(5)</u>	<u>(95)</u>
Hedging reserve at the end of the year (net of tax)	<u>29</u>	<u>541</u>
Less: Hedging reserve at the beginning of the year	<u>(541)</u>	<u>(51)</u>
Effective portion of change in fair value of cash flow hedge for the year.	<u>(512)</u>	<u>490</u>
<u>Hedging instrument classification</u>		
Non-current portion of hedging instrument	23	421
Current portion of hedging instrument	<u>11</u>	<u>215</u>
	<u>34</u>	<u>636</u>

The notional value of the hedge as at the reporting date was RO 27,487 thousand (2024: RO 29,521 thousand). As at the reporting date the hedged amount was 75% (2024: 75%) of the loan amount.

(b) *Fair value of swaps*

The fair value of the above swaps amounting to RO 34 thousand (2024 – RO 636 thousand) is based on fair values of equivalent instruments at the reporting date (note 27).

All the interest rate swaps are designated and effective as cash flow hedges and the fair value thereof has been recognised directly in other comprehensive income and presented in equity net of related deferred tax.

The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the

Group to cash flow interest rate risk. The group policy is to maintain at least minimum requirements as stipulated in the facilities agreement of its borrowings a fixed rate using interest rate swaps. During the current period, the Group's borrowings at a variable rate were entirely denominated in US Dollars.

The Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Under these swaps, the Group agrees with other parties to exchange, at specified intervals (semi-annually), the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

14. Term loan

	30 June 2025 RO '000	Consolidated 1 December 2024 RO '000
Term loan	36,649	39,362
Less: Unamortised finance costs	(244)	(278)
Total outstanding term loan*	36,405	39,084
Less: Current portion	(4,590)	(4,711)
Long-term portion	31,815	34,373

- (i) In March 2024, SMNBPC repaid the due tranche of outstanding loan i.e., amounting to RO 4,785 thousand under the Original Facilities Agreement which resulted in remaining outstanding loan amounting to RO 34,017 thousand.

Following the award of the new PPA / new WPA Project to the SMNBPC, SMNBPC and the lenders as stipulated in Original Facilities Agreement, have agreed to enter into Amended and Restatement Deed and Second Amendment Agreement (collectively referred to as the 'New Financing Agreement') dated 29 September 2024 and 25 October 2024, respectively, with National Bank of Oman SAOG and Abu Dhabi Commercial Bank PJSC ("New Lenders"). Abu Dhabi Commercial Bank PJSC also acts as Facility Agent under the New Financing Agreement.

Under the New Financing Agreement, New Lenders have completely paid off SMNBPC's outstanding liability amounting to RO 34,017 thousand under the Original Facilities Agreement.

Under the New Financing Agreement, the total term loan facility commitment amounts to RO 39,655 thousand (USD 103,000 thousand). It carries interest at a daily rate of SOFR, with compounding, plus an applicable margin of 2.05%. The loan amortizes with bi-annual repayments of predetermined percentages, payable by 30 June 2032. The first principal repayment was paid on 30 June 2025.

Under the New Financing Agreement:

- SMNBPC is required to maintain Debt Service Reserve Account (DSRA) Letter of Credit with National Bank of Oman ("DSRA Facility Arranger" & "Mandated Lead Arranger"); and
- SMNBPC is required to comply with the Debt Service Coverage Ratio which is required to be maintained not less than 1.05:1 for a calculation period as stipulated in the New Financing Agreement or as agreed otherwise with the Facility Agent.

On 30 June 2025, SMNBPC complies with the above covenants. Moreover, based on management's estimates derived from the best available information, it is expected that SMNBPC will remain in compliance with the aforementioned covenants for the subsequent 12-month period. Apart from that, there are no other financial covenants which SMNBPC is required to comply except the timely payment of principal and interest, and non-financial covenants in accordance with the New Financing Agreement.

Repayment term

The repayment schedule of the loans is as follows:

	30 June 2025 RO '000	Consolidated 31 December 2024 RO '000
Payable within one year	4,590	4,711
Payable between 1 and 2 years	4,819	4,832
Payable between 2 and 5 years	16,258	16,154
Payable after 5 years	10,982	13,665
	36,649	39,362

Security

The term loan and the debt reserve account facility are secured, under the security documents as a whole, by the following collateral:

- a charge over all the SMNBPC assets including, amongst others, the Project Accounts, all tangible assets and receivables (At reporting date 30 June 2025, the non-current and current assets of SMNBPC are RO 81,765 thousand (2024: RO 85,616 thousand) and RO 19,298 thousand (2024: RO 13,657 thousand) respectively).
- a pledge of SMNBPC shares (note 7).
- a pledge of shares in the investment in joint arrangement.
- an assignment of SMNBPC contracts (including the Project Documents) to which it is a party.
- an assignment of SMNBPC insurance; and
- security over the SMNBPC cash pooling accounts and an assignment of the rights of the SMNBPC thereunder.
- subordinate loan provided to SMNBPC – Equity contribution loan to SMNBPC (refer note 8).

Working Capital Facilities

The Group has working capital facilities of RO 4,806 thousand (2024 – RO 4,806 thousand), which are secured under the conditions below and carry interest at the market rates applicable at the date of utilization request with a margin of 1.6% per annum and reference rate of that day (2024 :market rates applicable at the date of utilization request with a margin of 1.6% per annum and reference rate of that day). The balance outstanding as of 30 June 2025 is RO Nil (2024 – RO Nil).

The working capital facility is secured under the security documents as a whole, by the following collateral:

- A charge over the subsidiaries' assets (including, amongst others, the bank accounts, plant assets and finance lease receivables).
- A pledge of its shares.
- An assignment of its contracts (including the Project Documents) to which it is a party.
- An assignment of its insurance; and
- Security over the Company's cash pooling account and an assignment of its rights there under.

15. Provision for site restoration

	Consolidated	
	30 June 2025	31 December 2024
	RO '000	RO '000
As at 1 January	1,971	3,408
Accretion charge for the year (note 21)	54	204
Reversal of provision for site restoration	-	(1,472)
As at 30 June / 31 December	2,025	2,140
Remeasurement impact:		
- Plant and equipment – up to maximum available balance (note 5)	-	(131)
- Profit or loss – residual charge	-	(38)
As at 30 June / 31 December, remeasured	2,025	1,971
	30 June 2025	31 December 2024
	RO '000	RO '000
Included in the statement of financial position as:		
Current	-	-
Non-current	2,025	1,971
	2,025	1,971

Because of the long-term nature of the liability, the significant uncertainty in estimating the provision is the cost that will be incurred and the applicable discount rate. In particular, the Group has assumed that the site will be retired using technology and material that are available currently. At the reporting date, the provision has been reassessed at 5.8% (31 December 2024: 5.8%).

16. Taxation

	Consolidated	
	30 June 2025	30 June 2024
	RO '000	RO '000
(a) <i>Recognised in profit and loss</i>		
Current tax	456	1,461
Prior period tax	(94)	(147)
Deferred tax income for the year – net	(280)	(448)
Tax (income) / expenses for the year	82	866

The tax charge has arisen on the profits of the parent and its subsidiaries which are subject to income tax at the rate of 15% of taxable profits.

(b) *Reconciliation*

The following is a reconciliation of income taxes with the income tax expense at the applicable tax rate:

	30 June 2025 RO '000	31 December 2024 RO '000
Current tax expense / (income)		
Current year	456	1,455
Changes in estimates related to prior years	(94)	(172)
Deferred tax (income) / expense		
Origination and reversal of temporary differences	(280)	(706)
	<u>82</u>	<u>577</u>

	Consolidated	
	30 June 2025 RO '000	30 June 2024 RO '000
Profit before tax	<u>1,525</u>	<u>4,372</u>
Tax expense / (income) at statutory tax - rate of 15% (2024: 15%)	228	656
Tax effect of items non-deductible for tax purposes	(146)	210
Tax expense / (income) for the period	<u>82</u>	<u>866</u>

(c) *Deferred tax*

	Consolidated	
	30 June 2025 RO '000	31 December 2024 RO '000
Deferred tax – asset		
RPC	<u>116</u>	<u>115</u>
	<u>116</u>	<u>115</u>
Deferred tax – (liability)		
SMNBPC	(9,257)	(9,626)
	<u>(9,257)</u>	<u>(9,626)</u>

(c) *Deferred tax liability – net***Subsidiary – SMNBPC**

Recognised deferred tax assets and liabilities are attributable to the following items:

	s at January 2025 O '000	ecognised uring the year O '000	s at 31 June 2025 O '000
<i>Deferred tax income recognised in profit or loss</i>			
Property, plant and equipment	(9,892)	284	(9,608)
Provision for site restoration	180	8	188
Provision for repairs and maintenance	113	0	113
ROU & lease liability	26	(8)	18
Unamortised finance cost	42	(5)	37
<i>Net deferred tax (liability)/ asset</i>	(9,531)	279	(9,252)
<i>Deferred tax asset directly recognised in equity</i>			
Fair value adjustment of interest rate swap	(95)	90	(5)
<i>Deferred tax (liability)/ asset</i>	(9,626)	369	(9,257)

	s at January 2024 O '000	ecognized uring the year O '000	s at 31 December 2024 O '000
<i>Deferred tax income recognised in profit or loss</i>			
Property, plant and equipment	(10,674)	782	(9,892)
Provision for site restoration	193	(13)	180
Provision for repairs and maintenance	-	113	113
ROU & lease liability	53	(27)	26
Unamortised finance cost	(12)	54	42
<i>Net deferred tax (liability)/ asset</i>	(10,440)	909	(9,531)
<i>Deferred tax asset directly recognised in equity</i>			
Fair value adjustment of interest rate swap	(9)	(86)	(95)
<i>Deferred tax (liability)/ asset</i>	(10,449)	823	(9,626)

Subsidiary - RPC

Recognised deferred tax assets and liabilities are attributable to the following items:

	As at 1 January 2025 RO '000	Recognised during the year RO '000	As at 30 June 2025 RO '000
Deferred tax (expense) recognised in profit or loss			
Provision for site restoration	115	1	116
Carried Forward Tax Losses	-	-	-
Net deferred tax asset / (liability)	115	1	116

	As at 1 January 2024 RO '000	Recognised during the year RO '000	As at 31 December 2024 RO '000
Deferred tax liability recognised in profit or loss			
Provision for site restoration	318	(203)	115
Net deferred tax (liability)/ asset	318	(203)	115

On 30 June 2025, the unrecognized deferred tax asset amounts to Nil (2024: RO Nil) on account of provision for restoration of land for RPC amounting to Nil (2024: RO Nil).

(d) The movement in the current tax liability for the period comprises of:

	Consolidated 30 June 2025 RO '000	31 December 2024 RO '000
At 1 January	1,503	2,936
Current tax expense	456	1,503
Prior period tax expense	(94)	-
Paid during the year	(1,452)	(2,936)
At 30 June / 31 December	413	1,503

(e) Status of previous year's returns

Subsidiary – SMNBPC

The tax returns up to the year 2020 are assessed and closed. The tax returns for 2021 to 2023 have not yet been assessed by the Tax Authority. The management is of the opinion that additional taxes, if any, related to the open tax years would not be material to the Group's financial position as at the reporting date.

Subsidiary – RPC

The tax returns for the years 2008 and 2009 had been assessed by the Tax Authority on the basis of 'fixed asset' model allowing depreciation to RPC. RPC filed an appeal with the Supreme Court in December 2019 for the years 2008 and 2009. The Supreme Court have ruled in RPC's favor in May 2022.

The RPC has received the revised tax assessments giving the effect of the Supreme Court ruling for the years 2008 to 2015.

The tax returns for the year 2016 have been assessed by the Tax Authority on the basis of 'fixed asset' model

allowing depreciation to the RPC. RPC has formally objected the Tax Grievance Committee assessment. RPC is awaiting formal response in line with the Supreme Court judgment received for 2008 and 2009 case.

The tax returns for the years 2017 to 2020 are assessed and closed by the Tax Authority. The tax returns for the years 2021 to 2023 have not yet been assessed by the Tax Authority. The management is of the opinion that additional taxes, if any other than discussed above, related to the open tax years would not be material to the Group's financial position as at the reporting date.

17. Trade and other payables

	Parent Company		Consolidated	
	30 June 2025	31 December 2024	30 June 2025	31 December 2024
	RO '000	RO '000	RO '000	RO '000
Supplier and contractor payables	-	-	4,992	4,295
Dividend payable	-	-	-	-
Accrued interest on derivatives	-	-	-	-
- and term loans	-	-	-	-
Accrued expenses	72	88	10,608	6,614
	<u>72</u>	<u>88</u>	<u>15,600</u>	<u>10,909</u>

18. Revenue

	Consolidated	
	30 June 2025	30 June 2024
	RO '000	RO '000
Energy and water output charges	23,117	24,939
Energy and water capacity charges	10,299	14,984
Total revenue	<u>33,416</u>	<u>39,923</u>
Geographical market		
Sultanate of Oman	<u>33,416</u>	<u>39,923</u>
Timing of revenue recognition		
Output transferred over time	<u>33,416</u>	<u>39,923</u>

All the revenue of the Group accrues from contracts with OPWP within the Sultanate of Oman.

19. Direct costs

	Consolidated	
	June 2025	June 2024
	RO '000	RO '000
Energy consumption	21,786	23,664
Depreciation on property, plant and equipment (note 5)	3,842	3,935
Contract fixed fee for plant operations (note 25(c))	3,319	3,649
Contract variable fee for plant operations (note 25(c))	1,231	1,364
Contract fixed fee for plant operations - BSFC	38	-
Insurance	403	477
Repair and maintenance (note 25(c))	442	11
Generation and license fee	77	32
Customs duty (note 25(c))	19	7
Depreciation on right of use assets (note 6(a))	13	12
Other direct costs	129	131
	<u>31,299</u>	<u>33,282</u>

20. General and administrative expenses

	Parent Company		Consolidated	
	30 June 2025 RO '000	30 June 2024 RO '000	30 June 2025 RO '000	30 June 2024 RO '000
Staff costs (see below)	55	55	293	326
Head office back charge	-	-	123	139
Legal and professional charges	22	28	(80)	632
Audit and related services fees (a)	4	6	11	14
Depreciation on property, plant and - equipment (note 5)	-	-	2	2
Directors' remuneration and sitting fee	31	31	38	38
Insurance expenses	-	-	8	11
Other expenses	11	19	12	73
	123	139	407	1,235

	Parent Company		Consolidated	
	30 June 2025 RO '000	30 June 2024 RO '000	30 June 2025 RO '000	30 June 2024 RO '000
Staff costs are as follows:				
Salaries, wages and other benefits	55	55	271	301
Increase in obligation for - defined benefit plan	-	-	5	13
Contributions to Omani Social - Insurance Scheme	-	-	17	12
	55	55	293	326

21. Finance costs

	Consolidated	
	30 June 2025 RO '000	30 June 2024 RO '000
Interest on term loan	1,272	1,263
Accretion charge for provision for site restoration (note 15)	54	82
Amortisation of deferred finance cost	34	37
Exchange loss	9	14
DSRA LC fees	40	22
Interest on lease liabilities (note 6(b))	13	13
Other finance cost	19	-
Total finance cost	1,441	1,431

22. Finance income

	Consolidated	
	30 June 2025 RO '000	30 June 2024 RO '000
Interest on fixed cash deposit	383	172
Hedging income	144	68
Total finance income	517	240

23. Other income

	Parent Company		Consolidated	
	30 June 2025	30 June 2024	30 June 2025	30 June 2024
	RO '000	RO '000	RO '000	RO '000
Refund from Off-taker on - change in Income Tax*	-	-	-	168
Recharge of expenses - to subsidiaries***	123	137	-	-
Miscellaneous income	2	2	733	12
	<u>125</u>	<u>139</u>	<u>733</u>	<u>180</u>

*Refund from Off-taker represents Change of Law claim from OPWP for tax law amendment pursuant to Royal Decree 9/2017.

***Parent company's other income represents cost re-charge from the two subsidiaries as per the cost sharing agreement entered between the parties on 21 February 2019.

24. Dividend income

	Parent Company	
	30 June 2025	30 June 2024
	RO '000	RO '000
Dividend income from RPC	3,000	3,000
	<u>3,000</u>	<u>3,000</u>

25. Related parties

The Group, in the normal course of business, enters into transactions with other enterprises, which fall within the definition of a related party contained in IAS 24. Such transactions are on agreed terms and conditions with related parties.

The Group maintains balances with these related parties which arise in the normal course of business from the commercial transactions. Outstanding balances at the reporting period end are unsecured and settlement occurs in cash.

Related parties' receivables are stated net of accumulated provision for ECLs June 2025 Nil (31 December 2024 – Nil). SUEZ-Tractebel Operation and Maintenance Oman (STOMO), Kahrabel Operation and Maintenance Oman (KOMO), Mubadala Development Co (Mubadala) and International Power SA are related parties with significant shareholder influence. The following is the summary of significant transactions with related parties during the year:

a) Transactions in the Company's standalone financial statements:

	30 June 2025 RO '000	30 June 2024 RO '000
KOMO administrative fee – <i>(Entity under common significant influence)</i>	55	55
Dividends received from RPC – <i>(Subsidiary)</i>	3,000	3,000
Recharging of administrative expenses to:		
RPC – <i>(Subsidiary)</i>	49	55
SMNBPC – <i>(Subsidiary)</i>	73	82
Al Kamil Power Company SAOG - <i>(Entity under common significant influence)</i>	2	5

b) Transactions in the Company's standalone and consolidated financial statements:

	2025 RO '000	2024 RO '000
Dividends distribution to:		
Kahrabel FZE – <i>(Shareholder)</i>	(4,499)	-
Mubadala Power Holding Company Limited – <i>(Shareholder)</i>	(4,499)	-

d) Transactions carried out by the SMNBPC and RPC (Subsidiaries):

	30 June 2025 RO '000	30 June 2024 RO '000
SUEZ-Tractebel Operation and Maintenance Oman LLC		
- <i>(Entity under common significant influence)</i>		
Operation and maintenance expense - fixed fee (note 19)	3,319	3,649
Operation and maintenance expense - variable fee (note 19)	1,231	1,364
Repair and maintenance (note 19)	260	11
Customs duty (note 19)	19	7
	4,829	5,031
International Power SA		
- <i>(Entity under common significant influence)</i>		
Fixed service fee	18	18

f) Key management benefits

Key management personnel are those people who have authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise).

	Parent Company		Consolidated	
	30 June 2025 RO '000	30 June 2024 RO '000	30 June 2025 RO '000	30 June 2024 RO '000
Employment benefits	55	55	118	114
Directors' remuneration	22	22	28	28
Directors' sitting fee	10	10	11	11
Company secretary fee	2	2	2	2
	89	89	159	155

g) Due from related parties

	Parent Company		Consolidated	
	30 June 2025 RO '000	31 December 2024 RO '000	30 June 2025 RO '000	31 December 2024 RO '000
STOMO (<i>Entity under common - significant influence</i>)	-	-	30	17
KOMO (<i>Entity under common - significant influence</i>)	-	-	-	3
Barka Seawater Facilities Company SAOC - (<i>Joint arrangement</i>)	-	-	121	119
SMNBPC (<i>Subsidiary</i>)	29	12	-	-
RPC (<i>Subsidiary</i>)	19	11	-	-
	48	23	151	139

h) Due to related parties:

	Parent Company		Consolidated	
	30 June 2025 RO '000	31 December 2024 RO '000	30 June 2025 RO '000	31 December 2024 RO '000
STOMO (<i>Entity under common - significant influence</i>)	-	-	1,444	1,545
International Power SA Dubai Branch (<i>Entity under common - significant influence</i>)	-	-	-	11
	-	-	1,444	1,556

26. Contingencies and operational commitments*(a) Subsidiary – RPC****Operation and Maintenance commitment***

As per the O&M agreement, STOMO operates and maintains the RPC's plant at Rusail until 31 December 2029. Under the O&M agreement, RPC has to pay the following operating fees:

- a fixed monthly fee; and
- a variable fee.

All fees are subject to indexation based on Omani and US Consumer Price Indices.

The minimum future payments under the O&M agreement (excluding indexation) for the RPC are as follows:

	30 June 2025	31 December
	RO '000	2024
		RO '000
Not later than one year	1,269	1,269
One to two years	1,269	1,269
Two to three years	1,269	1,269
Three to four years	1,269	1,269
Four to five years	634	1,269
	5,710	6,345

*(b) Subsidiary – SMNBPC****Shared facilities commitment***

With reference to the Shareholders Agreement dated 20 February 2007, BWPC and SMNBPC committed to establish a shared facility company owned 50/50 between the above shareholders. On 9 March 2009, SMNBPC injected a total of RO 250,000 in a restricted bank account to fund the capital of the new company to be named BSFC. On 19 July 2010, SMNBPC and BWPC finalized the incorporation of the Shared Facilities Company and conducted the Constitutive General Meeting and the first Board Meeting. On 1 October 2014, BSFC acquired the shared facility assets from BWPC and commenced commercial operations.

Operation and Maintenance commitment

As per the O&M agreement, STOMO operates and maintains the SMNBPC's plant at Barka until expiry of new PPA and new WPA. Under the O&M agreement, SMNBPC has to pay the following operating fees:

- a fixed monthly fee;
- a power variable fee; and
- a water variable fee.

All fees are subject to indexation based on Omani and US Consumer Price Indices.

The minimum future payments under the O&M agreement considering a COD on 15 November 2009 (excluding indexation) for the SMNBPC are as follows:

	30 June 2025 RO'000	31 December 2024 RO'000
Not later than one year	5,367	5,367
One to two years	5,367	5,367
Two to three years	5,367	5,367
Three to four years	5,367	5,367
Four to five years	5,367	5,367
After five years	14,311	16,100
	<u>41,146</u>	<u>42,935</u>

Guarantees issued

	30 June 2025 RO '000	31 December 2024 RO '000
SMNBPC (Financial guarantee issued to lenders by Abu Dhabi Commercial Bank)	3,230	3,980
	<u>3,230</u>	<u>3,980</u>

27. Financial instruments

Financial assets are assessed for impairment at each reporting date as disclosed in note 3.5(i). The classification of financial assets depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Group's overall risk management focuses on the unpredictability of markets it is potentially exposed to and seeks to minimize potential adverse effects on the Group's financial performance.

Risk management is carried out in order to identify, evaluate, mitigate and monitor financial risks.

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers. The potential risk in respect of amounts receivable is limited to their carrying values as management regularly reviews these balances whose recoverability is in doubt.

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

	Parent Company		Consolidated	
	30 June 2025	31 December 2024	30 June 2025	31 December 2024
Financial assets held at amortized cost (previously “loans and receivables”)	RO ‘000	RO ‘000	RO ‘000	RO ‘000
Trade and other receivables (excluding prepayments)	-	-	10,590	5,079
Fixed term cash deposits	3,250	-	3,250	3,186
Fixed term cash deposits (maturity - less than 3 months)	-	14,677	965	15,558
Derivative financial instruments	-	-	34	636
Due from related parties	48	23	151	139
Cash at bank	42	16	9,683	8,931
	3,340	14,716	24,673	33,529

The exposure to credit risk for trade receivables at the reporting date was due entirely from OPWP. The long-term credit rating of OPWP is Ba1 Moody’s. The allowance account in respect of trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amount considered irrecoverable is written off against allowance account. The table below shows the balances with banks categorised by short-term credit ratings as published by Moody’s Investors Service at the reporting date:

		Parent Company		Consolidated	
		30 June 2025	31 December 2024	30 June 2025	31 December 2024
Cash and cash equivalents	Rating	RO ‘000	RO ‘000	RO ‘000	RO ‘000
<i>Bank balances</i>					
Bank Muscat SAOG	Ba2	4	15	984	970
HSBC Bank plc	P-1	1	1	76	3,295
National Bank of Oman		37	-	8,692	4,666
Total Bank balances		42	16	9,683	8,931
<i>Fixed term cash deposits (maturity less than 3 months)</i>					
National Bank of Oman		-	14,677	965	14,872
Ahli Bank SAOG	A2	-	-	-	686
Total Cash and - cash equivalents		42	14,693	10,637	24,489
<i>Fixed term deposits (maturity more than 3 months)</i>					
National Bank of Oman	P-2	3,250	-	3,250	2,220
Ahli Bank		-	-	-	966
		3,250	-	3,250	3,186

(b) *Liquidity risk*

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group's access to credit facilities is described in note 14.

The following are the undiscounted maturities of the financial liabilities for the Parent Company and the Group respectively.

<i>Parent Company</i>	Carrying amount RO '000	Contractual cash flows RO '000	6 months or less RO '000
30 June 2025			
<i>Non-derivatives</i>			
Accrued expenses	<u>72</u>	<u>72</u>	<u>72</u>

<i>Parent Company</i>	Carrying amount RO '000	Contractual cash flows RO '000	6 months or less RO '000
31 December 2024			
<i>Non-derivatives</i>			
Accrued expenses	<u>88</u>	<u>88</u>	<u>88</u>

<i>Group</i>	Carrying amount RO '000	Undiscounted cash flows RO '000	Up to 1 year RO '000	1 to 2 years RO '000	2 to 5 years RO '000	After 5 years RO '000
<i>Non-Derivatives</i>						
30 June 2025						
Term loan	36,405	36,649	4,590	4,819	16,258	10,982
Trade and other payables	15,600	15,600	15,600	-	-	-
Due to related parties	1,444	1,444	1,444	-	-	-
Lease liabilities	566	961	31	35	105	790
	<u>54,015</u>	<u>54,654</u>	<u>21,665</u>	<u>4,854</u>	<u>16,363</u>	<u>11,772</u>

<i>Group</i>	Carrying amount RO '000	Undiscounted cash flows RO '000	Up to 1 year RO '000	1 to 2 years RO '000	2 to 5 years RO '000	After 5 years RO '000
<i>Non-Derivatives</i>						
31 December 2024						
Term loan	39,084	39,362	4,711	4,832	16,154	13,665
Trade and other payables	10,909	10,909	10,909	-	-	-
Due to related parties	1,556	1,556	1,556	-	-	-
Lease liabilities	568	976	29	35	105	807
	<u>52,117</u>	<u>52,803</u>	<u>17,205</u>	<u>4,867</u>	<u>16,259</u>	<u>14,472</u>

(c) 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 Group'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 on risk.

As of 30 June 2025, the Group does not hold any such financial instruments that have any risk of changes in prices for investment in equity instruments.

Currency risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the group's functional currency.

The Group is exposed to foreign exchange risk arising from currency exposures primarily with respect to the US Dollar. Management believes that in case US Dollar weaken or strengthen against Rial Omani there would be an insignificant impact in the post-tax profit.

Interest rate risk

The Group has borrowings which are interest bearing and exposed to changes in market interest rates. The Group has hedged this interest rate risk through interest rate swaps. The percentage of interest charges hedged is presented below:

(a) In RPC, all the outstanding debts have been repaid in full, and all the interest rate swap agreements have been terminated.

(b) In SMNBPC, 80% of the interest charges are hedged for the period from 30 September 2018 to 31 March 2024 and 75% from there onwards.

The interest rate profile of the Group's interest-bearing financial instruments is disclosed in notes 13 and 14 to these parent company and consolidated financial statements.

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would not have a significant impact on the equity or the profit or loss at the reporting date mainly as a result of interest rate swaps (note 13).

Fair value of financial instruments

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.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within 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 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Level 2

Consolidated

	30 June 2025 RO '000	31 December 2024 RO '000
Financial liabilities measured at fair value		
Interest rate swap	<u>34</u>	<u>636</u>

The valuation techniques of the above financial liabilities are disclosed in note 4.

There are no financial assets at fair value at the reporting date. Further, there were no transfers between Level 1, Level 2 and Level 3 during the period.

Capital management

The Group's policy is to maintain an optimum capital base to maintain investor, creditor and market confidence to sustain future growth of business as well as achieve appropriate return on capital.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can provide adequate returns to members and benefits for other stakeholders by pricing the services commensurate to the level of risk. The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio (debt to total equity):

	30 June 2025 RO '000	31 December 2024 RO '000
Debt (Term loan)	<u>36,405</u>	<u>39,084</u>
Equity (Shareholders' funds) *	<u>41,606</u>	<u>54,977</u>
Debt to equity ratio (times)	<u>0.875</u>	<u>0.711</u>

*Shareholders' funds comprise of Equity, Statutory reserves and Retained earnings.

28. Operating lease agreement for which a subsidiary acts as a lessor

SMNBPC

	30 June 2025	31 December
	RO '000	2024
		RO '000
Due:		
Not later than one year	18,026	18,026
One to two years	18,097	18,097
Two to three years	18,329	18,329
Three to four years	18,391	18,391
Four to five years	18,503	18,503
After five years	47,405	56,418
	138,751	147,764

RPC

	30 June 2025	31 December
	RO '000	2024
		RO '000
Due:		
Not later than one year	2,477	2,477
One to two years	2,516	2,516
Two to three years	2,560	2,560
Three to four years	2,603	2,603
Four to five years	1,238	2,539
After five years	-	-
	11,394	12,695

29. Net assets per share

	Parent Company		Consolidated	
	30 June 2025	31 December	30 June	31 December
	RO '000	2024	2025	2024
		RO '000	RO '000	RO '000
Net assets - Shareholders' funds*	30,712	42,046	41,847	54,977
Number of shares outstanding during the year	199,636	199,636	199,636	199,636
Net asset per share (RO)	0.154	0.211	0.210	0.275

*Shareholders' funds comprise of share capital, statutory reserves and retained earnings.

30. Basic and diluted earnings per share

Basic and diluted earnings per share are calculated by dividing the profit for the year by the weighted average number of shares outstanding during the year.

	Parent Company		Consolidated	
	30 June 2025 RO '000	30 June 2024 RO '000	30 June 2025 RO '000	30 June 2024 RO '000
Profit for the year	3,239	3,000	1,443	3,506
Weighted average number of shares outstanding during the year	199,636	199,636	199,636	199,636
Earnings per share - basic and diluted (RO)	0.016	0.015	0.007	0.018

Since the Group has no potentially dilutive instruments, the basic and dilutive earnings per share are the same.

31. Segmental reporting

The Group has only one segment in accordance with IFRS 8. Segmental information is, accordingly, presented in respect of the Group's business segments. The primary format, business segments, is based on the Group's management and internal reporting structure. The requirements of IFRS 8, paragraphs 31 to 34 relating to group wide disclosures, have been covered under consolidated statements of financial position, profit and loss and other comprehensive income and in notes 1 and 2 to these consolidated financial statements.

32. Proposed dividends

SMNBPC

The Board of Directors of SMNBPC, at its meeting held on 11 August 2025, resolved the distribution of cash dividends in September 2025, to the SMNBPC's Shareholders who are registered in the SMNBPC's register as at the date to be determined by the Board, out of retained earnings of the SMNBPC as reflected in the SMNBPC's financial statements for the period ended 30 June 2025, provided that the aggregate amount of the dividends shall not exceed RO 2,000 thousand or RO 4 per share. The dividend distribution is subject to Shareholders' approval at the Extra Ordinary General Meeting to be held in September 2025 and in compliance with the Commercial Companies Law, other applicable Omani legislation.