Sembcorp Salalah
سيمبكورب صلاله

Annual Report **2024**

Vital to Life

Registered office:
P.O. Box 1466
Postal Code 211
Salalah
Sultanate of Oman

Principal place of business:
Salalah
Sultanate of Oman

His Majesty Sultan Haitham bin Tarik

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Board of Directors

Tan Cheng Guan
Chairman

Kalat Al Bulooshi
Deputy Chairman

Vipul Tuli
Non-Executive Director

Ahmed Ali Sulaiman Al Bulushi
Independent Non-Executive Director

Tariq Ali Salim Al Amri
Independent
Non-Executive Director

Hussein Abdul Redha Al Lawati
Independent
Non-Executive Director

Yap Siew Leng
Non-Executive Director

Ahmed Ali Ahmed Al Moosawi
Independent Non-Executive Director

Abdullah Mohammed Ali Al Ma'mari
Independent Non-Executive Director

Executive Management

Humaid Salim Al Amri
Chief Executive Officer

Tariq Bashir
Chief Financial Officer and Company Secretary

Pratush Sinha
Plant Manager

Salim Mohammed Al Mashikhi
Human Resource & Admin Manager

Chairman's Report

Tan Cheng Guan
Chairman

Dear Shareholders,

On behalf of the Board of Directors (the Board) of Sembcorp Salalah Power & Water Company (Sembcorp Salalah or "the Company"), I am pleased to present the audited financial statements for the year ended December 31, 2024.

Financial Results

The Company achieved a net profit of RO22.5 million in 2024, reflecting a 9.5% increase compared to the previous year. Operating profit rose to RO30.7 million in 2024, up from RO30.1 million in 2023. The growth in net profit was primarily driven by improved operating performance and reduced net financing costs. Basic Earnings Per Share stood at 23.5 baizas in 2024. The Company maintained a robust financial position, closing the year with net assets of RO173 million.

I invite you to refer to the Management Discussion and Analysis Report section of the Annual Report for more information on the Company's financial results.

Dividends

The Company distributed a dividend of 10.5 baizas per share in 2024, an increase from 7.5 baizas per share in 2023. Subject to the availability of cash flows, the Board of Directors has proposed a cash dividend of up to 8 baizas per share, to be paid on November 2, 2025.

The Company follows a reasonable dividend payout policy, subject to debt repayments, working capital and operational expenditure requirements. The annual dividends and the decision on whether to pay dividends in any year are also subject to factors including the Company's business prospects, financial performance, free cash availability, covenants under the Financing Documents and outlook for the power and water sectors.

Operations

Electricity demand in the Dhofar region has risen significantly, driven primarily by industrial development and expansion of the IT sector. As a result, the power plant load factor increased to 53.97% in 2024 compared to 41.63% in the previous year. Similarly, the water plant load factor rose to 87.27% in 2024 compared to 62.71% in the previous year. However, due to the take-or-pay commercial arrangement with Oman Power and Water Procurement Company (PWP), changes in plant load factors have minimal impact on the Company's profitability.

Sembcorp Salalah remains a key provider of power and water, playing a vital role in meeting the region's growing needs. The Company's operational philosophy is centered on a steadfast commitment to achieving the highest standards of plant reliability and efficiency, which are critical for its continued success. To ensure targeted plant availability and reliability, the Company employs a robust operation and maintenance strategy. This includes comprehensive asset management, meticulous maintenance schedules, effective spares management, and continuous training and development of personnel.

In 2024, the reliability of the power and water plants reached 99.82% and 100% respectively, up from 99.78% and 99.94% respectively in 2023, demonstrating consistent operational excellence.

Going forward

We remain dedicated to delivering sustainable value for our shareholders by maintaining a disciplined approach to financial and operational management. Prioritising safety, reliability, and efficiency remains central to our strategy as we navigate evolving challenges and pursue long-term growth opportunities.

Health, Safety, Security and the Environment (HSSE)

The health and safety of our people, along with environmental protection, are central to our business. We are committed to achieving world-class health and safety standards across all our operations, with continuous improvement being a key priority for our management team.

In 2024, the Company recorded zero lost-time incidents and no environmental non-compliance, highlighting the strong commitment of our staff and contractors to upholding a safe workplace. This achievement reflects their rigorous adherence to Sembcorp's HSSE Policies and Standards, ensuring a safe and sustainable working environment. Furthermore, the Company conducted regular safety drills throughout the year to reinforce swift and effective preparedness for potential emergencies.

Caring for Communities

The Company recognises the importance of being a responsible corporate citizen and is dedicated to making a positive impact on the communities where we operate, through our community investments. In 2024, the Company contributed RO64,000 towards corporate social responsibility activities. These include donating to Oman Charitable Organisation as part of the country's charity mandate, as well as the final instalment of a multi-phase donation towards the establishment of an Accident and Emergency Unit and a Dialysis Centre at the Mirbat Hospital.

Corporate Governance

The Board believes that a business built on the principles of good governance is key to our long-term success. Our Company complies with the Code of Corporate Governance issued by the Oman Financial Services Authority. More details are available in the Corporate Governance report.

On Record

I would like to extend my sincere appreciation to my fellow directors, shareholders, PWP, regulators (the Authority for Public Services Regulation and the Financial Services Authority), and our partners (Dhofar Services Company, the Environment Authority, Integrated Gas Company, Oman Electricity Transmission Company, OQ Gas Company, and other governmental and non-governmental bodies) for their invaluable guidance and continued support of the Company. My heartfelt thanks also go to our employees and contractors for their steadfast dedication and commitment.

Lastly, I wish to express my profound gratitude to His Majesty Sultan Haitham Bin Tariq Al Said for his visionary leadership and unwavering support for the private sector. We remain committed to working closely with His Majesty's government and will continue to uphold our mission of providing high-quality, reliable power and water to the Dhofar region.

Tan Cheng Guan
Chairman of the Board

Operational Highlights

Health, Safety, Security and the Environment (HSSE)

Health, Safety and Security

The Company achieved 517,339 safe man-hours and maintained full environmental compliance in 2024. Since commercial operations begun, the Company has built a strong safety culture, reaching an accumulated 6.8 million safe man-hours as at December 31, 2024, — an increase from 6.3 million safe man-hours in 2023. Accredited with the Integrated Management System Standard ISO 9001:2015, ISO 14001:2015, and OSHAS 45001:2018, Sembcorp Salalah continues to uphold the highest safety and environmental standards.

Sembcorp Salalah fosters a strong safety culture for its employees and contractors, prioritising a safe and secure workplace. To uphold safety standards, employees receive HSSE and technical training, while annual emergency response drills equip staff, contractors and relevant stakeholders to manage potential incidents. In 2024, Sembcorp Salalah conducted a large-scale emergency and safety mock drill with external authorities to evaluate the plant's emergency response protocols, enhance staff preparedness, and identify areas for improvement.

To strengthen its safety culture and ensure a secure workplace, Sembcorp Salalah uses two in-house digital applications – HSSE Inspection and SpotSAFE. These tools enhance safety management through digitalisation, foster accountability and prompt reporting of unsafe conditions to keep everyone safe at the workplace.

Environment

Sembcorp Salalah operates with a strong commitment to environmental responsibility. The Sembcorp Salalah Independent Water and Power Plant (the Plant) uses combined cycle gas turbine technology for power generation and reverse osmosis to produce desalinated water. Natural gas is the Plant's primary fuel, offering a more environmentally sustainable alternative to coal-powered plants due to its lower carbon emissions. The Plant is ISO14001 certified and remained fully compliant with local environmental laws and regulations in 2024. To further promote environmental awareness, the Company organised tree planting and beach clean-up events for its employees.

Capacity

The Plant has a gross installed capacity of 518MW, comprising five gas turbines and two steam turbines, with 445MW contracted under a long-term power purchase agreement. Its water production relies on a seawater reverse osmosis process with a contracted capacity of 15 Million Imperial Gallons per Day (MiGD). Based on the 2024 performance test result, the plant's net output at delivery point exceeded the contracted capacity.

Availability

The availability of a plant is assessed based on the duration it remains technically capable of generating power and water, in accordance with its specifications. Under its Power and Water Purchase Agreement (PWPA), Sembcorp Salalah is permitted a planned outage of up to 15% of its contracted power capacity in winter with no allowance in summer, and 5% of contracted capacity for water throughout the year. In 2024, Sembcorp Salalah recorded an annual availability of 89.77% for power and 95.99% for water.

Reliability

Plant reliability is its ability to deliver declared availability under its PWPA terms. In 2024, Sembcorp Salalah achieved an annual reliability of 99.82% for power and 100% for water. The water plant experienced force majeure outages of 0.04% in 2024 due to contaminated sea water from Khareef seasonal impact.

Plant Energy Efficiency (Heat Rate)

The energy efficiency of a power plant is measured by the energy required to generate one unit of power. In 2024, Sembcorp Salalah's heat rate performance exceeded the contracted levels in the PWPA, contributing to better profitability.

Maintenance

Together with the turbine maintenance contractor, the Company continues to diligently and proactively maintain the Plant to enhance plant operations, improve efficiency and preserve its economic lifespan. During the year, in addition to routine maintenance, the Company successfully completed a hot gas path inspection for two gas turbines, a combustion inspection for one gas turbine, major maintenance for a steam turbine, and pump overhauls. Ongoing plant improvement initiatives include upgrading the gas turbine load gear box, corrosion management and replacing energy recovery system vessels.

Description of the Company

Overview of Sembcorp Salalah

Sembcorp Salalah developed, owns and operates a key electricity generation and seawater desalination plant located between Taqah and Mirbat, approximately 50km from the regional capital of Salalah, serving a population of over 450,000 residents. The Plant has been in full commercial operation since May 25, 2012 and has a contracted power capacity of 445MW and contracted water capacity of 15MiGD. The Plant plays a major role in meeting the growing power and water demands of the region across short, medium and long-term periods.

The Company generates revenue from a 15-year term PWPA with Oman Power and Water Procurement Company (PWP), under which the Plant's contracted power and water capacity is sold exclusively to PWP on a long-term take-or-pay basis.

History and Background of Sembcorp Salalah

In November 2007, the Oman Government implemented various privatisation policies to boost private sector participation in the electricity and related water sectors. As part of this, PWP, together with its financial, legal and technical advisers, invited bids for the Salalah Independent Water and Power Plant project (the Project), covering construction, design, development, financing, operation and ownership of the Plant.

A consortium comprising Sembcorp Utilities and Oman Investment Corporation (OIC) submitted its bid for the Project on June 16, 2008. On December 8, 2008, PWP selected the Sembcorp Utilities and OIC consortium as the preferred bidder.

The first phase of the Project was completed in the third quarter of 2011, within 19 months of the PWPA signing. The Plant began dispatching about 61MW of power to the grid. The second phase was completed in the first quarter of 2012, with final acceptance tests finished in May 2012. The Project's total capital cost by the commercial operation date (COD) in May 2012 was RO378 million, covering construction, insurance and related costs such as financing.

The following table outlines the chronology of the Project's implementation:

Date	Event
November 2007	Request for proposal issued by PWP
June 16, 2008	Bid submission by the Sembcorp Utilities and OIC consortium
December 8, 2008	Sembcorp Utilities and OIC consortium declared as preferred bidder
November 23, 2009	Execution of PWPA and declaration of effective date
March 23, 2010	Financial close
July 16, 2011	Phase 1 power milestone achieved
January 2, 2012	Phase 2 power milestone achieved
March 12, 2012	Phase 2 water milestone achieved
April 5, 2012	Scheduled COD and start of the PWPA term
May 25, 2012	COD achieved
April 3, 2027	Expiry date of PWPA

The Engineering Procurement and Construction (EPC) contractor for the Project was Shandong Electric Power Construction Corporation III while the EPC supervision and commissioning of the desalination plant were subcontracted to Hyflux Ltd. The Plant uses combined-cycle gas turbine technology with dual fuel capability, using natural gas as the primary fuel and diesel as a backup. Reverse osmosis technology is employed to produce potable water from seawater desalination. Sembcorp Salalah uses General Electric's (GE) 6FA gas turbines and Hyflux's reverse osmosis technology.

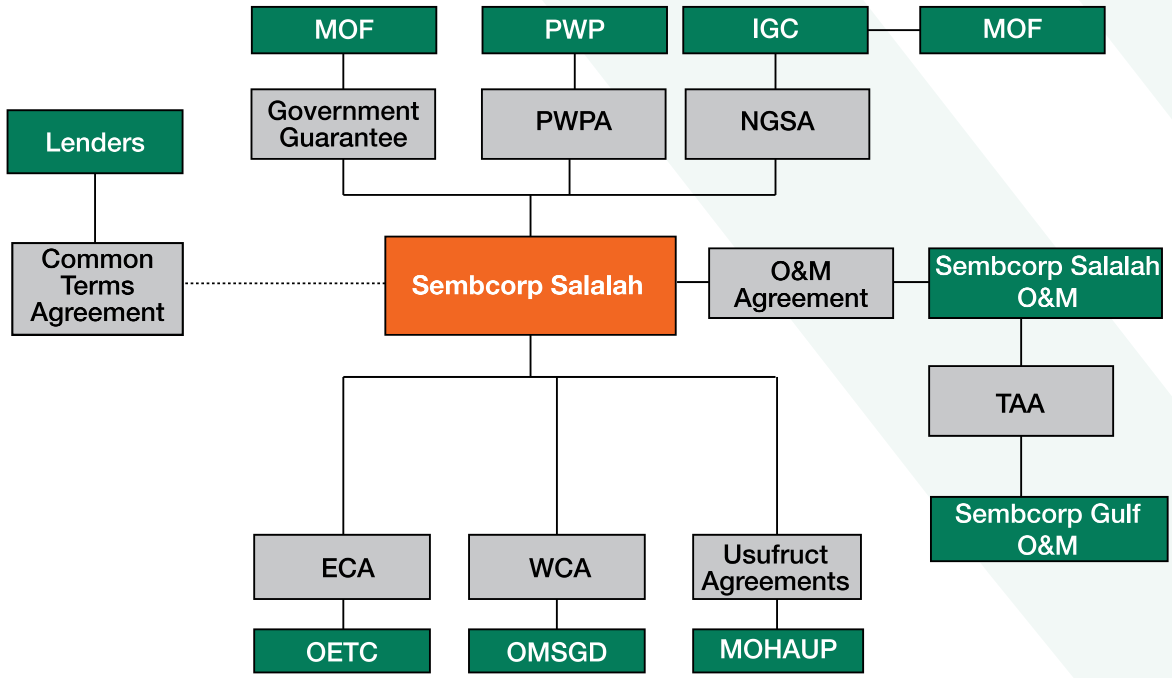
The Ministry of Finance (MOF) guarantees PWP's payment obligations to Sembcorp Salalah. The guarantee remains in effect until the initial project financing is fully paid and PWP maintains a Standard & Poor's BBB- credit rating for 730 days. To date, this guarantee is in force. PWP pays a charge that includes a capacity charge for the Plant's fixed costs and a return on capital, along with a variable charge for energy and other variable costs. As long as power and water are available for dispatch, capacity charges will be paid, subject to agreed maintenance outages.

Summary of Contractual Framework

The following table and diagram illustrate the key contracts and relevant counter parties associated with the Project:

Project Document	**Parties**	**Effective** Date	**Term**	**Expiration** Date
Project Founders Agreement	Electricity Holding Company, the Project Founders and their parent companies and BDCC Investment Company	November 23, 2009	15 years from scheduled Commercial Operation Date (COD	April 3,2027
PWPA	Sembcorp Salalah and PWP	November 23, 2009	15 years from scheduled COD	April 3, 2027
Natural Gas Sales Agreement (NGSA)	Sembcorp Salalah and Integrated Gas Company (IGC)	November 23, 2009	15 years from scheduled COD	April 3, 2027
Electricity Connection Agreement (ECA)	Sembcorp Salalah and Oman Electricity Transmission Company (OETC)	November 23, 2009	25 years from effective date	November 22, 2034
Water Connection Agreement (WCA)	Sembcorp Salalah and the Office of the Governor of Dhofar (OGD)	December 15, 2014	25 years from signing date of the WCA	December 15, 2039
Usufruct Agreement	Sembcorp Salalah and the Ministry of Housing and Urban Planning (MOHAUP)	November 23, 2009	25 years from effective date, subject to a further extension of 25 years at the option of Sembcorp Salalah	November 22, 2034, subject to extension
Usufruct Agreement relating to Temporary Areas	Sembcorp Salalah and MOHAUP	November 23, 2009	4 years from the effective date	November 22, 2013
Contractual Service Agreement (CSA)	Sembcorp Salalah and GE	December 15, 2009	20 years from date of CSA	December 14, 2029
Government Guarantee	Sembcorp Salalah and MOF	November 23, 2009	15 years from the scheduled COD	April 3, 2027
Operations and Maintenance (O&M) Agreement	Sembcorp Salalah and Sembcorp Salalah O&M Services Company LLC	February 8, 2010	15 years from scheduled COD	April 3, 2027
Technical Assistance Agreement (TAA)	Sembcorp Salalah O&M Services LLC and Sembcorp Gulf O&M Co. Ltd	February 8, 2010	15 years from scheduled COD	April 3, 2027

On April 17, 2023, the Ministry of Energy & Minerals (MEM) advised Sembcorp Salalah that, following two decisions by MEM and MOF, a wholly government-owned company, IGC, was established. By law, MEM transferred all agreements related to the sale, purchase, supply, and transportation of natural gas, along with related agreements, to IGC, with effect from January 1, 2023.



Competitive Strengths

Sembcorp Salalah's competitive strengths include:

Strong Predictability of Stable Cash Flows

Under the PWPA, Sembcorp Salalah is entitled to receive capacity charges from PWP for the Plant's contracted power and water capacities, which are periodically tested. These charges account for approximately 90% of Sembcorp Salalah's total revenue (excluding fuel revenue, which is a pass-through). The capacity charges are payable by PWP regardless of the Plant's actual output, and whether Sembcorp Salalah is instructed by the Local Dispatch Centre and the OGD to generate and deliver power and / or produce and deliver potable water. This means PWP, subject to limited exceptions, is obliged to pay capacity charges to Sembcorp Salalah for 100% of the Plant's available power and water capacity.

Sembcorp Salalah's capacity charges are calculated such that they cover its debt service and other fixed costs, including fixed operating and maintenance costs, insurance costs and capital returns. Fuel revenues and charges are calculated based on natural gas consumption calculated by the Plant model for energy and water output delivered, and are effectively a virtual pass-through cost.

In addition, for the power and water made available, PWP pays Sembcorp Salalah a variable output charge to cover operating costs. As a result, Sembcorp Salalah enjoys high predictability of stable cash flows unaffected by the amount of power and water required by PWP as it is paid on an availability basis.

Well-established Contractual Framework

The Project is one of 20 independent power and / or water production projects implemented by PWP on a "build, own and operate" basis, benefitting from a well-established contractual framework. PWP used a similar procurement, ownership template and contractual framework for other independent water and power plants in Oman prior to the Project.

The Government Guarantees Payment Obligations of PWP under the PWPA due to the Strategic Importance of the Industry and Project

The power and water sectors are of high strategic importance to both the Dhofar Governorate and Oman. The Project is expected to remain essential for the continued supply of electricity and water in the Dhofar Governorate in the long term. According to PWP, peak demand for electricity in the Salalah System is projected to grow at an average annual growth rate of 5%, from 612MW in 2022 to 837MW by 2029. Peak water demand in the Salalah, Taqah, and Mirbat areas is also expected to increase at an average rate of nearly 5% per annum[1].

As a result, the Oman Government, both directly and indirectly, participates in and supports the Project in the following ways:

i) As offtaker under the PWPA, as 100% indirect owner of PWP.

ii) As supplier, through IGC (100% ownership with MOF), responsible for procuring and delivering natural gas to the Project.

iii) As transmission system operator, as owner of OETC and through Dhofar Integrated Services Company (DISC), which respectively owns and operates all power and water transmission facilities in the Dhofar Governorate.

iv) As guarantor, pursuant to the government guarantee (with Oman currently holding a Ba1 credit rating by Moody's), which guarantees PWP's payment obligations under the PWPA.

In addition to the government guarantee, the Sector Law mandates that PWP remains wholly owned by the Government and MOF is obliged to ensure PWP has access to sufficient financing to support its operations.

Fully Operational Project with Minimal Operating Risk

Sembcorp Salalah benefits from minimal operating risk, as its operator, Sembcorp Salalah O&M, is a joint venture indirectly owned by two Project Sponsors, Sembcorp Utilities and OIC. This alignment of interests ensures efficient plant operations.

Sembcorp Salalah O&M is managed locally through Sembcorp Utilities, a wholly-owned subsidiary under Sembcorp Industries. Sembcorp Industries is a leading renewables player and an established industrial and urban solutions provider with a balanced global energy portfolio of 25.9GW, including 16.5GW of gross renewable energy capacity. It also handles gross water and wastewater treatment capacity of around 8.1 million cubic metres per day across Singapore, China, the UK, and the Middle East. Sembcorp Industries has an established track record of running similar plants, and holds a significant equity interest in the Project.

Sembcorp Salalah also has a long-term maintenance contract with GE, the manufacturer of the Plant's gas turbine units. This partnership ensures regular scheduled maintenance, leveraging GE's expertise and fostering shared accountability for the Plant's maintenance upkeep.

Excess Capacity and Outage Allowance to Ensure an Extended Plant Lifespan

Power and water plants generally experience capacity degradation to produce electricity and desalinated water over time. However, management believes the Plant's actual capacity exceeds its contracted capacity, more than offsetting any estimated capacity degradation over the PWPA term.

The PWPA also accounts for scheduled outages, allowing Sembcorp Salalah to conduct maintenance on the power plant for up to 15% of the time (excluding the peak months of April, May and June) and on the desalination plant for 5% of the time (throughout the year). This scheduled maintenance is expected to prolong the Plant's lifespan and delay the degradation of its electricity and desalinated water production capabilities.

Mitigation of Fuel Risks

Under the NGSA, MEM is responsible for procuring and delivering all natural gas required by the Plant. All gas delivered to the Plant must meet minimum quality standards. If natural gas becomes unavailable, and provided Sembcorp Salalah is not in breach of its operational obligations and the Plant operates using backup diesel, Sembcorp Salalah remains entitled to receive capacity charges from PWP. In addition, MEM compensates Sembcorp Salalah for the incremental costs associated with diesel usage. Any increase in gas price charged by MEM is directly passed through under the PWPA. Consequently, the Plant has mitigated risks related to gas quality, supply and price.

1 OPWP's seven-year statement (2023-2029)

In situations where natural gas is unavailable or its supply is disrupted, Sembcorp Salalah is obligated under the PWPA to maintain a backup fuel supply sufficient for three days of full-load operation at the site. The Company consistently complies with this requirement.

Extensive Experience of the Project Founders

Sembcorp Salalah benefits from the extensive power, water and energy experience of its Project Founders, including development, ownership and operation of large-scale gas turbine-based power and desalination projects. Sembcorp Utilities, an integrated energy player, provides solutions across the energy and utilities value chain. With a strong track record in providing energy solutions in developing and developed markets, Sembcorp is poised to capitalise on opportunities arising from the global energy transition. OIC is a private equity investment company with strong experience in investing in the region and has a diversified portfolio of investments in the oil and gas, petrochemical, construction and manufacturing sectors in Oman.

Experienced and Skilled Operational Personnel

Sembcorp Salalah has a team of well-trained and experienced personnel employed by Sembcorp Salalah O&M, bringing decades of management and operation expertise. They actively share best practices and exchange knowledge with personnel of the project sponsors globally through training and off-site sessions.

Sembcorp Salalah's management is strongly supported by highly-trained plant staff, employed by Sembcorp Salalah O&M. The Company benefits from an O&M contract entered with Sembcorp Salalah O&M, a company formed by the Project Founders. Additionally, a TAA with Sembcorp Gulf O&M provides further operational support. A long-term maintenance contract with GE, the original equipment manufacturer of the Plant's gas turbines, ensures optimal performance and reliability.

Technology and Processes

Plant Description

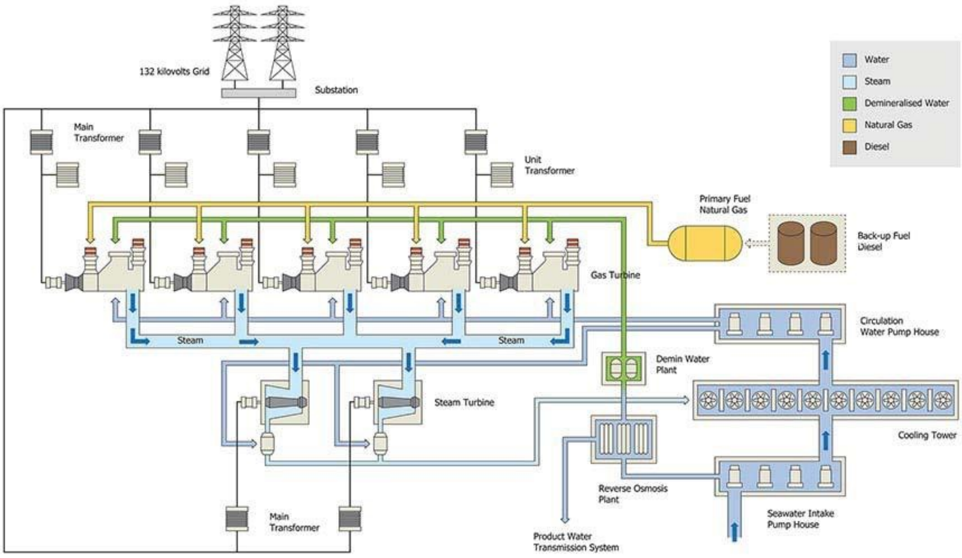
The Plant is an independent power and water plant located between the towns of Taqah and Mirbat, approximately 50km from Salalah, an administrative town in the Dhofar Governorate.

Before the Sembcorp Utilities and OIC consortium's bid for the Project, extensive optimisation studies were conducted by Sembcorp Utilities' modelling consultant, VTU Energy, to identify the most economically attractive and technically sound configuration to meet power and water output requirements and operational constraints required by PWP. After a detailed scenario analysis, the chosen configuration for the Plant includes:

- Five 6FA gas turbines;
- Two steam turbines; and
- Five heat recovery steam generators.

This combined-cycle configuration integrates the gas turbines with heat recovery steam generators and steam turbines to achieve optimal energy production efficiency.

The following diagram illustrates the configuration of the Plant:



Power Facility

The Plant comprises five gas turbines and two steam turbines, with a gross installed capacity of 518MW and a contracted power capacity of 445MW.

Seawater Reverse Osmosis Desalination Facility

The Plant uses a reverse osmosis process, with a contracted water production capacity of 15MiGD. It began full commercial operations on May 25, 2012.

Gas Turbines

The five 6FA gas turbines at the Plant were supplied by GE, chosen for their proven reliability in commercial operations. Each turbine is equipped with the robust Dry Low NOx system, a leading pollution prevention system for 50Hz combined-cycle applications. This system achieves over 54% efficiency and a concentration of nitrous oxides of approximately 15 parts per million.

Designed for mid-size combined-cycle or cogeneration plants such as the Plant, the 6FA gas turbine offers flexible operation and maximum performance. It can be configured in a multi-shaft arrangement, combining one or two gas turbines with a single steam turbine. The 6FA gas turbine burns a variety of fossil fuels, allowing for fuel switching after start-up without compromising performance.

Revenue Overview

The PWPA outlines the terms for Sembcorp Salalah to generate and supply power and desalinated water to PWP until 2027. Under this agreement, Sembcorp Salalah is obligated to operate and maintain the Plant to ensure an agreed level of availability for both power and water capacities following the COD. The Company must also operate the Plant safely and within its design parameters.

Since its COD, the Plant has achieved a net electricity generating contracted capacity of 445MW and a desalinated water production capacity of 15MiGD. The energy and water output are sold to PWP. In return, Sembcorp Salalah receives tariffs covering capacity charges, electrical energy charges, water output charges and fuel charges from PWP, described as follows:

- The power capacity charge is payable for each hour during which the Plant is available and is designed to cover fixed costs, including debt service, and return on capital.
- The electrical energy charge covers variable operating costs of generation, excluding fuel costs, and is payable according to the electrical energy delivered under the PWPA.
- The water output charge covers variable operating costs of desalination, excluding fuel costs, and is calculated based on the volume of water output delivered.
- The fuel charge is calculated based on the consumption of natural gas, calculated by the Plant model for the electrical energy and water output delivered, effectively serving as a virtual pass-through cost.

Payments are denominated in Rial Omani (RO). The investment component of the capacity charge is linked to the RO-USD exchange rate. The fixed and variable operation and maintenance charges for power and water are linked to the RO-USD exchange rate, a prescribed US inflation rate related to turbines and generators, and the Omani inflation rate for a portion of the total charge. The PWPA defines the RO-USD exchange rate as the mid-rate of the RO-USD spot rate, as published by the Central Bank of Oman on the last Omani business day of the relevant billing period.

Profile of the Major Shareholders

Sembcorp Oman First Investment Holding (SOFIH) and Sembcorp Oman IPO Holding (SOIHL) are wholly-owned subsidiaries of Sembcorp Utilities, which is a wholly-owned subsidiary of Sembcorp Industries

SOFIH and SOIHL are British Virgin Islands-incorporated companies that are wholly-owned subsidiaries of Sembcorp Utilities, a Singapore-based energy and water business serving industrial and municipal sectors. SOIHL sold its 20% shareholding in Sembcorp Salalah as part of the IPO in September 2013 and is no longer a shareholder of the Company.

Sembcorp Utilities provides a wide spectrum of third-party utilities and services including power, steam, natural gas, desalinated water, reclaimed water, industrial water, wastewater treatment, chemical waste incineration, chemical feedstock, onsite logistics and solid waste management. Sembcorp Utilities has several strategic relationships and long-term partnerships with multinational customers.

Sembcorp Utilities is a wholly-owned subsidiary of Sembcorp Industries, a Singapore-based leading renewables energy player and established industrial urban solutions provider with operations across 10 countries globally.

Incorporated in 1998, Sembcorp Industries is listed on the main board of the Singapore Exchange. It is a constituent stock of FTSE Russell Index, MSCI Singapore Index, Straits Times Index as well as sustainability indices including FTSE4Good Index, iEdge SG ESG indices and several MSCI ESG indices. Its largest single shareholder is Temasek Holdings, an investment company headquartered in Singapore. The market capitalisation of Sembcorp Industries was S$9.8 billion[2] as at December 31, 2024. For more information on Sembcorp Industries, visit www.sembcorp.com.

Inma Power & Water Company (IPWC) (a wholly-owned subsidiary of OIC)

IPWC is an Oman-incorporated company and a wholly-owned subsidiary of OIC. OIC is a leading private equity investment company in Oman that combines an ambitious, entrepreneurial spirit with years of experience and a thorough knowledge of investing in the region. Since its establishment in 2005, OIC has been active in developing new projects, making private equity investments and building successful businesses in partnership with local entrepreneurs and leading corporations from around the world. OIC invests in privately-held companies with strong growth potential which can deliver superior risk-adjusted returns.

OIC has a diversified portfolio of investments in the real estate and infrastructure, utilities, petrochemical, insurance, healthcare, construction and manufacturing sectors in Oman. Other than IPWC, OIC's investment portfolio includes Aman Healthcare, Khazaen Economic City Project, Meras Services and Development, Nafath Renewable Energy, Octal Holding, Takaful Insurance, TMK Gulf International Pipe Industries. For more information on OIC, visit www.oic.om.

2 Source: Bloomberg

Industry Structure and Developments

Oman's power system comprises three regional systems, partially connected via interconnectors:

- The main integrated system is the largest part of the system, covering Oman's northern area;
- The Salalah system contributed around 50% of its power dispatch and 50% of its net installed water capacity from the Plant in the Dhofar Governorate in 2024; and
- The rural areas electricity system, operated by Rural Area Electricity Company serving the rest of Oman.

Oman Power and Water Procurement Company

PWP is the single buyer of power and water for all Independent Power Plant (IPP) / Independent Water & Power Plant projects within Oman and is the sole customer of Sembcorp Salalah.

The Salalah System

The Salalah System covers the city of Salalah and surrounding areas in the Dhofar Governorate, serving approximately 129,354 electricity customers.[3] The Salalah System comprises the generation, transmission and distribution capabilities of:

- Sembcorp Salalah, contracted for 445MW electricity generation capacity;
- Power station located in Raysut, operated by Dhofar Generation Company (previously owned by DISC) comprising eight open-cycle gas turbine units with a total net capacity of 273MW;
- Combined-cycle power plant, owned by ACWA Power and Mitsui, located in Raysut, composing four gas turbines and two steam turbines, with a contracted capacity of 445MW, commissioned in January 2018;
- Dhofar I Wind IPP with an installed capacity of 50MW;
- Transmission activities owned by OETC; and
- Distribution and supply activities owned by DISC.

The Salalah system also has contingency reserves via the interconnection with the 132kV link between Thumrait and Harweel, owned by Petroleum Development of Oman and completed in 2012.

The Salalah system also comprises the following water producers and distribution network:

- Sembcorp Salalah, contracted for 15MiGD desalinated water capacity.
- Salalah III Independent Water Plant (IWP), contracted for 25MiGD desalinated water capacity.
- Potable water supply and distribution network, owned by DISC.
- A network used by DISC for ground water sources to meet the water demand which are not connected.

Salalah III IWP with a contracted capacity of 25MiGD was commissioned in 2021.

Salalah System Electricity Demand

According to PWP, peak electricity demand in the Salalah system is projected to grow at an average annual rate of 5%, increasing from 612MW in 2022 to 837MW by 2029.[4]

Salalah System Water Demand

According to PWP, the water demand in the Salalah, Taqah and Mirbat areas is expected to increase at an average rate of about 5% per annum4 over seven years. The increase is primarily driven by population growth and economic development in these regions.

3 PWP's seven year statement (2023-2029)
4 PWP's seven year statement (2023-2029)

Management Discussion and Analysis

In 2024, Sembcorp Salalah recorded a profit after tax (PAT) of RO22.47 million, up from RO20.53 million in the previous year. The increase was mainly due to higher capacity charges and lower net finance costs. Operating profit rose to RO30.73 million in 2024, compared to RO30.13 million in 2023.

Business Overview

The Company's core business is providing electricity and water in the Dhofar region. Contracted capacity is 445MW for the power plant and 15MiGD for the water plant. The Company receives revenue based on plant availability, ensuring a stable business model. In 2024, the Company contributed around 50% of the region's power and desalinated water demands.

Performance Overview

The Company's operating and financial performance for the financial year 2024 is detailed below.

Operating Performance

In 2024, Company demonstrated strong operating performance, underpinned by high reliability of its power and water plants. The load factors of these plants were significantly higher as compared to the previous year. However, due to the take-or-pay commercial arrangement with PWP, the plant load factor has minimal significant impact on the profitability of the Company. Key operating parameters for 2024 are shown below:

	Unit	2024	2023	Variance
Water Reliability	(%)	100.00	99.94	0.06%
Power Reliability	(%)	99.82	99.78	0.04%
Quantity of Water Sold	(Thousand m^3)	21,781	15,609	39.54%
Quantity of Power Sold	(MWh)	2,109,814	1,622,782	33.32%
Plant Load Factor (Power)	(%)	53.97	41.63	32.82%
Plant Load Factor (Water)	(%)	87.27	62.71	37.18%

Financial Performance

Key financial performance indicators are shown below:

	2024 RO million	2023 RO million
Revenue	82.52	79.18
Earnings before interest, tax, depreciation and amortisation[5]	41.94	41.39
Profit before interest and tax	30.73	30.13
Profit after tax	22.47	20.53

Profit after Tax

Profit after tax has increased to RO22.47 million in 2024 from RO20.53 million in 2023.

5 Earnings before interest, tax, depreciation and amortisation exclude major non-cash items such as the effects of fair value adjustments, re-measurements, impairments and write-offs

A brief analysis of the major components of the profit or loss is presented below:

Revenue

Power, water and fuel charge accounted for 47%, 20% and 33% of the total revenue respectively. Revenue increased by RO 3.34 million mainly due to higher fixed capacity charge, variable charge and fuel charge. Increase in fixed capacity charge is mainly attributed to tariff inflation index and leap year impact. Fuel charge revenue increased by RO 2.26 million mainly due to an increase in gas price and increase in plant load factor. Fuel charge revenue is a pass- through and performed calculated based on consumption of natural gas as computed by the Plant's contractual fuel demand model. Actual heat rate is better than the contracted fuel demand model. Variable charge increased due to higher plant load factor.

Cost of Sales

Cost of sales mainly comprises depreciation of property, plant and equipment, fuel cost, operations & maintenance (O&M) cost and Long-Term Service Agreement (LTSA) cost. Cost of sales increased by RO2.71 million compared to the same period in 2023, mainly due to higher fuel, LTSA and O&M costs. The rise in fuel cost was in line with growing fuel charge revenue. LTSA costs rose due to higher chargeable factor fired hours and an uptick in the inflation index. O&M costs climbed mainly due to an increase in planned maintenance of the plant.

Net Finance Cost

Net finance cost decreased by RO1.75 million in 2024 compared to 2023 due to the scheduled repayment of part of the term loan in line with the financing documents.

Income tax expenses

Income tax expenses increased in 2024, corresponding with the rise in profit for the year compared to the previous year.

Financial Position

		as at December 31, 2024	as at December 31, 2023
Total assets	RO million	261.51	273.03
Total liabilities	RO million	88.17	111.98
Shareholders' equity	RO million	173.34	161.05
Gearing ratio		23:77	32:68
Net assets per share	RO/share	0.18	0.17

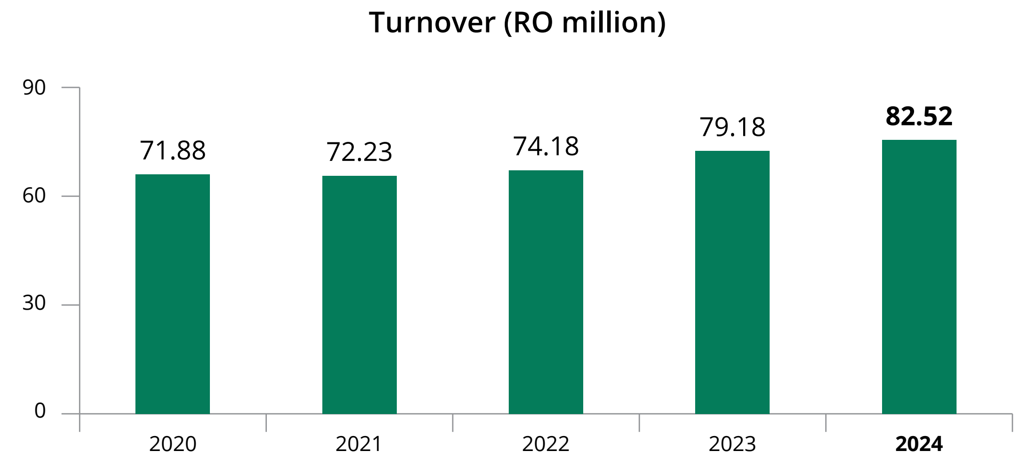
Dividend

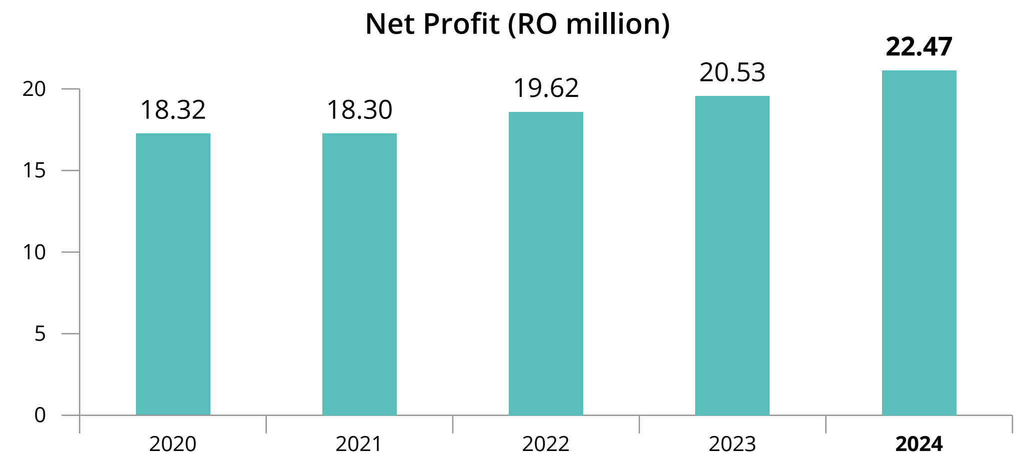
The Board will seek shareholders' authorisation to pay a cash dividend of up to 8 baizas per share at the annual general meeting, based on cash flow availability, on November 2, 2025.

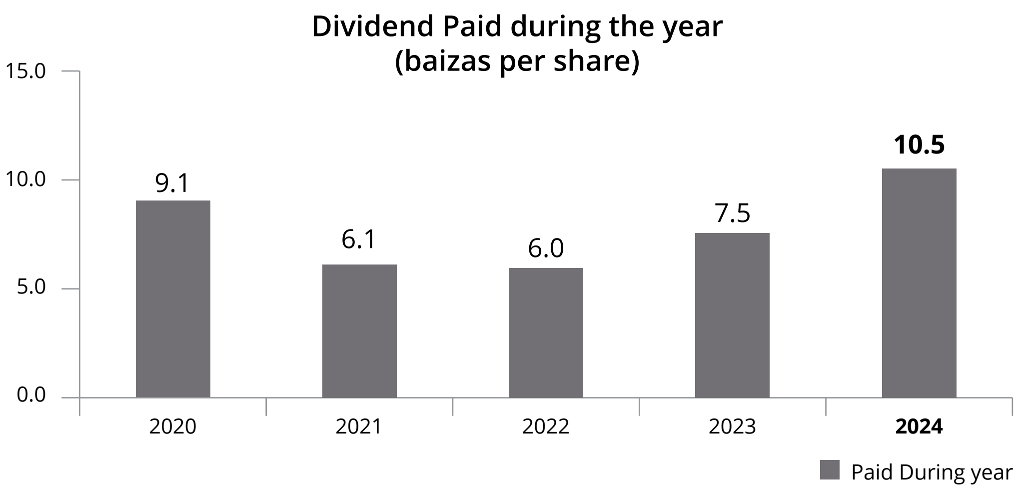
In 2024, the Company paid a total dividend of 10.5 baizas per share.

Historical Five-year Performance

Five-year Financials	2024	2023	2022	2021	2020
Key performance indicators (RO million)					
Revenue	**82.52**	79.18	74.18	72.23	71.88
Earnings before interest, tax, depreciation and amortisation	**41.94**	41.39	42.73	43.24	44.93
Profit before interest and tax	**30.73**	30.13	31.49	32.06	33.79
Profit before tax	**26.45**	24.16	23.09	21.54	21.48
Net profit	**22.47**	20.53	19.62	18.30	18.32
Financial position at year end (RO million)					
Non-current assets	**227.95**	238.72	249.49	260.11	270.8
Net current assets	**(2.75)**	0.19	(1.17)	(2.93)	(1.46)
Non-current liabilities	**(51.86)**	(77.86)	(100.54)	(130.07)	(160.09)
Net assets	**173.34**	161.05	147.78	127.11	109.25
Hedging reserve	**0.10**	0.25	0.34	(6.42)	(11.81)
Shareholders' equity	**173.34**	161.05	147.78	127.12	109.25
Per share					
Earnings (baizas per share)	**23.5**	21.5	20.6	19.2	19.2
Dividend paid (baizas per share)	**10.5**	7.5	6.0	6.1	9.1


Turnover (RO million)
90
60
30
0
71.88
72.23
74.18
79.18
82.52
2020
2021
2022
2023
2024


Net Profit (RO million)
20
15
10
5
0
18.32
18.30
19.62
20.53
22.47
2020
2021
2022
2023
2024


Dividend Paid during the year
(baizas per share)
15.0
10.0
5.0
0.0
9.1
6.1
6.0
7.5
10.5
2020
2021
2022
2023
2024
Paid During year

Sustainability Report

1. About the Report

In response to the increasing demand for ESG integration within the corporate sector—particularly in adherence to the Muscat Stock Exchange (MSX) ESG guidelines, Sembcorp Salalah will be publishing our first standalone Sustainability Report for our operations at the Salalah Independent Water and Power Plant. It complements our Annual Report, providing further details of our sustainable business practices over the past year. In prior years, we have reflected sustainability content in our Annual Report.

This report provides an overview of our ESG performance for the period from January 1 to December 31 2024, with reference to the Global Reporting Initiative (GRI) Standards and addressing the metrics outlined by the MSX. The report is not externally assured as it is not mandatory requirement under MSX guidelines.

2. Our Sustainability Highlights

2.1 Overview

Sembcorp Salalah plays a pivotal role in enabling access to energy and water in Oman.

The company has invested in projects to achieve better energy efficiency, including reducing heat rate and auxiliary power in the Plant and reducing waste. These initiatives has improved energy efficiency and contributed to the profit margin of the company.

Sembcorp Salalah's human resource strategy supports Omanisation through the recruitment of fresh graduates from local colleges and the provision of structured training programme, such as on-the-job learning and apprenticeships. In 2024, Sembcorp Salalah through the Sembcorp Institute for Power and Gas developed programmes to build skillsets for the local youths.

As part of our ongoing commitment to environmental sustainability and community well-being, we carried out three key initiatives in 2024. Our team participated in a beach cleanup, Ashore area (Mirbat) cleanup, and a blood donation drive. These efforts demonstrate our dedication to making a positive impact on the environment and to support public health..

Since inception in 2013, Sembcorp Salalah, has been involved with various social and community welfare initiatives in collaboration with government departments and non-governmental organisations. In 2024, the company donated RO 12,800 to Oman Charitable Organisation in line with Ministerial Decision 205/2021. The company also invested RO 51,200 to establish an Accident and Emergency Unit and a Dialysis Centre at the Mirbat Hospital, in partnership with the Office of the Governor of Mirbat, Ministry of Health and other contributors in the region.

3. Our Approach

3.1 Reporting Framework

The purpose of this report is to comply with ESG reporting requirements, including directives from the MSX. By embedding ESG principles into strategic planning and operational practices, the company seeks to enhance overall business performance and foster a culture of sustainability.

3.1.1 MSX ESG 30 Metrics

The Muscat Stock Exchange (MSX) has introduced new ESG Disclosure Guidelines to promote corporate sustainability in alignment with Oman Vision 2040. These guidelines, which begin as voluntary in 2024 and become mandatory in 2025, require listed companies to adopt transparent ESG reporting practices. Please refer to Section 9.2 for disclosures on MSX ESG 30 metrics.

3.1.2 GRI Standards

While the MSX guidelines establish a foundational framework for regional ESG reporting, referencing the Global Reporting Initiative (GRI) enables alignment with international standards. By referencing the MSX guidelines and GRI Standards, the company reinforces its commitment to sustainability and its ability to meet global reporting requirements.

3.1.3 Reporting Scope

This Sustainability Report covers Sembcorp Salalah Power And Water Company only. The report covers the period from January 1 to December 31, 2024, which is aligned with the company's annual financial reporting period.

3.2 Materiality

Our materiality assessment process takes guidance from the GRI Standards.

Stakeholder engagement is an ongoing and dynamic process. To understand our stakeholders' sustainability concerns, expectations, and priorities, we conducted a stakeholder engagement as part of the materiality assessment process. The process involves conducting a stakeholder survey with key stakeholders. Key stakeholders included shareholders, lenders, suppliers and internal stakeholders. Stakeholders were asked to rate the significance of various sustainability aspects - including climate change, resource and environmental management, local workforce development, community engagement and investment, health and safety and risk governance - and provide qualitative insights to justify the ratings. They were also asked for inputs on potential emerging sustainability aspects.

The responses were aggregated and analysed, outlining the material topics that are important to our stakeholders. The list of material topics was approved by the board.

Sembcorp Salalah's Material Topics

ESG Aspects	Material Topics	Goals	FY2024 Performance
Environmental	Climate change	• Ensure operational efficiency and reduce greenhouse gas (GHG) emissions • Ensure our assets are climate resilient	• Absolute Scope 1 emissions • Absolute Scope 2 emissions: 332 tCO2e • GHG emission intensity: 0.46 tCO2e/MWh
	Resource and environmental management	• Manage our energy consumption, water consumption and waste and effluents generated • Comply with local environmental regulations	• Energy intensity: 4.67 GJ/MWh • Water reclaimed: 21,781,470 m^3 • Number of recorded significant spills: 0
Social	Health and safety	• Zero fatalities • Maintain a robust health and safety management system • Avoid and mitigate health and safety hazards	• Number of work-related fatalities: 0 • Lost-time incidents: 0
	Local workforce development	• Develop and retain local employees • Focus on talent and development of our employees	• Employee turnover for full and part time employees: 0% • Average learning hours per employee: 20
	Community engagement and investment	• Enable mutually beneficial relationship with local community	• The percentage of the amount invested in the community of the company's profit: 0.24%
Governance	Risk governance	• Ensure compliance with applicable laws and regulations • Protect shareholder rights	• Employee completion of ABC training: 100% • Number of significant fines: 0 • Number of confirmed cases of corruption: 0

3.3 Supporting the Oman Vision 2040

In line with Oman Vision 2040, which emphasises sustainability, economic diversification, and environmental responsibility, we contribute to national efforts in improving energy efficiency, and managing climate-related risks and opportunities.

We will continue to ensure that our operations align with both global sustainability targets and Oman's long-term vision for a greener, more prosperous future.

3.4 Sustainability Governance

Sembcorp Salalah Board of Directors oversees the business affairs of the Group. The board provides leadership on Sembcorp Salalah's overall strategy, including the management of its material topics.

The Board provides oversight and supervision of Sembcorp Salalah's business affairs including the approval of material topics and the Sustainability Report.

3.5 Corporate Governance

For information on Sembcorp Salalah's corporate governance, please refer to the Corporate Governance segment in the Annual Report.

4. Our Environmental Priorities

4.1 Climate Change

4.1.1 Why is this Material?

The power sector contributes to almost 40% of global emissions[1]. Hence, it is imperative for us to ensure operational efficiency to minimise emissions. In addition, we need to ensure that our assets have adequate mitigation measures to minimise exposure to potential climate-related physical hazards.

4.1.2 Our Approach

Reducing GHG emissions from our existing power and desalination plant helps minimise our contribution to global warming and climate change. We do so by enhancing the efficiency of our plant and equipping our plant with pollution prevention equipment.

The Company's power and desalination plant utilises combined-cycle gas turbine technology for power generation and reverse osmosis technology to produce desalinated water. Natural gas is the Plant's primary fuel. Various design considerations that have been implemented to reduce GHG emissions and mitigate exposure to climate-related physical risks include the following:

- **Maximum Power Generation from Natural Gas**
  To enhance efficiency of the Plant, it is crucial that power generation per unit of natural gas used is maximised. The technology employed at the Plant utilises high-grade heat from the gas turbine exhausts to generate high pressure steam, which powers a steam turbine. As a result of this process, and additional 46% of power can be generated without any additional usage of gas.

- **Low Emissions and Effluent Discharge**
  The Company's gas turbines are equipped with a Dry Low NOx system, which is a leading pollution prevention system. It ensures that international environmental standards are adhered to by achieving a concentration of nitrous oxides of approximately 15 parts per million (15ppm NOx). Chemicals are used in various parts of the generation and production processes. Effluents resulting from chemical usage are collected and treated so that all discharges from the Plant comply with the regulatory limits.

- **Natural Hazards**
  The company has implemented a comprehensive set of measures to mitigate flood risks. This includes the installation of external stormwater control systems and the construction of a 720-meter drainage channel to manage water flow. Additionally, physical barriers such as a North Gate bund, a wall at the Dhofar Services Company (DSC) metering skid fence area, and backfilling at the south cliff area have been established to divert stormwater from critical zones and prevent erosion. Structural upgrades have also been undertaken to protect power/control cables and ensure staff safety during emergencies. These upgrades include the reinforcement and replacement of metal roofs and side panels on equipment enclosures, plant equipment foundations and trench slabs and the installation of drain sump pumps with an integrated collection pit at the Seawater Intake pump house.

[1] World Energy Outlook 2024 report

4.1.3 Our Frameworks and Policies

Our applicable frameworks and policies, along with the reference frameworks are listed below.

Our Frameworks and Policies	Reference Frameworks
• Health, Safety, Security and Environment (HSSE) Policy • Sembcorp's Climate Action Plan	Integrated Management System standards • Environment Management System – ISO 14001:2015 • GHG Protocol • Occupational Health & Safety – 45000:2018 • Quality Management System – ISO 9001:2015

4.1.4 Our Performance

The applicable Scope 1, 2 and 3 GHG emissions are as described below.

- Scope 1 comprises emissions from on-site stationary combustion, owned transport, and refrigerants.
- Scope 2 comprises emissions from purchased electricity.
- Scope 3 comprises emissions from the following:
  - Category 3 - Fuel and energy-related activities not included in Scope 1 or 2;
  - Category 3A - Upstream emissions of purchased fuels;
  - Category 3B - Upstream emissions of purchased electricity;
  - Category 3C - Transmission and distribution (T&D) losses; and
  - Category 3D - Generation of energy that is purchased and sold to end users.

Our GHG emissions performance for 2024 is summarised in the table below:

GHG emissions	
Absolute Scope 1: GHG emissions (tCO_2e)	1,055,265.4
Absolute Scope 2: GHG emissions (tCO_2e)	332.0
Absolute Scope 3: GHG emissions (tCO_2e)	172,546.4
GHG emissions intensity[2] (tCO_2e/MWh)	0.46

4.2 Resource and Environmental Management

4.2.1 Why is this Material?

As a leading provider of power and water in Dhofar Region, our business activities consume resources such as fuel and water, and generate waste. Hence, it is necessary for us to manage our fuel and water consumption and waste generation. In addition, we seek to manage our impacts to the environment by aligning our operations with internationally recognised standards such as ISO 14001.

4.2.2 Our Approach

We are committed to ensuring all aspects of the business are conducted with the utmost respect to the environment through responsible practices and procedures. We are committed to protect the environment through our environment management programme and to comply with applicable environmental regulations.

The company is accredited with the ISO 14001:2015 (Environmental Management System) certification. The

[2] GHG emissions intensity refers to the Plant's total GHG direct emissions (Scope 1) from its activities, indirect emissions (Scope 2) from its energy consumption divided by total energy generated and purchased, in accordance with the GHG Protocol.

certification ensures that the company has a framework in place for effective environmental management.

In addition, we seek to drive energy efficiency and reduce water withdrawal through ongoing monitoring and operational optimisation initiatives.

4.2.3 Our Frameworks and Policies

Our applicable frameworks and policies, along with the reference frameworks are listed below.

Our Frameworks and Policies	Reference Frameworks
• HSSE Policy	Integrated Management System standards • Environment Management System – ISO 14001:2015 • Integrated Management System (IMS) Accreditation • Quality Management System – ISO 9001:2015

4.2.4 Our Performance

Our energy, water, waste and effluents performance for 2024 is summarised in the table below:

Energy consumed	
Direct energy consumption[3] (GJ)	18,533,240.3
Indirect energy consumption[4] (GJ)	3,222.0
Energy consumption within Sembcorp Salalah[5] (GJ)	10,941,131.9
Energy intensity for energy generating asset[6] (GJ/MWh)	4.67

Water consumed and reclaimed	
Water consumption[7] (m^3)	9,556,215
Water reclaimed[8] (m^3)	21,781,470

Effluents and waste	
Hazardous waste generated (mt)	43.1
Non-hazardous waste generated (mt)	152.3
Number of recorded significant spills[9]	0
Volume of recorded significant spills (m^3)	0

3 Direct energy consumption refers to total natural gas, diesel and gasoline consumed by the Plant

4 Indirect energy consumption refers to total purchased electricity by the Plant

5 Refers to direct and indirect energy consumption by the Plant – total energy sold

6 Energy intensity is calculated using total energy consumption by the energy generating asset as the numerator (GJ), and gross energy generated (MWh) as the denominator. Formula for total energy consumption by the energy generating asset is – (Direct and indirect energy consumption – total energy sold – total auxiliary power used by water plant)

7 Water consumption refers to total water withdrawn minus total water sold and discharged

8 Water reclaimed refers to total water sold for use to other organisations

9 Refers to accidental release of a hazardous substance that can affect human health, land, vegetation,waterbodies, and groundwater that results in regulatory non-compliance or fines above RO 15,000 that are paid during the financial year.

5. Our Social Priorities

5.1 Health and Safety

5.1.1 Why is this Material?

The nature of our operations involves exposure to health and safety risks, any lapse in health or safety protocols could result in direct or indirect impact on our employees and contractors. Hence, we should maintain a robust health and safety management system that is supported by strong implementation and monitoring, to mitigate any risk of unintended impact on people, minimise operational disruption and improve business resilience.

Sembcorp Salalah manages Quality, Health, Safety and Environmental responsibilities as its first priority to ensure long term business success and operational excellence.

5.1.2 Our Approach

Sembcorp Salalah recognises the right to life, health and safe working conditions, and are committed to reducing health and safety risks in our operations. We believe that most incidents are preventable. It is our responsibility to ensure that our employees are equipped with the right skills and tools to work safely. We also require our contractors to comply with our health and safety requirements to prevent and manage health and safety risks.

Sembcorp Salalah manages HSE with a systematic and structured approach through our HSE management system which forms an integral part of our business activities. Our HSE management system enables us to:

- Comply with legal requirements
- Identify and mitigate significant HSE impacts
- Manage occupational safety hazards and risks
- Adopt technological applications to improve health and safety performance
- Meet financial, operational and business requirements
- Conduct training to develop employees competency in managing work-related hazards and risks.

5.1.3 Our Frameworks and Policies

Our Frameworks and Policies	Reference Frameworks
• HSSE Policy Statement • Sembcorp HSSE Management Framework	• Quality Management System – ISO 9001:2008 • Environment Management System – ISO 14001:2004 • Occupational Health & Safety – 18001:2007 • IMS Accreditation

5.1.4 Our Performance

In 2024, Sembcorp Salalah recorded 517,339 man-hours without lost time incidents and was in full compliance with environmental requirements. Since the start of commercial operations, Sembcorp Salalah has been continuously working to cultivate a safe work culture. Since commercial operation date, the company accumulated 6.8 million safe man-hours.

In 2024, Sembcorp Salalah successfully carried out a large-scale emergency / safety mock drill in collaboration with external authorities. The exercise was designed to evaluate the plant's emergency response protocols, enhance staff preparedness, and identify areas for improvement. This drill emphasises the company's commitment to maintaining a safe workplace and upholding the highest safety standards.

Our health and safety performance for the 2024 is summarised in the table below:

Health and safety		
Employees	**Number**	**Rate** (number per million man-hours)
Lost work-day cases[10]	0	NA
Lost time injury rate[11]	NA	0
Recordable injury[12]	0	0
High-consequence injury	0	0
Occupational disease	0	0
Fatalities as a result of work-related injuries or ill health	0	0
Total man-hours worked	5,128	NA
Contractors		
Lost work-day cases	0	NA
Lost time injury rate	NA	0
Recordable injury	0	0
High-consequence injury	0	0
Occupational disease	0	0
Fatalities as a result of work-related injuries or ill health	0	0
Total man-hours worked	512,211	NA

5.2 Local Workforce Development

5.2.1 Why is this Material?

Sembcorp Salalah's human resource strategy seeks to develop and retain local staff so as to maximise benefits to the Company and the Sultanate of Oman.

5.2.2 Our Approach

Our human resource strategy supports the Ministry of Manpower's Omanisation Plan. This is executed through the recruitment of fresh graduate engineers from the local colleges and taking them through a structured training programme including on-the-job exposure and apprenticeship. We collaborate with Technical Institutions to promote curriculum that builds skillsets of the local youths. We also support regional social development activities that encourage and create awareness on social issues.

5.2.3 Our Frameworks and Policies

Our applicable frameworks and policies, along with the reference frameworks are listed below.

Our Frameworks and Policies	Reference Frameworks
• Code of Conduct • Learning and Development Policy • Whistleblowing Policy	• Oman Labour Law

[10] Lost work-day count begins the day after the onset of the accident. "Day" refers to calendar day. It includes high-consequence work-related injuries, which refer to injuries that result in permanent disability and / or injuries that require long-term follow up such as physiotherapy treatment and where the individual is not expected to recover fully to pre-injury health status within six months.

[11] Lost time injury rate is defined as the number of fatalities and lost work-day cases per million man-hours worked.

[12] Recordable injuries refer to the total number of fatalities, lost work-day cases, medical treatment cases, and restricted work cases. Recordable injury rate is defined as number of fatalities, lost work-day cases, medical treatment cases, and restricted work cases per million man-hours worked.

5.2.4 Our Performance

Our local workforce development performance for FY2024 is summarised in the table below:

Employment	
Total male employees	3
Total female employees	0
Total employees	0
Year- on-year change for full-time employees (%)	0
Year-on-year change for part-time employees (%)	0
Total new hires[13]	0 | 0%
Total employee turnover	0 | 0%

Learning and development	
Average learning hours (hours per employee)	20

5.3 Community Engagement

5.3.1 Why is this Material?

At Sembcorp Salalah, we recognise the importance of being a responsible business that contributes positively to our communities. We believe in building a mutually beneficial relationship with the local community premised upon trust and respect.

Uplifting our communities helps build goodwill and promotes local development, which will support the ongoing smooth operations of our power plant.

5.3.2 Our Approach

Sembcorp Salalah aims to contribute positively to and build a mutually beneficial relationship with the local community, while enabling growth in the Dhofar Governorate. The company makes contributions in key areas such as local recruitment, training and development, environmental management and mitigation, as well as social and community welfare. While making community investment and donations, the company adheres to Ministerial Decision 205/2021 (Deducting a Percentage from the Budget of the Establishment or Company Allocated to Social Responsibility Programs for the Benefit of the Oman Charity Organisation) and also closely engages with the local community through the local government body.

5.3.3 Our Frameworks and Policies

Our applicable frameworks and policies, along with the reference frameworks are listed below.

Our Frameworks and Policies	Reference Frameworks
• Code of Conduct • Know-your-counterparties Policy • Local Community Engagement and Grievance Management Procedure	• Ministerial Decision 205/2021 – Donating 20% from the Budget of the Establishment or Company to Oman Charitable Organisation.

[13] Employee turnover covers both voluntary and involuntary turnover.

5.3.4 Our Performance

Our local community performance for 2024 is summarised in the table below:

Community investment	
Total community contribution (RO)	64,000
Voluntary community investment as a percentage of the company's pre-tax profit (%)	0.24
Percentage of operations implemented local community engagement, impact assessments, and / or development programs[14] (%)	100

6. OUR GOVERNANCE PRIORITIES

6.1 Risk Governance

6.1.1 Why is this Material?

In today's complex and volatile operational landscape, the range of risks that businesses are exposed to is dynamic. Having robust risk governance helps cultivate a culture of integrity, transparency, compliance with laws and regulations and protection of shareholder rights.

6.1.2 Our Approach

The company has established Integrated Assurance Framework (IAF) which includes quarterly reporting to audit committee. Principal risks of the company are identified and accountability is established with the relevant risk owner and coordinator. The risk description, drivers and consequences are determined by risk owners. Key risk indicators and risk appetite are set to facilitate ongoing monitoring of risk status.

In addition, a compliance programme is designed to ensure compliance with our anti-bribery and corruption (ABC) policy and includes counterparty due diligence. Our zero-tolerance stance towards bribery and corruption is regularly communicated to employees through email circulars and e-learning programme to increase awareness.

6.1.3 Our Frameworks and Policies

Our applicable frameworks and policies, along with the reference frameworks are listed below.

Our Frameworks and Policies	Reference Frameworks
• Anti-bribery and Corruption Policy • Code of Conduct • Conflict of Interest Policy • Gifts, Entertainment and Travel Policy • Integrated Assurance Framework • Know-your-counterparties Policy • Personal Data Protection Policy • Third Party Representative Anti-bribery and Corruption Due Diligence Policy • Whistleblowing Policy	• Code of Corporate Governance • Commercial Company Law • Oman Labour Law • Personal Data Protection Law

[14] Refers to operations at Salalah Independent Water and Power Plant only.

6.1.4 Our Performance

Our risk governance performance for 2024 is summarised in the table below:

Risk governance	
Total number and monetary value of significant[15] fines that were paid during the reporting period (number| RO)	0 | 0 RO
Percentage of employees[16] receiving ABC training (%)	100
Percentage of employees acknowledged compliance to the Code of Conduct (%)	100

[15] Refers to fines that are equal to or above RO 15,000 that are paid during the financial year

[16] Refers to employees as at October 31, 2024. New hires are given more time to complete ABC training and to acknowledge compliance to the Code of Conduct as part of their onboarding

KPMG

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Private and confidential
Our ref.: aud/km/mm/19745/25

Agreed-upon procedures on Code of Corporate Governance ("the Code") of Sembcorp Salalah Power and Water Company SAOG

To the Board of Directors of Sembcorp Salalah Power and Water Company SAOG

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

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

Responsibilities of the Sembcorp Salalah Power and Water Company SAOG

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

Board of Directors (also the responsible party) is responsible for the subject matter on which the agreed-upon procedures are performed.

Practitioners' Responsibilities

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

Practitioners' Responsibilities (continued)

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

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

Professional Ethics and Quality Control

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

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

Procedures and Findings

We have performed the procedures described below, which were agreed upon with Sembcorp Salalah Power and Water Company SAOG in the terms of engagement dated 15 April 2024, on the compliance with the Code:

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

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

KPMG

KPMG LLC
16 February 2025
Muscat, Oman

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

Corporate Governance Report

This Corporate Governance Report for the year ended December 31, 2024, sets out the company's corporate governance processes and activities with reference to the rules set out in 14 principles of the Code of Corporate Governance (the Code) issued vide Circular No. E/4/2015 dated July 22, 2015 which came into force on July 21, 2016.

Company's Philosophy

The Company adheres to the Code issued by the Financial Services Authority ("FSA") (formerly known as Capital Market Authority) and takes all steps necessary to fulfil the objective of good corporate governance. The following is the Company policy with reference to the corporate governance principles:

Corporate Governance and Code of Business Conduct

Sembcorp Salalah firmly believes that good corporate governance is key to delivering long-term shareholder value. The Company is committed to adhering to high standards of management, its Code of Business Conduct, and having robust systems of internal controls and accountability.

The Company has established detailed functional policies and procedures (through its operation and maintenance company), Financial Authority Limits, clear roles and responsibilities for the Board and Management, Enterprise Risk Management Framework and a Code of Business Conduct, which establishes internal controls throughout the organisation and helps management to take decisions with regards to the Company's affairs. The Board also sets financial and non-financial targets every year and evaluates the Company's performance progressively.

The Company is committed to ensuring that all shareholders have easy access to clear, reliable and meaningful information in order to make informed investment decisions and also encourages shareholders to attend the general meetings. For this purpose, the Company has established an Investor Relations Policy to uphold high standards of corporate transparency and communication with shareholders and to provide a disciplined and a professional approach to the flow of information from the Company at all times.

The Company's Code of Business Conduct expresses high standard of behaviour and integrity that the Company requires from its directors and employees.

Board of Directors

Formation, Roles and Responsibilities and Authority and Competencies

The membership of the Company's Board of Directors (the Board) ensures that at least one third of the Board is independent and all the directors are non-executives whilst it also brings the level of practical and professional expertise required by the Company.

The Board comprises nine directors, all of which are non-executives and five of them are independent. The board members include professionals with strong experience relevant to the Company's business. Given that all of the directors are non-executive and the majority of them are independent, the objectivity of board decision making and issues deliberated is assured. The Board has also reviewed and approved clear job descriptions of the Board and the Chairman, which is in line with the new Code encompassing the roles and responsibilities that are expected of them.

Sub-Committees

The Board established following sub-committees in line with the New Code, detailed terms of reference of which has been established:

1. Nomination and Remuneration Committee
2. Audit Committee
3. PWPA restructuring Committee (ad hoc committee)

Brief roles and responsibilities of the above are included in this report.

Chairman

The Chairman is non-executive and brings with him vast experience in strategy, business and project development for the utility business industry. He has sufficient experience and knowledge and leadership skills to lead the Board and the Company to ensure that the Board performs its role, responsibilities, functions and powers in directing the Company towards achieving its objectives.

Independent directors

Directors are considered independent if they meet the criteria as mentioned in the Code. Independent directors give their statement annually indicating whether or not a change in circumstances has occurred which might impair their independence. Currently, the Company has five independent directors.

Company Secretary

The Board ensures that the Company Secretary has sufficient experience and knowledge to assist the board to discharge their roles and responsibilities effectively and efficiently.

Executive Management

Executive Management manages the operations of the Company in accordance with the established policies and procedures of the Company to achieve the established objective of the Company. Executive Management performs their duties in accordance with financial authority limits as approved by the Board. It is the responsibility of the Management to provide all the necessary information including key risks and challenges to the Board to perform their duties effectively and efficiently.

Related party transactions

The Company enters into related party transactions only if these are in its best interests. The Company believes in high level of transparency and clarity in identification and reporting of related party transactions. Related party transactions are highlighted to the Audit Committee and the Board for their review before final approval by the shareholders in the Annual General Meeting.

External auditors

The shareholders appoint an internationally renowned audit firm in accordance with company's Financing Agreements and local regulations as recommended by the Board. The Board makes sure that external auditors are independent so that the auditors give their professional opinion on the financial statements presented to the shareholders.

Corporate Social Responsibility

Sembcorp Salalah recognises the importance of being a good corporate citizen in the conduct of its business activities as well as in fulfilling its corporate and social responsibilities. The Company follows a consistent approach for its charitable contributions and community investments.

The Board of Directors and Its Committees

The Board members were elected on March 22, 2022, during the Annual General Meeting (AGM). In accordance with the Code, all elected Board members are non-executives. The table below outlines the Board members and their attendance at both the AGM and Board meetings for the year 2024.

Board of Directors		Category	Board meetings				AGM
			7-Feb.	29-Apr.	25-Jul.	24-Oct.	7- Mar.
Tan Cheng Guan	Chairman	Non-Executive	✓	✓	✓	✓	✓
Kalat Al Bulooshi	Deputy Chairman	Non-Executive	✓	✓	✓	✓	✓
Tariq Al Amri	Director	Non-Executive and Independent	✓	✓	✓	✓	✓
Vipul Tuli	Director	Non-Executive	✓	✓	✓	✓	✓
Yap Siew Leng	Director	Non-Executive	✓	✓	✓	✓	✓
Ahmed Al Bulushi	Director	Non-Executive and Independent	✓	✓	✓	✓	✓
Hussein Al Lawati	Director	Non-Executive and Independent	✓	✓	✓	✓	✓
Ahmed Al Moosawi	Director	Non-Executive and Independent	✓	✓	✓	✓	✓
Abdullah Mohammed Al Ma'amari	Director	Non-Executive and Independent	✓	✓	✓	✓	✓

Legends: ✓= Present, - = Apologies, NA = Not applicable

The following are the names of directors who hold directorships in Public Joint Stock Companies in Oman other than Sembcorp Salalah.

Name of directors	Number of directorships
Hussein Al Lawati	1
Ahmed Al Bulushi	1
Abdullah Mohammed Al Ma'amari	2

The Board formed the Nomination and Remuneration Committee, and Audit Committee in accordance with the requirement of the Code. On 22 March 2022, the elected board appointed the members of the Committee.

Committee	Chairman	Members
Audit Committee	Tariq Al Amri	Ahmed Al Bulushi, Yap Siew Leng, Ahmed Al Moosawi and Abdullah Mohammed Al Mamari
Nomination and Remuneration Committee	Kalat Al Bulooshi	Vipul Tuli and Hussein Al Lawati

The Board formed also temporary committee on 01 June 2022, the elected board appointed the following members of the Committee.

Committee	Chairman	Members
Temporary Committee	Tan Cheng Guan	Kalat Al Bulooshi, Vipul Tuli, and Abdullah Mohammed Al Mamari

Audit Committee Meetings

The following is a list of audit committee members and their attendance in audit committee meetings for the year 2024:

Audit Committee Members		Category	Audit Committee meetings				
			7-Feb.	7-Mar.	29-Apr.	25-Jul.	24-Oct.
Tariq Al Amri	Chairman	Non-Executive and Independent	✓	✓	✓	✓	✓
Ahmed Al Bulushi	Director	Non-Executive and Independent	✓	✓	✓	✓	✓
Abdullah Mohammed Al Mamari	Director	Non-Executive and Independent	✓	✓	✓	✓	✓
Ahmed Al Moosawi	Director	Non-Executive and Independent	✓	✓	✓	✓	✓
Yap Siew Leng	Director	Non-Executive	✓	✓	✓	✓	✓

Legends: ✓= Present, - = Apologies, NA = Not applicable

Nomination and Remuneration Committee Meetings

The following is a list of Nomination and Remuneration Committee members and their attendance in Nomination and Remuneration Committee meetings for the year 2024:

Nomination and Remuneration Committee Members		Category	Nomination and Remuneration Committee Meetings	
			6-Feb.	24-July
Kalat Al Bulooshi	Chairman	Non-Executive	✓	✓
Vipul Tuli	Director	Non-Executive	✓	✓
Hussein Al Lawati	Director	Non-Executive and Independent	✓	✓

Legends: ✓= Present, - = Apologies, NA = Not applicable

Temporary Committee

Committee Members		Category	PWPA Restructuring Committee Meetings	
			8-May	14-Oct.
Tan Cheng Guan	Chairman	Non-Executive	✓	✓
Kalat Al Bulooshi	Director	Non-Executive	✓	✓
Vipul Tuli	Director	Non-Executive	✓	✓
Abdullah Mohammed Al Mamari	Director	Non-Executive and Independent	✓	✓

Legends: ✓= Present, - = Apologies, NA = Not applicable

Terms of Reference of the Board Committees

Audit Committee

The Audit Committee (AC) comprises of non-executive directors of which the majority are independent as highlighted above.

Authority and Duties of the AC

The AC assists the Board in fulfilling its fiduciary responsibilities relating to the internal controls, audit, accounting and reporting practices of the Company. Its main responsibilities are to review the Company's policies and control procedures with the external auditors, internal auditors and management and act in the interest of the shareholders in respect of interested person transactions as well as any matters or issues that affect the financial performance of the Company. The AC reviews the quarterly, half-yearly and full-year results announcements and accompanying press releases as well as the financial statements of the Company for adequacy and accuracy of information disclosed prior to submission to the Board for approval.

The AC has explicit authority to investigate any matter within its terms of reference and enjoys full access to and co-operation from management to enable it to discharge its function properly.

Where relevant, the AC is guided by Tenth Principal – Audit Committee and Internal Controls - detailed in the FSA's Code of Corporate Governance.

Internal auditors

The Company has established an in house internal audit function. An internal auditor objectively reviews an organisation's business processes and internal controls, evaluates the efficacy of risk management procedures that are currently in place and ensures that the organization is complying with laws and regulations. The AC meets the internal auditors at least once every quarter without the presence of management. The internal auditor submits its report to the audit committee on a quarterly basis.

External Auditors

Each year, the AC reviews the independence of the Company's external auditors and makes recommendations to the Board on the re-appointment of the Company's external auditors.

The AC reviews and approves the external audit plan to ensure the adequacy of audit scope. It also reviews the external auditors' management letter (if any) and monitors the timely implementation of the required corrective or improvement measures. The AC meets the external auditors at least once every quarter without the presence of management. The AC has reviewed the nature and extent of non-audit services provided by the external auditors to the Company and is satisfied that the independence of the external auditors has not been impaired by their provision of non-audit services. Details of non-audit fees payable to the external auditors are found later in this report.

Whistle-Blowing Policy

The AC also oversees the Company's whistle-blowing policy implemented by the Company to strengthen corporate governance and ethical business practices. Employees are provided with accessible channels to the Company's Internal Auditor and the Sembcorp Group's Internal Audit department to report suspected fraud, corruption, dishonest practices or other misdemeanors. The aim of this policy is to encourage the reporting of such matters in good faith, with the confidence that employees making such reports will, to the extent possible, be protected from reprisal.

Nomination and Remuneration Committee (NRC)

The NRC is charged with the following responsibilities:

- of ensuring that Sembcorp Salalah's Board is reviewed to ensure strong and sound leadership for the continued success of the Company. It ensures that the Board has a balance of skills, attributes, background, knowledge and experience in business, finance and related industries, as well as management skills critical to the Company; and
- for developing, reviewing and recommending to the Board the framework of remuneration for the Board and key management personnel. It assists the Board to ensure that competitive remuneration policies and practices are in place. The NRC also reviews and recommends to the Board the specific remuneration packages for each director as well as for key management personnel. The NRC's recommendations are submitted to the Board for endorsement.

The NRC reviews and makes recommendations to the Board on the independence of the directors, new appointments, re-appointments and re-elections to the Board and Board Committees to ensure the Board maintains an appropriate size. The NRC is also responsible for reviewing the succession plans for the Board Chairman, developing a process for performance evaluation of the Board and Board Committees, and reviewing training and professional development programmes for the Board.

Appointment & Re-Appointment of Directors

When the need for a new director is identified, the NRC will prepare a shortlist of candidates with the appropriate profile and qualities for nomination. The Board reviews the recommendation of the NRC and appoints the new director. In accordance with the Company's Articles of Association, the new director will hold office until the next AGM, and if eligible, the director can stand for re-appointment.

The Company's Articles of Association require all directors to apply for re-election at the AGM after three years.

The NRC reviews succession planning for key management personnel in the Company. Potential internal and external candidates for succession are reviewed for different time horizons according to immediate, medium-term and long-term needs.

Human Resource Matters

The NRC has access to expert professional advice on human resource matters whenever there is a need for such external consultations. In engaging external consultants, the Company ensures that the relationship, if any, between the Company and its external consultants will not affect the independence and objectivity of the external consultants.

Temporary (ad hoc) committee

On 1 June 2022, the board established ad hoc committee for the purpose of reviewing, restructuring and extension of Power and Water Purchase Agreement (PWPA); and evaluation of any possible refinancing. The Committee also analyses the utility sector market dynamics, evaluates post PWPA pricing. The Committee was also authorized to approve the budget for the restructuring and extension of PWPA and possible refinancing and re-leveraging of the term loan, if any.

Remuneration Matters

The remuneration structure of the Board is approved by the Shareholders in the Annual General Meeting:

Directors' Remuneration Structure

In light of the FSA rules and in accordance with the approval of sitting fee and remuneration in Annual General Meeting 2024, the Company paid following sitting fees and remuneration to directors during the year.

	Amount RO
Remuneration for the year 2023 (approved in AGM 2024)	104,455
Sitting fees for the year 2024	27,750
	132,205

The Nomination and Remuneration Committee and Board of Directors recommended Shareholders pay RO 104,456 as bonus for the board members for the year 2024. Directors Remuneration is linked to the performance of the Company.

Executive Management Remuneration

The Company employs the CEO. All other executive posts are provided by Sembcorp Salalah O&M Services Co.

The aggregate remuneration paid to the Company's top five executives (including those paid through Sembcorp Salalah O&M Services) amounted to RO 593,838. The remuneration paid is commensurate with the qualification, role, responsibility and performance of the executive team. The breakdown of the remuneration is as follows:

	2024 Amount RO
Short-term employee benefits	550,088
Social security and gratuity	43,750
	593,838

Short term employee benefits include salaries, benefits, allowances and bonuses. Bonuses are linked to the performance of the Company and achievement of goals established by the Nomination and Remuneration Committee. Compensation of some of the key management personnel are paid through Sembcorp Salalah O&M Services Co. LLC.

Employment contracts of executive management meet the requirements of Omani labor law and there is a standard notice period as per Company's policy in case of resignation by the employee.

Details of Non-Compliance related to Code of Corporate Governance by the Company

There have been no instances of non-compliance on any matter relating to the FSA's code of corporate governance for MSX listed companies, FSA regulations or the MSX listing agreements. There were no penalties or strictures imposed on the Company by the FSA, MSX or any other statutory authority on any matter related to capital markets during the past three years.

Means of Communication with Shareholders and Investors

The Company recognises:

a) the importance of providing shareholders, investors and analysts with easy access to clear, reliable and meaningful information on its business and operations in order to make informed investment decisions;

b) that accurate, coherent and balanced communications help to establish its reputation; and

c) the disclosure rules required by the FSA according to Part VII of the FSA Executive Regulations issued in 2009.

As noted above, the Company has an Investor Relations Policy in which the objectives are to uphold high standards of corporate transparency and disclosure and promote clear and open communication with shareholders, investors and analysts by providing a disciplined and a professional approach to the flow of information from the Company at all times.

The Company communicates with its shareholders and investors through the MSX website and its own website, www.sembcorpsalalah.com.om. Quarterly financial, annual report and operating data and all material information are posted on both websites in a timely fashion as required by the FSA.

The company's executive management is also available to meet shareholders and analysts as and when requested.

Market Price Data

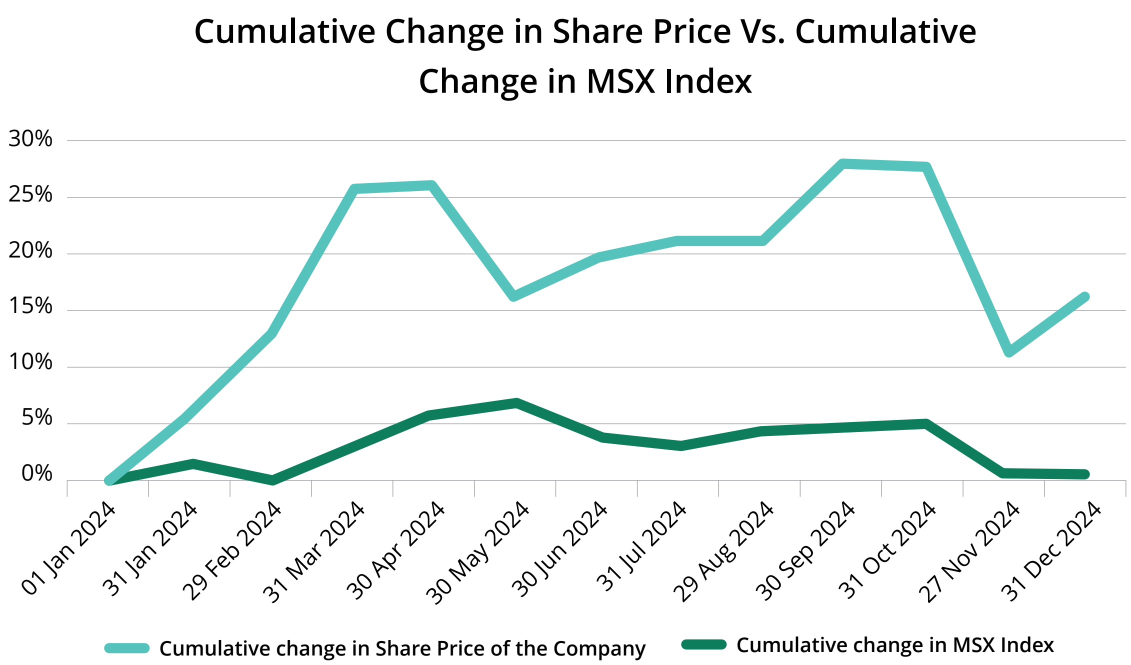
The Company was listed on the Muscat Stock Exchange (MSX) on October 8, 2013. Below table shows monthly trade turnover and volume with high and low price for the year 2024.

Period	Trade[1]		Share price	Share price
	Volume (number of shares)	Value RO	High RO/share	Low RO/share
January	10,563,275	950,459	0.093	0.085
February	35,794,844	3,545,643	0.105	0.091
March	24,376,907	2,715,755	0.118	0.100
April	1,448,228	157,661	0.113	0.099
May	4,722,354	481,674	0.108	0.099
June	4,919,200	488,185	0.110	0.095
July	3,966,493	409,233	0.107	0.100
August	1,401,026	145,737	0.105	0.102
September	3,474,992	370,161	0.112	0.101
October	1,812,393	199,730	0.115	0.105
November	2,918,893	288,934	0.111	0.094
December	913,528	87,540	0.100	0.093

1 Muscat Stock Exchange Website

The table below shows a comparison of the Company's performance against the MSX in 2024.[2]

Date	Sembcorp Salalah share price RO/share	Cumulative change from 1 January 2024	MSX Index	Cumulative change from 1 January 2024
1-Jan-24	0.086	-	4,514.07	-
31-Jan-24	0.091	5.81%	4587.09	1.62%
29-Feb-24	0.097	12.79%	4532.63	0.41%
31-Mar-24	0.108	25.58%	4673.13	3.52%
30-Apr-24	0.108	25.58%	4774.88	5.78%
30-May-24	0.100	16.28%	4825.60	6.90%
30-Jun-24	0.103	19.77%	4687.86	3.85%
31-Jul-24	0.104	20.93%	4664.11	3.32%
29-Aug-24	0.104	20.93%	4720.24	4.57%
30-Sep-24	0.110	27.91%	4734.66	4.89%
31-Oct-24	0.110	27.91%	4756.29	5.37%
27-Nov-24	0.096	11.63%	4530.44	0.36%
31-Dec-24	0.100	16.28%	4544.96	0.68%



2 Muscat Stock Exchange website

Distribution of Shareholding as at 31 December 2024

The table below shows the shareholder distribution at the end of December 2024.

Percentage holding	Number of shareholders	Volume of shares	Percentage of total shares
Less than 5%	1,482	356,700,887	37.37%
5% to 10%	1	90,610,772	9.49%
Above 10%	2	507,260,291	53.14%
Total	**1,485**	**954,571,950**	**100.00%**

Professional Profile of Statutory Auditors

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

Break down of fee for the year 2024 is as follows:

	2024 Amount RO
Audit for the year 2024	20,400
Interim quarterly reviews	3,600
	24,000

Out of pocket expenses and fee for translation services are paid on actual basis.

Acknowledgement of the Board of Directors

The Directors confirm their responsibility for the preparation of the financial statements in line with International Financial Reporting Standards to fairly reflect the financial position of the Company and its performance during the relevant financial period. The Board confirms that it has reviewed the efficiency and adequacy of the internal control systems of the Company and is pleased to inform the shareholders that adequate and appropriate internal controls are in place, which are in compliance with the relevant rules and regulations.

The Board of Directors confirms that there are no material matters that would affect the continuity of the Company, and its ability to continue its operations during the next financial year.

Director

Chief Financial Officer

Profiles of the Board of Directors and Executive Management

Board of Directors

Tan Cheng Guan, Chairman

Cheng Guan is the executive vice president in the office of the group president & CEO and the non-executive chairman of Sembcorp China, providing strategic guidance for the business. He also chairs Sembcorp's Climate Change Working Committee, overseeing the company's progress on climate-related metrics and targets, and driving initiatives such as risk mitigation, identifying opportunities, and reducing greenhouse gas emissions.

Cheng Guan pioneered the early development of Sembcorp's utilities business on Jurong Island in Singapore, and was instrumental in leading the Group's entry into the renewables business. He has played a key role in expanding the company's footprint in China, India, the UK, the Middle East, Myanmar and Bangladesh. Throughout his tenure, he has held various senior appointments, including head of business development and commercial, as well as head of Group Centre of Excellence.

With extensive experience in engineering, strategy, business and project development within the utilities and energy sectors, Cheng Guan has worked in Shanghai, London, Kuala Lumpur and Sarawak.

He holds an honours degree in civil engineering from the University of Liverpool and completed the Advanced Management Program at Harvard Business School.

Kalat Al-Bulooshi, Deputy Chairman

Eng. Kalat is the chief executive officer of Oman Investment Corporation SAOC (OIC), a private equity investment company and chairman of Khazaen Economic City.

He is an Omani leader in the private equity investment. He has created opportunities, successfully founded investments in Oman, thereby bringing foreign investments to Oman more than USD4BN, creating sustainable development, employment opportunities.

He is the founder and led the development of several projects in Oman such as Khazaen Economic City (PPP), Silal Central FV Market (PPP), Sembcorp Salalah Power and Water Co (PPP), GIPI pipe mill, Takaful Oman, Aman Health Care, Saada Hospital, Osara Logistics Parks.

His experience includes project management roles in PDO, Sohar Industrial Port and Sohar Aluminum.

Eng. Kalat Al Bulooshi serviced in a number of national committees such as the PPP, participated on the Oman 2040 vision development and led the private sector development work stream as part of the 10th 5-year plan by the Government.

Eng. Kalat Al Bulooshi holds an Engineering Honors Degree from UK and has completed the Wharton Advanced Management Program and is a Wharton & HBS Alumni.

Tariq Al Amri, Independent Non-executive Director

Tariq is chairman of the Audit Committee. He is also the chief executive officer of Oman Environmental Services Holding Company, aiming to transform Oman's solid waste management sector.

Prior to joining Oman Environmental Services, Tariq held several key positions in Oman LNG, Oman Telecommunications Company and Royal Office Pension Fund.

He has experience in the telecoms, oil and gas sectors and successfully negotiated several commercial agreements while at Oman Telecommunications, in addition to his contribution towards Omantel's IPO in 2005. At Oman LNG, he was involved in the economic and financial feasibility studies of a project which has evolved into Qalhat LNG.

Tariq holds an electrical engineering degree from Temple University, and a Master of Business Administration from University of Dayton.

Vipul Tuli, Non-executive Director

Vipul leads Sembcorp's renewables businesses in India and the Middle East, as President & CEO, Renewables, West, Sembcorp Industries. He is also the CEO of the Group's global hydrogen business and executive director of the UK business.

Vipul has over 30 years of experience in the energy sector. Since joining Sembcorp in 2015, Vipul has held various roles, including chairman for South Asia, CEO and country head for India, head of group strategy, and managing director of the company's renewables and thermal businesses in India. Prior to Sembcorp, Vipul was a senior partner at McKinsey & Company, where he helped build and lead its Asian energy practice.

Vipul holds a bachelor's in chemical engineering from Indian Institute of Technology Delhi and completed his postgraduate studies in business management from Indian Institute of Management Calcutta.

Yap Siew Leng (Cheryl), Non-executive Director

Cheryl is group financial controller of Sembcorp Industries. She oversees the Group's financial control and planning functions, which include group reporting and policies, financial planning and analysis, finance shared services and finance process excellence.

Cheryl has over 25 years of work experience, including 14 years in the oil and gas industry. Before joining Sembcorp, she held key finance leadership positions at Subsea7 and as group financial controller at a Singapore Exchange listed corporation.

Cheryl is a fellow member of the Association of Chartered Certified Accountants, and a member of the Institute of Singapore Chartered Accountants.

Ahmed Al Bulushi, Independent Non-executive Director

Ahmed is a member of the Audit Committee. He is also a Chief Executive Officer of Asyad Drydock and Infrastructure Services.

Prior to Asyad, Ahmed held several key positions including as Chief Executive Officer of Mwasalat and Director of Internal Audit at Royal Court Affairs, where he was responsible for risk management and corporate governance.

Ahmed holds a degree in Information Technology (IT) and a Master of IT Management from Bond University.

Hussein Abdul Redha Al Lawati, Independent Non-executive Director

Hussein brings over 26 years of experience in global financial markets. He currently serves as a Director in the Investment Department at the Social Protection Fund. Prior to this, he was the Director of Investment at the Diwan of Royal Court Pension Fund. His career includes key positions at leading investment firms such as National Investment Company in Kuwait and Horizon Capital Markets & Vision Investment Services in Oman.

He has extensive experience managing investments across public and private equity, fixed income, alternative assets, and funds. He currently serves as Vice Chairman of Shumookh Investment Services SAOC and sits on the board of Oman Oil Company.

Hussein is a Chartered Financial Analyst (CFA) from the CFA Institute, USA, and holds a Master of Science in Finance from the University of Strathclyde.

Ahmed Ali Ahmed Al Moosawi, Independent Non-executive Director

Ahmed is a finance professional. He started his career in 2013-2014 as a derivative officer in Bank Muscat and 2014-2024 as Acting Head of Cash Management in Civil Service Employees Pension Fund (Acting Head of Cash Management in Social Protection Fund). He is currently Assistant Treasury Manager in Special Oilfield Services Co. LLC

Abdullah Mohammed Ali Al Ma'mari, Independent Non-executive Director

Abdullah is an assistant director of investment with Ministry of Defence Pension Fund, with extensive experience in evaluating and analysing investments in local and international markets. He is mainly responsible for managing the fund's foreign investment portfolio.

Abdullah is currently a director on the boards of Al Maha Petroleum Products Marketing Company SAOG and Oman Cement Company SAOG. He previously served on the boards of various listed and private companies.

Abdullah has a finance degree from Sultan Qaboos University and a Master of Business Administration specialising in finance from Franklin University.

Executive Management

Humaid Salim Al Amri, Chief Executive Officer (CEO)

Humaid is CEO of the Company.

He has 23 years of technical and management experience in the power and infrastructure industry. He previously worked as general manager at Kayan Al Omaniya Construction Company SAOG, and held various roles at Petroleum Development Oman, including as head of the power system O&M department for seven years. His diverse experience provides him with wide exposure to internal and external businesses, earning him numerous recognitions and certifications.

Humaid holds a Master of Science in power distribution engineering from University of Manchester.

Tariq Bashir, Chief Financial Officer and Company Secretary

Tariq joined Sembcorp Salalah in September 2011. He has more than 14 years of experience in the financial and commercial aspects of the utility business. Before joining Sembcorp Salalah, he worked on power company audits at KPMG.

Tariq holds a Bachelor of Commerce from University of the Punjab, and is a fellow member of the Association of Chartered Certified Accountants.

Pratush Sinha, Plant Manager

Pratush has over 20 years of experience in multinational power and water companies, specifically in the areas of commissioning, operation and maintenance (O&M), as well as health, safety and environment management. He has deep experience in the O&M of gas and steam turbines, desalination of multi-stage flash distillation and reverse osmosis plants, balance of plant equipment and various control systems, including Mark VIe distributed control system and programmable logic controllers. Throughout his career, he has worked for a 420MW coal-based thermal power plant in India, a 2.45GW Dabhol power plant in India and a 285MW Al Kamil Power plant in Oman.

Pratush joined Emirates Sembcorp Water and Power Co. in United Arab Emirates in 2006 as control and instrument manager for the 893MW combined-cycle power and 130MiGD desalination water plant.

He has a Bachelor of Engineering in electrical and electronics from Karnatak University.

Salim Mohammed Al Mashikhi, Human Resource and Admin Manager

Salim is responsible for designing and developing the Company's IT network system and overseeing its system requirements. Before joining Sembcorp Salalah O&M Services Co., Salim worked as a network and hardware administrator at Raysut Cement Company in Oman.

Salim holds a diploma in information technology from Salalah College of Technology.

Sembcorp Salalah
سيمبكورب صلاله

Financial Statements for the Year Ended 31 December 2024

Contents

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Independent Auditors' Report

To the Shareholders of Sembcorp Salalah Power and Water Company SAOG

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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Continued from page 1(a)

Impairment of non-financial assets	
See Note 2.3(d), 2.4, 8 and 9 to the financial statements.	
The key audit matter	**How the matter was addressed in our audit**
As at 31 December 2024, the Company has non-financial assets comprising primarily of property, plant and equipment and Right of Use assets of RO 227.9 million, for which impairment indicators existed on the reporting date. Accordingly, the Management of the Company carried out impairment testing to assess the recoverable value of the non-financial assets based on value in use methodology. The impairment testing of the non-financial assets of the Company is considered to be a key audit matter due to the complexity of the accounting requirements and significant judgement required in determining the assumptions to be used to estimate the recoverable amount. The recoverable amount of the CGU has been determined by management using discounted cash flow model which uses several key assumptions, including estimates of future fixed and variable income, operating costs and discount rate.	Our audit procedures included: • Evaluating the design and implementation of key internal controls around the impairment assessment; • Involving our own valuation specialist to assist in evaluating the appropriateness of the discount rates applied; • Evaluating the appropriateness of the key inputs such as estimate of future fixed and variable income, operating costs, inflation, which included comparing these inputs with our own assessments based on our knowledge of the Company and the industry; • Testing the mathematical accuracy of the discounted cash flow model; • Performing our own sensitivity analysis for key inputs, which included assessing the effect of reasonably possible reductions in forecast cash flows to evaluate the impact on the currently estimated recoverable amount; and • Evaluating the adequacy of the financial statement disclosures.

Other Information

Management is responsible for the other information. The other information comprises the Chairman's report, Management Discussion and Analysis report and Corporate Governance report.

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

Continued from page 1(b)

Other Information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

Continued from page 1(c)

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

Kenneth Macfarlane
16 February 2025

KPMG LLC

KPMG LLC
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Sultanate of Oman
CR.No: 1358131

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024	2023
		RO	RO
Revenue	3	**82,516,697**	79,176,559
Cost of sales	4	**(52,299,729)**	(49,586,578)
Gross profit		**30,216,968**	29,589,981
Administrative and general expenses	5	**(778,749)**	(683,040)
Other income	6	**1,287,290**	1,224,918
Profit before interest and tax		**30,725,509**	30,131,859
Finance income	7.1	**790,190**	864,635
Finance costs	7	**(5,016,804)**	(6,839,598)
Profit before income tax		**26,498,895**	24,156,896
Income tax expenses	17(a)	**(4,029,742)**	(3,630,726)
Profit for the period		**22,469,153**	20,526,170
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Fair value of cash flow hedge adjustments – gross	10	**534,684**	508,180
Reclassification to profit or loss - gross	7	**(716,190)**	(619,771)
Related tax impact on change in fair value of cash flow hedge	17(c)	**27,229**	16,738
		(154,277)	(94,853)
Total comprehensive income for the period		**22,314,876**	20,431,317
Earnings per share:			
Basic and diluted earnings per share	25	**0.0235**	0.0215

The notes on pages 62 to 101 are an integral part of these financial statements.

Independent auditors' report – page 54 - 57.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Notes	2024	2023
Assets		**RO**	RO
Non-current assets			
Property, plant and equipment	8	**227,353,889**	238,116,599
Right of use assets	9	**575,529**	601,689
Derivative financial instruments	10	**23,883**	-
Total non-current assets		**227,953,301**	238,718,288
Current assets			
Inventories	11	**5,850,540**	5,795,556
Trade and other receivables	12	**9,347,309**	9,115,180
Current portion of derivative financial instruments	10	**96,339**	456,508
Bank deposits	13	**11,484,012**	17,615,780
Cash and cash equivalents	13	**6,776,226**	1,326,499
Total current assets		**33,554,426**	34,309,523
Total assets		**261,507,727**	273,027,811
Equity and liabilities			
Share capital	14 (a)	**95,457,195**	95,457,195
Legal reserve	14 (b)	**19,122,105**	16,875,190
Retained earnings		**58,666,965**	48,467,732
Hedging reserve	10 &14(c)	**95,567**	249,844
Total equity		**173,341,832**	161,049,961
Liabilities			
Non-current liabilities			
Long term loan	19	**25,364,937**	50,787,450
Long term lease liability	21	**632,424**	593,820
Asset retirement obligation	20	**864,581**	811,813
Deferred tax liabilities	17	**24,320,577**	24,644,492
Deferred revenue	22	**680,181**	880,348
Derivative financial instruments	10	**-**	137,837
Total non-current liabilities		**51,862,700**	77,855,760
Current liabilities			
Current portion of long term loan	19	**25,691,129**	23,517,264
Trade and other payables	15	**6,273,255**	6,810,040
Current tax payable	17(d)	**4,338,811**	3,794,786
Total current liabilities		**36,303,195**	34,122,090
Total liabilities		**88,165,895**	111,977,850
Total equity and liabilities		**261,507,727**	273,027,811
Net assets per share	26	**0.182**	0.169

The financial statements on pages 58 to 101 were approved and authorised for issue in accordance with a resolution of the Board of Directors on 13 February 2025.

Director **Chief Executive Officer**

The notes on pages 62 to 101 are an integral part of these financial statements.

Independent auditors' report – page 54 - 57.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

	Share capital RO	Legal reserve RO	Retained earnings RO	Hedging reserve RO	Total RO
At 1 January 2023	95,457,195	14,822,573	37,153,469	344,697	147,777,934
Profit for the year	-	-	20,526,170	-	20,526,170
Other comprehensive income					
Fair value of cash flow hedge adjustments – gross	-	-	-	508,180	508,180
Reclassification to profit or loss - gross (note 7)	-	-	-	(619,771)	(619,771)
Deferred tax asset on change in fair value of cash flow hedge	-	-	-	16,738	16,738
Total comprehensive income for the period	-	-	20,526,170	(94,853)	20,431,317
Transactions with owners of the Company, recognised directly in equity					
Dividend (note 30)	-	-	(7,159,290)	-	(7,159,290)
Transfer to legal reserve (Note 14 b)	-	2,052,617	(2,052,617)	-	-
Total transactions with owners of the Company, recognised directly in equity	-	2,052,617	(9,211,907)	-	(7,159,290)
At 31 December 2023	95,457,195	16,875,190	48,467,732	249,844	161,049,961
At 1 January 2024	**95,457,195**	**16,875,190**	**48,467,732**	**249,844**	**161,049,961**
Profit for the year	**-**	**-**	**22,469,153**	**-**	**22,469,153**
Other comprehensive income					
Fair value of cash flow hedge adjustments – gross	**-**	**-**	**-**	**534,684**	**534,684**
Reclassification to profit or loss - gross (note 7)	**-**	**-**	**-**	**(716,190)**	**(716,190)**
Deferred tax asset on change in fair value of cash flow hedge	**-**	**-**	**-**	**27,229**	**27,229**
Total comprehensive income for the period	**-**	**-**	**22,469,153**	**(154,277)**	**22,314,876**
Transactions with owners of the Company, recognized directly in equity					
Dividend (note 30)	**-**	**-**	**(10,023,005)**	**-**	**(10,023,005)**
Transfer to legal reserve (Note 14b)	**-**	**2,246,915**	**(2,246,915)**	**-**	**-**
Total transactions with owners of the Company, recognised directly in equity	**-**	**2,246,915**	**(12,269,920)**	**-**	**(10,023,005)**
At 31 December 2024	**95,457,195**	**19,122,105**	**58,666,965**	**95,567**	**173,341,832**

The notes on pages 62 to 101 are an integral part of these financial statements.

Independent auditors' report – page 54 - 57.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024	2023
		RO	RO
Cashflows from operating activities:			
Profit for the period		**22,469,153**	20,526,170
Adjustment for:			
Income tax expenses		**4,029,742**	3,630,726
Depreciation		**11,217,419**	11,246,335
Amortisation of deferred revenue		**(200,167)**	(198,534)
Finance costs		**5,016,804**	6,839,598
Finance income		**(790,190)**	(864,635)
Gain on disposal of property, plant and equipment		**(127)**	-
Provision for asset retirement obligation		**52,768**	50,556
Changes in:			
Inventories		**(54,984)**	(276,275)
Trade and other receivables		**(287,078)**	(673,882)
Trade and other payables		**(75,318)**	(1,793,979)
Cash generated from operating activities		**41,378,022**	38,486,080
Income taxes paid		**(3,782,403)**	(3,261,343)
Finance cost paid		**(5,154,107)**	(6,847,699)
Net cash from operating activities		**32,441,512**	28,377,038
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(428,549)**	(527,649)
Proceeds from disposal of property, plant and equipment		**127**	-
Bank deposits		**6,131,768**	(282,240)
Finance income received		**845,139**	827,010
Net cash from investing activities		**6,548,485**	17,121
Cash flows from financing activities:			
Repayment of term loan		**(23,517,265)**	(27,159,193)
Dividend paid		**(10,023,005)**	(7,159,290)
Net cash used in financing activities		**(33,540,270)**	(34,318,483)
Net increase / (decrease) in cash and cash equivalents		**5,449,727**	(5,924,324)
Cash and cash equivalents at 1 January		**1,326,499**	7,250,823
Cash and cash equivalents at 31 December	13	**6,776,226**	1,326,499

Reconciliation of liabilities arising from financing activities (note 13.1)

The notes on pages 62 to 101 are an integral part of these financial statements.

Independent auditors' report – page 54 - 57.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

1 Legal status and principal activities

Sembcorp Salalah Power and Water Company SAOG ("the Company") was registered as a closed Omani Joint Stock Company in the Sultanate of Oman on 29 September 2009. The Company registered office address is P.O Box 1466, Postal Code 211, Salalah, Sultanate of Oman.

The Company entered into a Shareholders Agreement ("the Shareholders Agreement") dated 17 November 2009 between Sembcorp Oman First Investment Holding Co Ltd ("SOFIH") 40% shareholder, Sembcorp Oman IPO Holding Co Ltd ("SOIHL") 20% shareholder and Inma Power & Water Company LLC ("IPWC") 40% shareholder. On 8 October 2013, the Company was listed on the Muscat Stock Exchange Company (formerly known as Muscat Securities Market) and became a listed public joint stock company ("SAOG"). For current shareholding refer note 14.

The Company was awarded a tender by the Oman Power & Water Procurement Company SAOC ("PWP") to build, own and operate an electricity generation and seawater desalination plant together with the associated facilities in the Salalah region ("the Plant").

Significant agreements

The Company has entered into the following major agreements:

(i) Power and Water Purchase Agreement ("the PWPA") dated 23 November 2009 with Oman Power & Water Procurement Company SAOC ("PWP") for a period of fifteen years commencing from the date of commercial operations ("Operation period") which is 04 April 2012 to procure the power and water produced by the Company;

(ii) Natural Gas Sales Agreement ("NGSA") dated 23 November 2009 with the Ministry of Energy and Minerals ("MEM") formerly known as Ministry of Oil and Gas ("MOG") of the Government for the supply of natural gas; On 17 April 2023, NGSA was novated to Integrated Gas Company through Ministerial Decision No. 19/2023 issued by MEM and Ministerial Decision No. 248/2022 issued by Ministry of Finance;

(iii) Usufruct Agreement ("Usufruct Agreement") dated 23 November 2009 with the Ministry of Housing for grant of Usufruct rights over the project site;

(iv) Long Term Service Agreement ("LTSA") with General Electric International LLC ("GEIL") for maintenance services on gas turbines and generators;

(v) Government Guarantee Agreement ("Government Guarantee") dated 23 November 2009 with the Government represented by the Ministry of Finance ("MOF"), whereby the MOF is prepared to guarantee the payment by PWP of its financial obligations to the Company's Senior Lenders under the PWPA; and

(vi) Operation and Maintenance ("O&M") agreement with Sembcorp Salalah O&M Services Company LLC ("SSOM") dated 8 February 2010 for a period of 15 years from the scheduled commercial operation date.

2 Basis of preparation and material accounting policies

2.1 Basis of preparation

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), relevant requirements of the Financial Services Authority (formerly the Capital Market Authority) and the applicable requirement of the Commercial Companies Law of 2019.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

2 Basis of preparation and significant material policies *(continued)*

2.1 Basis of preparation *(continued)*

(b) Basis of measurement

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

(c) Use of estimates and judgements

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.

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 Company 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 in notes 2.2 and 2.3 below and also 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 include useful lives and residual value of property, plant and equipment measuring / impairment allowance, effectiveness of hedge relationship and asset retirement obligation.

2.2 Judgements

Management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

(a) Classification of plant as lease (IFRS 16) or concession arrangement (IFRIC 12)

Judgement is required to ascertain whether the PWPA agreement with PWP is a concession arrangement as per IFRIC 12 Service Concession Arrangements or contains a lease as per IFRS 16 Leases and if the agreement contains a lease, judgement is required to classify the lease as an operating lease or a finance lease as per IFRS 16 Leases. Management has evaluated the applicability of IFRIC 12 Service Concession Arrangements and concluded that IFRIC 12 is not applicable to the arrangement as the residual risk is controlled by the Company and not PWP. The estimated useful life of the power plant of 35 years takes into account the Company's right to extend the land lease under a Usufruct Agreement for an additional term. As the Company will extend the land lease until the end of useful life of the plant, lease term of the land has also been considered to expire at the end of the useful life of the plant. Furthermore, the residual value of the assets will have substantial value at the conclusion of the PWPA.

2 Basis of preparation and material accounting policies *(continued)*

2.2 Judgements *(continued)*

(b) Operating lease and useful life of assets

The Company and PWP have entered into a PWPA containing a take-or-pay clause favouring the Company. The management had applied the guidance of IFRS 16 'Leases'. Based on management's evaluation, the PWPA with PWP was considered as a lease within the context of IFRS 16 and has been classified as an operating lease since significant risks and rewards associated with the ownership of the plant lies with the Company and not with PWP. The primary basis for this conclusion being that the PWPA is for a term of 15 years while the economic life of the plant is estimated to be 35 years. The present value of minimum lease payments under the PWPA does not substantially recover the fair value of the plant at the inception of the lease.

2.3 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 included in the following notes:

- Note 10: determining the fair value of the derivative financial instruments.
- Note 8: useful life and impairment of the property, plant and equipment.
- Note 20: determination of asset retirement obligation.

(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 relationship. As at the reporting date, the cumulative fair value of the interest rate swaps was RO 0.12 million as asset (31 December 2023 –RO 0.3 million as asset).

(b) Useful lives of property, plant and equipment

Depreciation is charged so as to write off the cost of assets over their estimated useful lives. The calculation of useful lives is based on management's assessment of various factors such as the operating cycles, the maintenance programs, and normal wear and tear using its best estimates. The nature of the assets are buildings, roads and pipelines and plant and machinery. Refer note 8 for carrying values of the nature of the assets.

(c) Asset retirement obligation

Asset retirement obligation is based on management's technical assessment of the probable future costs to be incurred in respect of the decommissioning of the plant and restoration of land. 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.

2 Basis of preparation and material accounting policies *(continued)*

2.3 Estimates and assumptions *(continued)*

(d) Impairment of non-financial assets

The Company determines whether its non-financial assets are impaired when there are indicators of impairment as defined in IAS 36. This requires an estimation of the value-in-use of the cash-generating unit ('the CGU'), which constitutes the carrying value of property, plant and equipment and right of use assets as at 31 December 2024. Estimating the value-in-use requires the Company to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The Company used a weighted average cost of capital of 7% (2023: 7.7%) to calculate the present value of cash flows for determining the value-in-use. The carrying value of the CGU as at 31 December 2024 was RO 227.929 million (31 December 2023 - RO 238.718 million).

The recoverable amount of the CGU has been determined based on value in use calculations. These calculations use post-tax cash flow projections based on the financial projections approved by management and based on the historical inflation rates, contractual clauses of PWPA and the estimates for relevant macroeconomic factors. The growth rate considered does not exceed the long-term average growth rate for the utilities industry sectors in which the CGU operates. The decrease in revenue and increase in costs by 1% would not result in an impairment of the CGU as at 31 December 2024, however increase in WACC by 1% may result in carrying amount exceeding the recoverable amount. Based on expected demand and supply in Dhofar region, the Company will be able to continue to generate revenue through supply of power and water which takes into account the high probability of extension of PWPA.

2.4 Material accounting policies

The accounting policies adopted are consistent with those of the previous financial year except for amendment to IAS 1. The Company has adopted the amendments to IAS 1 regarding the classification of liabilities as current or non-current, effective from 1 January 2024. These amendments clarify how to classify liabilities and require new disclosures for non-current loans with covenants due within 12 months. However, as the Company does not have any convertible notes or similar liabilities, the change does not affect its financial statements.

(a) Foreign currency

(i) Functional and presentation currency

The financial statements have been presented in Rial Omani ("RO") which is the functional currency of the Company.

(ii) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currency of the Company at foreign exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at historical cost are translated to the functional currency at the exchange rate at the date of the transaction. Non-monetary assets and liabilities measured at fair value in foreign currencies are translated into the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign currency differences arising on translation of monetary items are recognised in profit or loss, except for differences arising on the retranslation of qualifying cash flow hedges, which are recognised in other comprehensive income.

2 Basis of preparation and material accounting policies *(continued)*

2.4 Material accounting policies *(continued)*

(b) Financial instruments

(i) Financial assets

Classification

The Company on initial recognition classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (FVOCI), or through profit or loss (FVTPL)), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The Company reclassifies these financial assets, when and only when its business model for managing those financial assets changes.

Recognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company becomes a counterparty to a contract.

Derecognition

Financial assets

The Company derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction cost for financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

2 Basis of preparation and material accounting policies *(continued)*

2.4 Material accounting policies *(continued)*

(b) Financial instruments (continued)

Measurement (continued)

Business model assessment: The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

Assessment whether contractual cash flows are SPPI: In assessing whether the contractual cash flows are SPPI, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its financial assets:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset (debt instrument) is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss. For equity investment at FVTOCI, assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

2 Basis of preparation and material accounting policies *(continued)*

2.4 Material accounting policies *(continued)*

(b) Financial instruments (continued)

(i) Financial assets (continued)

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its financial instruments carried at amortised cost and debt instrument classified as FVOCI.

Under IFRS 9, loss allowance are measured on either of the following bases:

- 12 month ECL: these are ECLs that result from possible default events within 12 months after the reporting date; and
- Lifetime ECL: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Company measures loss allowance at an amount equal to lifetime ECLs, except for the following, which are measured as 12- month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

General approach

The Company applies three-stage approach to measuring ECL. Assets migrate through the three stages based on the change in credit quality since initial recognition. Financial assets with significant increase in credit risk since initial recognition, but not credit impaired, are transitioned to stage 2 from stage 1 and ECL is recognised based on the probability of default (PD) of the counter party occurring over the life of the asset. All other financial assets are considered to be in stage 1 unless it is credit impaired and an ECL is recognised based on the PD of the customer within next 12 months. Financial assets are assessed as credit impaired when there is a detrimental impact on the estimated future cash flows of the financial asset. The Company applies general approach to all financial assets except trade receivable without significant financing component.

Simplified approach

The Company applies simplified approach to measuring credit losses, which mandates recognition of lifetime expected loss allowance for trade receivables without significant financing component. Under simplified approach, there is no need to monitor for significant increases in credit risk and the Company will be required to measure lifetime expected credit losses at all times.

Significant increase in credit risk

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

The Company assumes that the credit risk on a financial asset has increased significantly based on the certain delinquency period (days past due) or if exposure has moved from investment grade to non-investment grade on credit rating scale of independent credit rating agency in case of low credit risk instrument.

2 Basis of preparation and material accounting policies *(continued)*

2.4 Material accounting policies *(continued)*

(b) Financial instruments (continued)

Significant increase in credit risk (continued)

To determine whether a financial instrument has low credit risk, the Company uses internal credit ratings which are mapped to the external credit rating agencies such as Moody's etc. The Company considers that the rating within the investment grade, (the Company considers this to be Ba3 or higher per Moody's), are considered a low risk and have less likelihood of default. Where the external rating of a financial instrument is not available, the Company reviews the ability of the counterparty by reviewing their financial statements and other publicly available information.

The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held) or based on the certain delinquency period (days past due).

Measurement of ECLs

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

Credit- impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

(ii) Financial liabilities

Classification, subsequent measurement and gains and losses

Financial liabilities are measured at amortised cost or FVTPL. A financial liability is measured at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost under the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iii) Derivatives and hedging activities

Derivative financial instruments

All derivatives in scope of IFRS 9, are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Fair value changes are recognised in profit or loss unless the entity has elected to apply hedge accounting by designating the derivative as a hedging instrument in an eligible hedging relationship.

2 Basis of preparation and material accounting policies *(continued)*

2.4 Material accounting policies *(continued)*

(b) Financial instruments (continued)

(ii) Derivatives and hedging activities (continued)

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or is exercised, then hedge accounting is discontinued prospectively.

The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit or loss within finance cost at the same time as the interest expense on the hedged borrowings. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, then hedge accounting is discontinued prospectively. The cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised immediately in profit or loss.

Embedded derivatives

An embedded derivative is a component of a contract that also includes a non-derivative host with the effect that some of the cash flows of the combined contract vary in a way similar to a stand-alone derivative.

Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and if the criteria below is met:

a. The economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host;

b. A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and;

c. The contract is not measured at fair value with changes in fair value recognised in profit or loss.

Embedded derivatives which are required to be separated are recognised at fair value with all subsequent changes in fair value recognised in profit or loss. Embedded derivatives that are not required to be separated are considered as part of the host contract and not accounted for separately.

(c) Interest bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable costs such as loan arrangement fee. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in profit and loss over the expected period of borrowings on an effective interest rate basis.

2 Basis of preparation and material accounting policies *(continued)*

2.4 Material accounting policies *(continued)*

(c) Interest bearing borrowings (continued)

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

(d) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(e) Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 25 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

(f) Cash and cash equivalents

Cash and cash equivalents includes cash on hand and other short-term, highly liquid investments with original maturities of ninety days or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(g) Property, plant and equipment

(i) Recognition and measurement

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

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases future economic benefits embodied in the specific asset to which it relates.

Subsequent expenditure relating to property, plant and equipment that has already been incurred is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Company. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

2 Basis of preparation and material accounting policies *(continued)*

2.4 Material accounting policies *(continued)*

***(g) Property, plant and equipment** (continued)*

(iii) Depreciation

Depreciation is calculated using the straight-line method to allocate the cost less its residual value so as to write off items of property, plant and equipment over their estimated useful lives. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of an item is depreciated separately. The estimated useful lives are as follows:

	Years
Buildings	30 to 35
Roads and pipelines	10 to 35
Plant and machinery	20 to 35
Plant and machinery (Tools and equipment)	2 to 12
Office equipment	3 to 10
Motor vehicles	5 to 10
Computer equipment	3 to 5

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Certain items of property, plant and equipment are subject to overhauls at regular intervals. The inherent components of the initial overhaul are determined based on the estimated costs of the next overhaul and are separately depreciated in order to reflect the estimated intervals between two overhauls. The costs of the overhauls subsequently incurred are capitalised as additions and the carrying amounts of the replaced components are written off to the profit or loss.

(iv) Capital work in progress

Capital work in progress is measured at cost less impairment (if any), and is not depreciated until it is transferred into one of the above categories, which occurs when the asset is ready for its intended use.

(v) Asset retirement obligation

In accordance with the Usufruct Agreement requirements, a provision for site restoration in respect of a liability for future site restoration is recognized as part of cost of the relevant asset. 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. The estimated future costs are reviewed annually and adjusted as appropriate.

(h) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets. Impairment losses are recognised in the profit or loss statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating units and then, to reduce the carrying amounts of the other assets in cash-generating units on a pro rata basis.

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

2 Basis of preparation and material accounting policies *(continued)*

2.4 Material accounting policies *(continued)*

(h) Impairment of non-financial assets (continued)

Management determines whether there are any indications of impairment to the carrying values of non-financial assets on an annual basis because of the difference between the duration of contracted cash flows and accounting depreciation of assets. This requires an estimation of the value in use of the cash generating units. Estimating the value in use requires the Company to make an estimate considering the expected future cash flows for the period lying beyond the term of the initial PWPA, probability of renewal of PWPA and also a suitable discount rate in order to calculate the present value of those cash flows.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the 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.

(i) Leases
At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) Company as a lessee
Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments)
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price under a purchase option that the Company is reasonably certain to exercise that, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extensive option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Company's incremental borrowing rate. Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract.

The lease term is considered to be the non-cancellable period for which the Company has the right to use an underlying asset. The lease term is adjusted for periods covered by an option to extend; if it is reasonably certain that the option will be exercised as well as periods covered by an option to terminate the lease; if it is reasonably certain that the option will not be exercised.

2 Basis of preparation and material accounting policies *(continued)*

2.4 Material accounting policies *(continued)*

(h) Impairment of non-financial assets (continued)

(ii) Company as lessor

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

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

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

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

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

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

(j) Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(k) Revenue recognition

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

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

1.) Capacity charge covering the investment charges and fixed operation and maintenance charges; and

2.) Variable charge covering the fuel, energy and water output charges.

Capacity charge

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

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

2 Basis of preparation and material accounting policies *(continued)*

2.4 Material accounting policies *(continued)*

(k) Revenue recognition (continued)

Variable charge

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

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

There are no significant judgements that are involved while recognising revenue from the contract. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. There is no significant financing component attached to the receivable from customer. Services are provided on agreed credit terms of the contract and payment occurs within 25 days from the submission of invoice. The Company submits invoices on monthly basis in arrears and generally are submitted on or before the 5th day of the subsequent month.

(l) Finance income and cost

Finance income/cost comprises interest received on bank deposits, foreign exchange gains and losses and interest expense that are recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

– the gross carrying amount of the financial asset; or

– the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(m) 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.

(n) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are those expenses incurred in bringing each product to its present location and condition. The cost of raw materials and consumables and goods for resale is based on weighted average method and consists of direct costs of materials and related overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Provision is made where necessary for obsolete, slow moving and defective items, based on management's assessment.

2 Basis of preparation and material accounting policies *(continued)*

2.4 Material accounting policies *(continued)*

(o) Income tax expense

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

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

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 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.

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 the Company. 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 Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset as there is a legally enforcement to offset these in Oman

(p) 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 the related service is provided.

The Company'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.

In accordance with the provisions of IAS 19, Employee benefits, management carries an exercise to assess the present value of the Company'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 Company and the expected basic salary at the date of leaving the service.

(q) Directors' remuneration

Directors' remunerations are computed in accordance with the Commercial Companies Law, as per the requirements of Financial Services Authority (formerly the Capital Market Authority) and are recognised as an expense in the statement of profit or loss.

(r) 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 Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the shareholders.

2 Basis of preparation and material accounting policies *(continued)*

2.4 Material accounting policies *(continued)*

(s) Earnings and net assets per share

The Company 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 year.

Net assets per share is calculated by dividing the net assets attributable to ordinary shareholders of the Company by the number of ordinary shares outstanding during the year. Net assets for the purpose is defined as total equity less hedging deficit/surplus. Net assets per share is not a defined performance measure in IFRS standards.

(t) 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.

(u) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and share options are deducted against the share capital account, net of any tax effects. Where the Company's ordinary shares are repurchased (treasury shares), the consideration paid, excluding any directly attributable incremental costs, is deducted from equity attributable to the Company's equity holders and presented as reserve for own shares within equity, until they are cancelled, sold or reissued.

(v) Determination of fair values

(i) 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.

(ii) Derivatives

The fair value of interest rate swaps is calculated by discounting estimated future cash flows 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.

(iii) 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.

(w) New standards or amendments for 2024 and forthcoming requirements

A number of new standards, amendments to standards and interpretations are effective for the periods beginning on or after 1 January 2024. Those, which are relevant to the Company, are set out below.

New and revised IFRS in issue and effective

- Amendments to IAS 1, Presentation of financial statements' on classification of liabilities;
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16);
- Amendment to IAS 7 and IFRS 7, Supplier Finance Arrangements; and
- Non-current Liabilities with Covenants (Amendments to IAS 1);

2 Basis of preparation and material accounting policies *(continued)*

2.4 Material accounting policies *(continued)*

(w) New standards or amendments for 2024 and forthcoming requirements (continued)

These standards do not have any material impact on these financial statements

New and revised IFRS in issue but not yet effective

The following new or amended standards are not expected to have a significant impact on the Company's financial statements.

- Amendments to IAS 21, (Lack of Exchangeability). Effective date of this amendment is for annual periods beginning on or after 1 January 2025;
- Amendment to IFRS 9 and IFRS 7 – (Classification and Measurement of Financial Instrument). Effective date of this amendment is for annual periods beginning on or after 1 January 2026;
- IFRS 18 – (Presentation and Disclosure in Financial Statements issued). Effective date of this amendment is for annual periods beginning on or after 1 January 2027.

There are no other IFRS standards, amendments or interpretations that are expected to have a material impact on the Company.

3 Revenue

	2024	2023
	RO	RO
Operating lease income - Investment charges		
Fixed operation and maintenance charge	**43,192,068**	42,989,411
Fuel charges	**9,935,355**	9,655,998
Energy charges	**27,065,472**	24,804,320
Water output charges	**1,427,584**	1,063,921
	896,218	662,909
	82,516,697	79,176,559

The revenue has been disaggregated based on the key drivers by which the Company receives and recognises its revenue.

The Company has no unsatisfied performance obligations with respect to the billed revenue. The Company has right to invoice for every unit of output and making available the designated capacity. Actual invoicing for the delivered output is done at the end of every month.

The Company has recognized impairment losses on receivables arising from Company’s contract with customer (note 12.1).

All the revenue of the Company accrues from contracts with customers within the Sultanate of Oman.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

4 Cost of sales

	2024	2023
	RO	RO
Fuel cost	**26,469,778**	24,343,654
Depreciation (notes 8 and 9)	**11,188,783**	11,215,414
Operation and maintenance cost (note 18)	**8,383,692**	8,116,083
Contractual services maintenance cost	**4,663,725**	4,339,562
Insurance cost	**873,175**	889,610
Incentive payment (note 18)	**435,304**	406,225
Security charges	**95,916**	101,835
License and permits	**52,371**	52,371
Provision for asset retirement obligation (note 20)	**52,768**	50,556
Other overheads	**56,609**	43,035
Electricity import cost	**27,608**	28,233
	52,299,729	49,586,578

5 Administrative and general expenses

Staff costs	**293,144**	280,334
Directors' remuneration and sitting fees (note 18)	**132,206**	130,205
Legal and professional charges	**127,260**	63,650
Fee and subscription	**97,724**	94,182
Charity and donations	**64,000**	60,000
Depreciation (note 8)	**28,636**	30,921
Other admin and general expenses	**19,808**	19,614
Travelling expenses	**15,971**	4,134
	778,749	683,040

Professional Services

The professional fees due to the external auditor for the year 2024 in amount of RO 24,000 (plus actual outlays) (2023: 23,250) includes the audit fees, interim reviews of the financial statements, the fees related to AUP report on the Company's Corporate Governance report and XBRL report.

6 Other income

Material adverse change claim	**1,086,996**	1,026,384
Amortization of deferred revenue (note 22)	**200,167**	198,534
Gain on disposal of property, plant and equipment	**127**	-
	1,287,290	1,224,918

Material adverse change claim is a reimbursement of increase in the Company’s cost resulting from buyer risk event in accordance with PWPA.

7 Finance costs

	2024	2023
	RO	RO
Interest expense on project financing	5,359,313	6,991,319
Interest income on interest rate swap	(716,190)	(619,771)
Deferred financing cost (note 13.1)	268,617	378,412
Interest expense on short term borrowings	13,955	-
Interest expense on lease liability (note 21)	38,604	36,252
Commission and bank charges	52,505	53,386
	5,016,804	6,839,598

7.1 Finance income

Interest income on term deposits	790,190	864,635

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

8 Property, plant and equipment

	Buildings	Roads and pipelines	Plant and machinery	Office equipment	Motor vehicles	Computer equipment	Total
	RO	RO	RO	RO	RO	RO	RO
Cost							
At 1 January 2024	**48,652,121**	**26,649,367**	**291,700,679**	**219,776**	**292,183**	**994,486**	**368,508,612**
Additions during the year	**-**	**5,220**	**396,764**	**843**	**8,400**	**17,322**	**428,549**
Disposals during the year	**-**	**-**	**-**	**-**	**-**	**(6,873)**	**(6,873)**
At 31 December 2024	**48,652,121**	**26,654,587**	**292,097,443**	**220,619**	**300,583**	**1,004,935**	**368,930,288**
Accumulated depreciation							
At 1 January 2024	**17,306,032**	**9,588,767**	**102,470,933**	**201,752**	**288,232**	**536,297**	**130,392,013**
Charge for the year	**1,469,316**	**827,941**	**8,732,354**	**6,649**	**3,942**	**151,057**	**11,191,259**
Depreciation on disposals	**-**	**-**	**-**	**-**	**-**	**(6,873)**	**(6,873)**
At 31 December 2024	**18,775,348**	**10,416,708**	**111,203,287**	**208,401**	**292,174**	**680,481**	**141,576,399**
Carrying amount							
At 31 December 2024	**29,876,773**	**16,237,879**	**180,894,156**	**12,218**	**8,409**	**324,454**	**227,353,889**

	Buildings	Roads and pipelines	Plant and machinery	Office equipment	Motor vehicles	Computer equipment	Total
Cost	RO	RO	RO	RO	RO	RO	RO
At 1 January 2023	48,652,121	26,612,446	291,243,381	210,046	292,183	970,786	367,980,963
Additions	-	36,921	457,298	9,730	-	23,700	527,649
At 31 December 2023	48,652,121	26,649,367	291,700,679	219,776	292,183	994,486	368,508,612
Accumulated depreciation							
At 1 January 2023	15,836,716	8,765,264	93,708,314	196,447	277,561	388,532	119,172,834
Charge for the year	1,469,316	823,503	8,762,619	5,305	10,671	147,765	11,219,179
At 31 December 2023	17,306,032	9,588,767	102,470,933	201,752	288,232	536,297	130,392,013
Carrying amount							
At 31 December 2023	31,346,089	17,060,600	189,229,746	18,024	3,951	458,189	238,116,599

The property, plant and equipment (Buildings, Roads & pipelines and Plant & machinery) are subject to operating lease arrangement with PWP as mentioned in note 2.2(a) of these financial statements.

(a) Leased land

Land on which the plant is constructed has been leased by the Government of Sultanate of Oman to the Company for a period of 25 years expiring on 23 November 2034 under the term of the Usufruct Agreement, which can be extended for an additional 25 years. Lease rental for the initial term of 25 years has already been paid in advance. (note 9).

(b) Security

The Company's property, plant and equipment are pledged as security against the term loans (note 19).

8 Property, plant and equipment *(continued)*

(c) The depreciation charge has been allocated as set out below:

	2024	2023
	RO	RO
Cost of sales (note 4)	**11,162,623**	11,188,433
Administration expenses (note 5)	**28,636**	30,746
	11,191,259	11,219,179

9 Right of use assets

	2024	2023
	Land	Land
	RO	RO
Cost		
At 1 January	**813,149**	832,028
Revision in estimate	**-**	(18,879)
At 31 December	**813,149**	813,149
Accumulated depreciation		
At 1 January	**211,460**	184,479
Charge for the year (note 4)	**26,160**	26,981
At 31 December	**237,620**	211,460
Net carrying amount at 31 December	**575,529**	601,689

The above carrying amount includes asset retirement obligation amounting to RO 235,607 (2023: 245,650).

10 Hedging reserve

	2024	2023
	RO	RO
Interest rate swaps:		
SMBC Capital Market Limited	**14,241**	40,889
Standard Chartered Bank	**93,272**	238,227
KfW-IPEX	**12,709**	39,555
Hedging instrument at the end of the year	**120,222**	318,671
Less: Ineffective portion of cashflow hedge	**(7,790)**	(24,733)
Effective portion of cashflow hedge	**112,432**	293,938
Deferred tax liability [note 17 (c)]	**(16,865)**	(44,094)
Hedging reserve at the end of the year (net of tax)	**95,567**	249,844
Less: Hedging reserve at the beginning of the year	**(249,844)**	(344,697)
Effective portion of change in fair value of cash flow hedge for the year	**(154,277)**	594,541
Hedging instrument classification		
Non-current portion of hedging instruments - assets/(liabilities)	**23,883**	(137,837)
Current portion of hedging instrument - assets	**96,339**	456,508
	120,222	318,671
Change in fair value of outstanding hedging instruments since 1 January	**534,684**	508,180
Change in value of hedged item used to determine hedge effectiveness	**(517,741)**	(483,447)

In accordance with the Common Terms Agreement ("CTA"), the Company has fixed the rate of interest through Interest Rate Swap Agreements ("IRS") entered into with SMBC Capital Market Limited, KfW IPEX Bank GmbH and Standard Chartered Bank dated 20 November 2009, 23 March 2010 and 8 April 2010 respectively, for 95.32% of its USD loan facility. The Company does not hedge the entire amount of its loans, therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps.

In July 2017, the United Kingdom Financial Conduct Authority ('FCA'), which regulates the London Interbank Offered Rate ('LIBOR'), announced that 6-month USD Libor would cease after September 2023. In a process of Libor transition to new benchmark, the Company entered into revised IRS Agreements on 27 September 2023, by which, the Company changed the reference rate from Libor to Daily Cumulative Compounded Secured Overnight Financing Rate (SOFR) with the adjustment of International Swaps and Derivatives Association (ISDA) fallback Credit Adjustment Spread.

After the transition, the interest rate swaps have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount except Sinosure Covered Facility has slightly different reference rate than the hedging instrument because it does not account for compounding effect. The Company applies hedge accounting and the mismatch between the hedging instrument and the hedged item is charged to profit or loss. Refer to note 7 for cash flow hedges reclassified to profit or loss.

The corresponding hedged notional amount outstanding as of 31 December 2024 is approximately RO 32 million (USD 83 million) at a fixed interest rate of 4.345% (31 December 2023 - 4.345%) and approximately RO 8 million (USD 22 million) at a fixed interest rate of 3.8% (31 December 2023 - 3.8%) per annum respectively.

11 Inventories

	2024	2023
	RO	RO
Fuel inventory	1,269,984	1,289,659
Spare parts and consumables	4,580,556	4,505,897
	5,850,540	5,795,556

The inventory consumed of RO 1.4 million (2023: 1.2 million) is recognized as an expense in "operation and maintenance cost" during the reported year.

The Company's inventories are pledged as security against the term loans (note 19).

12 Trade and other receivables

Trade receivable (note 12.1)	6,594,495	6,623,652
Advances to vendors	1,560,476	1,416,399
Other receivable	1,166,835	1,074,626
Prepayments	25,503	503
	9,347,309	9,115,180

The Company has one customer (PWP) which accounts for the trade receivables balance as at 31 December 2024 (31 December 2023 - one customer).

12.1 Trade receivable

Gross trade receivable	6,618,430	6,647,587
Impairment of trade receivable	(23,935)	(23,935)
	6,594,495	6,623,652

The ageing of trade receivables at the reporting date disclosed in note 23 (b).

13 Cash and bank balances

Cash in hand	995	727
Cash at bank	1,382,431	1,325,772
Short term deposits	5,392,800	-
Cash and cash equivalents	6,776,226	1,326,499
Fixed term deposits (3 to 6 months) and DSRA	11,484,012	17,615,780
Cash and bank balances	18,260,238	18,942,279
Cash and cash equivalents in the statement of cash flows	6,776,226	1,326,499

Debt Service Reserve Account (DSRA) (Restricted cash)

As at 31 December 2024, the Company has placed funds in the bank accounts to meet the Debt Service Reserve Account (DSRA) minimum required balance of RO 11,484,012 (31 December 2023: RO 12,219,107) [note 19].

NOTES TO THE FINANCIAL STATEMENTS
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13 Cash and bank balances *(continued)*

Term deposits

The short and fixed term deposits and DSRA of RO 16,876,812 (31 December 2023: RO 17,615,780) have a weighted average interest rate of 4.27% per annum (31 December 2023: 5.34% per annum).

13.1 Reconciliation of liabilities arising from financing activities

			Non-cash items		
	1 January 2024	**Cash flows**	**Interest Cost**	**Deferred finance cost**	**31 December 2024**
	RO	**RO**	**RO**	**RO**	**RO**
Long term loans (notes 7 and 19)	**74,304,714**	**(23,517,265)**	**-**	**268,617**	**51,056,066**
Long term Lease liability (notes 7 and 21)	**593,820**	**-**	**38,604**	**-**	**632,424**

			Non-cash items		
	1 January 2023	Cash flows	Interest Cost	Deferred finance cost	31 December 2023
	RO	RO	RO	RO	RO
Long term loans (notes 7 and 19)	101,085,495	(27,159,193)	-	378,412	74,304,714
Long term lease liability (notes 7 and 21)	557,568	-	36,252	-	593,820

14 Equity

(a) Share capital

The Company's registered capital (issued and fully paid) amount to RO 95,457,195 comprising of 954,571,950 shares at nominal value of 100 Baiza each (2023: 954,571,950 of 100 Baiza each).

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

The details of Shareholders are as follows:

		31 December 2024	
	Nationality	**Number of shares held of nominal value 100 baiza each**	**% of total**
SOFIH	**British Virgin Island**	**381,828,780**	**40.00%**
IPWC	**Oman**	**125,431,511**	**13.14%**
Public		**447,311,659**	**46.86%**
		954,571,950	**100.00%**

		31 December 2023	
	Nationality	Number of shares held of nominal value 100 baiza each	% of total
SOFIH	British Virgin Island	381,828,780	40.00%
IPWC	Oman	125,431,511	13.14%
Public		447,311,659	46.86%
		954,571,950	100.00%

14 Equity *(continued)*

(b) Legal reserve

Article 132 of the Oman Commercial Companies Law of 2019 requires that 10% of a company's net profit be transferred to a non-distributable legal reserve until the amount of legal reserve becomes equal to at least one-third of the company's issued share capital. This reserve is not available for distribution to shareholders.

(c) Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss or directly included in the initial cost or other carrying amount of a non-financial asset or non-financial liability. (note 10).

15 Trade and other payables

	2024	2023
	RO	RO
Accrued expenses and other payable	**2,602,047**	2,840,363
Due to related party (note 18)	**1,627,054**	1,560,880
Interest payable	**1,014,707**	1,476,173
VAT Payable	**870,268**	788,940
Trade payable	**159,179**	143,684
	6,273,255	6,810,040

16 Short term borrowings

The Company entered into a working capital facility agreement with Bank Muscat on 26 February 2013, last amended on 9 February 2024. The working capital facility ("the Facility") limit is RO 3.85 million and carries interest rate of maximum 4.25% per annum. The balance outstanding as of 31 December 2024 is Nil (31 December 2023: Nil). The security against the facility is as per the Common Terms Agreement and mentioned in note 19 of the financial statements.

17 Income tax

The Company is liable for income tax, in accordance with the income tax laws of Sultanate of Oman, at the rate of 15% of taxable income.

A deferred tax asset charge of RO 27,229 (31 December 2023: deferred tax asset charge of RO 16,738) has been recognised directly in OCI in respect of the changes in fair values of interest rate swaps (note 10).

a) Recognised in profit or loss

Current tax for the year	**4,326,428**	3,783,891
Deferred tax expense for the year	**(296,686)**	(153,165)
	4,029,742	3,630,726

17 Income tax *(continued)*

(b) Reconciliation

The following is the tax reconciliation of income taxes calculated at the applicable tax rate with the income tax expenses.

	2024	2023
	RO	RO
Profit before tax	**26,498,895**	24,156,896
Income tax as per rates mentioned above	**(3,974,834)**	(3,623,534)
Expenses not deductible for tax purposes	**(7,415)**	(7,192)
Others	**(47,493)**	-
Income tax expense for the year	**(4,029,742)**	(3,630,726)

(c) Deferred tax asset / (liability)

	At 1 January	**(Charged) / reversal during the period**	**At 31 December**
As at December 2024	**RO**	**RO**	**RO**
Charged to profit or loss			
Property, plant and equipment	**(24,849,331)**	**408,566**	**(24,440,765)**
Asset retirement obligation	**84,924**	**9,517**	**94,441**
Lease liability	**24,057**	**5,791**	**29,848**
Right of use asset	**11,610**	**2,322**	**13,932**
Deferred revenue	**132,052**	**(132,052)**	**-**
Fair value of cash flow hedge (in-effective portion)	**(3,710)**	**2,542**	**(1,168)**
	(24,600,398)	**296,686**	**(24,303,712)**
Deferred tax recognised in other comprehensive income			
Derivative financial instruments	**(44,094)**	**27,229**	**(16,865)**
Deferred tax liability (net)	**(24,644,492)**	**323,915**	**(24,320,577)**

	At 1 January	(Charged) / reversal during the period	At 31 December
As at December 2023	RO	RO	RO
Charged to profit or loss			
Property, plant and equipment	(25,018,919)	169,588	(24,849,331)
Asset retirement obligation	75,616	9,308	84,924
Lease liability	18,619	5,438	24,057
Right of Use asset	9,289	2,321	11,610
Deferred revenue	161,832	(29,780)	132,052
Fair value of cashflow hedge (ineffective portion)	-	(3,710)	(3,710)
	(24,753,563)	153,165	(24,600,398)
Deferred tax recognised in other comprehensive income			
Derivative instrument	(60,832)	16,738	(44,094)
Diferred tax liability (net)	(24,814,395)	169,903	(24,644,492)

17 Income tax *(continued)*

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

	2024	2023
	RO	RO
At 1 January	**3,794,786**	3,272,238
Charge for the year	**4,326,428**	3,783,891
Paid during the year	**(3,782,403)**	(3,261,343)
	4,338,811	3,794,786

(e) Status of prior year returns

The Company's assessment for the tax year 2023 have not yet been finalized with the Secretariat General for Taxation at the Ministry of Finance. Management of the Company believe that additional taxes, if any in respect of open tax years, would not be significant to the Company's financial position as at 31 December 2024.

(f) BEPS Pillar Two

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

18 Related party transactions

The Company maintains balances with related parties which arise in the normal course of business from commercial transactions on mutually agreed terms. Outstanding receivable or payable balances from related parties as at the reporting period are unsecured, interest free, repayable on demand and settlement occurs in cash.

Sembcorp Oman First Investment Holding Co Ltd is the shareholder and Sembcorp Industries Limited (SIL) are exercising significant influence, whereas Sembcorp Salalah O&M Services Company LLC (SSOM) is an entity controlled by entity which is exercising significant influence over the Company.

The Company had the following significant transactions with related parties during the period:

Sembcorp Industries Limited (SIL)		
- Reimbursement of expenses	**-**	63
Sembcorp Salalah O&M Services Company LLC (SSOM)		
- Operation and maintenance cost (note 4)	**8,383,692**	8,116,083
- *Incentive payment (note 4)	**435,304**	406,225

Incentive payments reward the O&M company for exceeding contractually obligated efficiency targets in fuel, power, water, and budget.

Due to related parties at the year end comprised:

SSOM	**1,627,054**	1,560,880

Key management benefits

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise). Total compensation accrued to key management personnel for the period is as follows:

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18 Related party transactions *(continued)*

***Key management benefits** (continued)*

	2024	2023
	RO	RO
Directors' remuneration	**104,456**	104,455
Directors' sitting fees	**27,750**	25,750
Short term employee benefits	**550,088**	517,009
Social security and gratuity	**43,750**	45,191
	726,044	692,405

Compensation of some of the key management personnel has been paid through Sembcorp Salalah O&M Services Co. LLC of RO 361,913 (31 December 2023: RO 344,438).

19 Term loans

	Maturity	2024	2023
		RO	RO
Non-current			
Project financing loan (USD equivalent to RO)	2012-2026	**42,443,570**	61,912,455
Project financing loan (RO)	2012-2026	**8,825,760**	12,874,140
		51,269,330	74,786,595
Less: Unamortised transaction cost		**(213,264)**	(481,881)
		51,056,066	74,304,714
Less: Current portion of term loans		**(25,691,129)**	(23,517,264)
		25,364,937	50,787,450

On 19 November 2009, the Company entered into a Common Terms Agreement ("CTA"), for credit facilities with a consortium of international and local banks with Standard Chartered Bank as the Dollar Commercial Facility Agent, Bank Muscat SAOG as the Rial Commercial Facility Agent and Bank of China, Shondong Branch as Sinosure Facility Agent, collectively "the Mandated Lead Arranger".

In July 2017, the United Kingdom Financial Conduct Authority ('FCA'), which regulates the London Interbank Offered Rate ('LIBOR'), announced that 6 month USD Libor would cease after September 2023. In a process of LIBOR transition to new bench mark, the Company entered into Amendment Agreement on 27 September 2023, by which, the Company changed the benchmark from LIBOR to SOFR plus ISDA fallback Credit Adjustment Spread.

Repayments

The aggregate amount of drawdowns under the above facilities is repayable in full by 29 half yearly instalments commencing from 30 September 2012, with the final instalment being due on 31 March 2026.

Interest

(i) Interest on USD Commercial facilities is charged at a floating rate of Non-Cumulative Compounded SOFR plus Credit Adjustment Spread plus margin (3.55% p.a.). The Company has entered into an interest rate swap to cap its obligation against unfavorable interest rate changes.

19 Term Loans *(continued)*

***Interest** (continued)*

The margins are indicated below:

	Margin (% per annum)
Tenth anniversary up to the thirteenth anniversary of completion date	**3.55%**
Thereafter	**3.95%**

(ii) Interest on Sinosure Covered (USD) facilities is charged at a floating rate of Daily Simple SOFR rate plus Credit Adjustment Spread (CAS) plus margin (3% p.a.). The Company has entered into an interest rate swap to cap its obligation against unfavourable interest rate changes.

(iii) Interest under the Rial Commercial Facilities Agreement is charged at a fixed rate, as shown in the table below:

Period	**Margin (% per annum)**
From the twelfth anniversary of financial close to the thirteenth anniversary of financial close	5.65%
From the thirteenth anniversary of financial close to the fourteenth anniversary of financial close	5.90%
From the fourteenth anniversary of financial close to the fifteenth anniversary of financial close	5.93%

Securities

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

- a charge on all project assets (refer to note 8 and 11) through commercial/legal mortgage;
- an assignment of its insurance/reinsurance;
- a security over Company's shares (apart from those held by public);
- a charge over all the project accounts; and
- direct agreements.

Covenants

The term loan facilities contain certain covenants pertaining to, amongst other things, liquidation and merger, entering into material new agreements, negative pledge, disposal of assets, granting of loans and guarantees, acquisition of capital assets, debt service coverage ratio, debt to equity ratio, change of business, hedging agreements, etc, with which the Company is required to comply. The Company has carrying value of term loan amounting to RO 51.3 million (2023: 74.8 million) and is in compliance with the covenants attached with the mentioned term loans.

20 Assets retirement obligation ("ARO")

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

The carrying value of the ARO provision has been calculated using an expected present value technique. This technique reflects assumptions such as costs, plant useful life, inflation and profit margin that third parties would consider to assume the settlement of the obligation. The movement in ARO provision is as follows:

20 Assets retirement obligation (“ARO”) *(continued)*

	2024	2023
	RO	RO
At 1 January	**811,813**	780,136
Unwinding of discount (note 4)	**52,768**	50,556
Revision in estimate of site restoration cost	**-**	(18,879)
At 31 December	**864,581**	811,813

Because of the long term nature of the liability, there is significant uncertainty in estimating the cost that will be incurred. It has been assumed that the site will be restored using technology and material that are currently available. The provision has been calculated using a discount rate of 6.5% (31 December 2023: 6.5%).

21 Long term lease liabilities

The Company recognised lease liabilities in relation to lease of land [notes 1 and 8 (a)]. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate 6.5%.

	2024	2023
	RO	RO
Land	**632,424**	593,820
Amounts recognised in profit and loss		
Amortization expense on right-of-use assets (note 9)	**26,160**	26,981
Interest expense on lease liabilities (note 7)	**38,604**	36,252
	64,764	60,979
Amounts recognised in cash flows		
Total cash flow for leases	**Nil**	Nil

	2024		2023	
	Total minimum lease payments	PV of minimum Lease payment	Total minimum lease payments	PV of minimum Lease payment
	RO	RO	RO	RO
More than 5 years	**1,794,832**	**632,424**	1,794,832	593,820

22 Deferred revenue

The Company received contribution from PWP towards cost of Cyber Security Implementation arising from Material Adverse Change claim. The Company assessed whether each transferred item meets the definition of an asset, and if so, recognises the asset as property, plant and equipment. These contributions are deferred and recognise as other income over the life of the relevant property, plant and equipment.

	2024	2023
	RO	RO
At 1 January	**880,348**	1,078,882
Amortisation during the year (note 6)	**(200,167)**	(198,534)
At 31 December	**680,181**	880,348

23 Financial risk management

Financial assets are assessed for impairment at each reporting date as disclosed below in credit risk.

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 Company has exposure to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

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

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

(a) Market risk

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

Interest rate risk

The Company adopts a policy of ensuring that 95 percent of its interest rate risk exposure is at a fixed rate. This is achieved partly by entering into fixed-rate instruments and partly by borrowing at a floating rate and using interest rate swaps as hedges of the variability in cash flows attributable to movements in interest rates. The Company applies a hedge ratio of 0.95:1.

The Company determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional or par amounts.

The Company assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item under the hypothetical derivative method.

In these hedge relationships, the main sources of ineffectiveness are:

- the effect of the counterparty's and the Company's own credit risk on the fair value of the swaps, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates; and
- differences in repricing dates between the swaps and the borrowings.

23 Financial risk management *(continued)*

(a) Market risk (continued)

Interest rate risk (continued)

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

	Interest rate %	**2024** **RO**	2023 RO
Financial assets			
Short and fixed term deposits and DSRA	4.27%	**16,876,812**	17,615,780
Financial liabilities			
Term loans			
- USD variable rate loans	SOFR + 3%	**(23,573,932)**	(34,387,305)
- USD variable rate loans	SOFR + 3.55%	**(18,869,638)**	(27,525,150)
- RO fixed rate loans	5.93%	**(8,825,760)**	(12,874,140)
		(51,269,330)	(74,786,595)

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and income statement by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss		**Equity, net of tax**	
	100 bps **Increase** **RO**	**100 bps** **Decrease** **RO**	**100 bps** **Increase** RO	**100 bps** **Decrease** RO
31 December 2024				
Variable rate instrument	**(28,407)**	**28,407**	**-**	**-**
Interest rate swap	**21,245**	**(21,245)**	**21,035**	**(21,035)**
	(7,162)	**7,162**	**21,035**	**(21,035)**
31 December 2023				
Variable rate instrument	(35,788)	35,788	-	-
Interest rate swap	29,838	(29,838)	50,592	(50,592)
	(5,950)	5,950	50,592	(50,592)

Currency risk

The majority of the transactions and balances are either in RO or USD. As the RO is pegged to the USD, balances in USD are not considered to represent significant currency risk. The Company is not exposed to significant currency risk as at 31 December 2024 (31 December 2023: No significant exposure to currency risk).

23 Financial risk management *(continued)*

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers and cash balances held with banks. Under the terms of the PWPA, the Company's sales are billed wholly to PWP. The Company manages its credit risk with PWP by monitoring its credit rating. The Company limits its credit risk with regard to bank deposits by only dealing with reputable banks and financial institutions with strong credit ratings. The carrying amount of financial assets represents the maximum credit exposure.

Impairment of financial assets

The Company has trade receivables from the provision of operation and maintenance services and leasing of assets, which are subject to the expected credit loss model. While fixed term cash deposits, cash and cash equivalents and other receivables are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade receivables

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The company has one customer, and the ECL allowance on receivable from that customer has been computed based on rating grades issued by external rating agency. The ratings by external agency is based on historic default rate and is adjusted for forward-looking macro-economic information (e.g., economic data from industry groups, associations or bodies).

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 360 days past due.

The trade receivables have been guaranteed by the Government of Sultanate of Oman. The maximum exposure to credit risk at the reporting date, without taking into account collateral or other credit enhancements was:

	2024	2023
	RO	RO
Classified as financial assets measured at amortised cost		
Cash and cash equivalents	**6,776,226**	1,326,499
Fixed term deposits and DSRA	**11,484,012**	17,615,780
Trade receivable	**6,618,430**	6,647,587
Other receivable	**1,166,835**	1,074,626
	26,045,503	26,664,492

23 Financial risk management *(continued)*

***(b) Credit risk** (continued)*

Trade receivables (continued)

The table below shows the balances with banks categorised by short-term credit rating as published by Moody's investor's service at the reporting date. Although one of the bank has been rated as not prime, management does not foresee any default risk.

Bank	**Rating**		
Bank balances		**2024**	2023
		RO	RO
Bank Muscat SAOG	**Ba2**	**1,294,645**	1,315,022
Bank of China	**Aa3**	**87,786**	10,750
		1,382,431	1,325,772
Short and fixed term deposits and DSRA			
Bank Muscat SAOG	**Ba2**	**1,916,800**	2,150,000
Bank of China	**Aa3**	**14,960,012**	15,465,780
		16,876,812	17,615,780
Trade receivables			
PWP	**Ba1**	**6,618,430**	6,647,587

Age analysis of trade receivables is as follows:

Not past dues	**6,618,430**	6,613,293
Past due 0 to 3 months	**-**	34,294
Past due 3 to 6 months	**-**	-
Past due 6 to 12 months	**-**	-
Gross trade receivables	**6,618,430**	6,647,587
Allowance for impairment	**(23,935)**	(23,935)
Net trade receivables	**6,594,495**	6,623,652

None of the amounts have been considered as credit impaired.

The closing loss allowances for trade receivables as at 31 December 2024 reconcile to the opening loss allowances as follows:

Opening loss allowance as at 1 January calculated under IFRS 9	**23,935**	23,935
Closing loss allowance	**23,935**	23,935

(c) Liquidity risk

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

23 Financial risk management *(continued)*

(c) Liquidity risk (continued)

The Company limits its liquidity risk by ensuring bank facilities and shareholders' advances are available, where required. Liquidity requirements are monitored on a monthly basis and management ensures that sufficient liquid funds are available to meet any commitments as they arise.

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

		Cash flows			
	Carrying Amount	**Contractual cash flow**	**Less than 1 year**	**More than 1 to 5 years**	**More than 5 years**
31 December 2024	**RO**	**RO**	**RO**	**RO**	**RO**
Non-derivative financial liabilities					
Term loans	**51,056,066**	**(55,160,625)**	**(28,193,785)**	**(26,966,840)**	**-**
Trade and other payables	**5,402,987**	**(5,402,987)**	**(5,402,987)**	**-**	**-**
Long term lease liabilities	**632,424**	**(1,794,832)**	**-**	**-**	**(1,794,832)**
	57,091,477	**(62,358,444)**	**(33,596,772)**	**(26,966,840)**	**(1,794,832)**
31 December 2023					
Non-derivative financial liabilities					
Term loan	74,304,714	(83,430,499)	(27,654,175)	(55,776,324)	-
Trade and other payables	6,021,100	(6,021,100)	(6,021,100)	-	-
Long term lease liabilities	593,820	(1,794,832)	-	-	(1,794,832)
	80,919,634	(91,246,431)	(33,675,275)	(55,776,324)	(1,794,832)

The Company have undrawn working capital facility of RO 3.85 million with bank muscat. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at a significantly different amount.

Embedded derivatives

The following agreements contain embedded derivatives:

(i) The PWPA between the Company and PWP contains embedded derivatives in pricing the fixed operation and maintenance charge and variable operation and maintenance charge rate for the power facility as well as the desalination facility. Fixed percentages of the fixed operation and maintenance charge rate and variable operation and maintenance charge rate for both facilities get adjusted to reflect changes in the US Consumer price index and the Omani Consumer price index.

(ii) The NGSA between the Company and MOG contains embedded derivatives in gas price for provision of natural gas to the plant. The gas price gets adjusted to reflect changes in US Consumer price index.

(iii) The LTSA between the Company and GEIL contains embedded derivatives in pricing the fixed monthly fee and variable monthly fee for provision of long term maintenance services. Fixed percentage of the fixed monthly fee and variable monthly fee gets adjusted to reflect changes in US labour and material price index.

23 Financial risk management *(continued)*

***(c) Liquidity risk** (continued)*

Embedded derivativesk (continued)

These embedded derivatives are not separated from the host contract, as the management believes that the economic characteristics and risk associated with the embedded derivatives are closely related to those of the host contract.

Capital management

The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns to members and benefits to other stakeholders, and to provide an adequate return to members by pricing products and services commensurately with the level of risk.

The Company sets the amount of capital in proportion to risk. The Company 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 Company may adjust the amount of dividends paid to members, return capital to shareholders, and issue new shares, or sell assets to reduce debt.

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

	2024	2023
	RO	RO
Debt (Long-term loan)	**51,056,066**	74,304,714
Equity (Shareholders' funds excluding hedging reserve)	**173,246,265**	160,800,117
Debt to equity ratio (times)	**0.29**	0.46

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.

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

- Level 1 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)

23 Financial risk management *(continued)*

***Fair value of financial instruments** (continued)*

	Carrying amount				Fair value
	Fair value - hedging instrument	**Financial assets at amortised cost**	**Other financial liabilities**	**Total**	**Level 2**
31 December 2024	**RO**	**RO**	**RO**	**RO**	**RO**
Financial assets measured at fair value					
Derivative instrument	**120,222**	**-**	**-**	**120,222**	**120,222**
Financial assets not measured at fair value					
Trade and other receivables	**-**	**7,761,330**	**-**	**7,761,330**	**-**
Cash and cash equivalents	**-**	**6,776,226**	**-**	**6,776,226**	**-**
Bank deposits	**-**	**11,484,012**	**-**	**11,484,012**	**-**
	-	**26,021,568**	**-**	**26,021,568**	**-**
Financial liabilities not measured at fair value					
Term loan	**-**	**-**	**(51,056,066)**	**(51,056,066)**	**-**
Trade and other payables	**-**	**-**	**(6,273,255)**	**(6,273,255)**	**-**
	-	**-**	**(57,329,321)**	**(57,329,321)**	**-**

	Carrying amount				Fair value
	Fair value - hedging instrument	Financial assets at amortised cost	Other financial liabilities at amortised cost	Total	Level 2
31 December 2023	RO	RO	RO	RO	RO
Financial assets measured at fair value					
Derivative instruments	318,671	-	-	318,671	318,671
Financial assets not measured at fair value					
Trade and other receivables	-	7,698,278	-	7,698,278	-
Cash and bank equivalents	-	1,326,499	-	1,326,499	-
Bank deposits	-	17,615,780	-	17,615,780	-
	-	26,640,557	-	26,640,557	-
Financial liabilities not measured at fair value					
Term loan	-	-	(74,304,714)	(74,304,714)	-
Trade and other payables	-	-	(6,810,040)	(6,810,040)	-
	-	-	(81,114,754)	(81,114,754)	-

23 Financial risk management *(continued)*

***Fair value of financial instruments** (continued)*

For financial asset not measured at fair value, their carrying amount is a reasonable approximation of fair value.

The following tables show the valuation techniques used in measuring Level 2 fair values for financial instruments in the statement of financial position, as well as the significant unobservable inputs used.

Type	**Valuation technique**
Interest rate swaps	The fair value is calculated as the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, futures prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps.

The fair value and carrying value of financial assets is same as these are expected to mature within ninety days or less.

24 Commitments

(a) Performance guarantees

	2024	2023
	RO	RO
Performance guarantees	**1,540,800**	1,540,800

The Company has taken bank guarantees from Bank Muscat for the amount of USD 4,000,000 and provided to Oman Electricity Transmission Company SAOG under the electrical connection agreement.

(b) Operation and maintenance commitment

As per O&M Agreement, SSOMC operates and maintains the Company's plant at Salalah until 24 May 2027. Under O&M agreement, the Company has to pay the fixed operator's fee:

All fees are subject to 3% indexation. The minimum future payments under the O&M agreement (including indexation) are as follow:

	2024	2023
	RO	RO
Due:		
Not later than one year	**1,201,800**	1,167,150
Later than one year but not later than five years	**1,662,800**	2,864,600
	2,864,600	4,031,750

(c) Capital Commitment

Total capital commitment as at 31 December 2024 are in the amount of RO 399,196 (31 December 2023: RO 258,270).

25 Basic and diluted earnings per share

Basic earnings per share are calculated by dividing the profit for the period by the weighted average number of shares outstanding during the period as follows:

	2024	2023
	RO	RO
Profit for the year (RO)	**22,469,153**	20,526,170
]Weighted average number of shares outstanding during the year	**954,571,950**	954,571,950
Earnings per share - Basic and diluted	**0.0235**	0.0215

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

26 Net assets per share

Net assets per share are calculated by dividing the shareholders' funds by the number of shares at the end of the reporting period. Net assets per share is not a defined performance measure in IFRS standards.

	2024	2023
Net assets - (RO)	**173,341,832**	161,049,961
Number of shares at the end of the year	**954,571,950**	954,571,950
Net assets per share (RO)	**0.182**	0.169

27 Investors' Trust Fund

Record of Investors Trust Fund indicates that the amount of RO 11,056 (31 December 2023: RO 10,479) have not been claimed from the Company by the shareholders as at 31 December 2024.

28 Segmental reporting

The Company has only one segment in accordance with IFRS 8. Segment information is, accordingly, presented in respect of the Company's business segments. The primary format, business segments, is based on the Company's management and internal reporting structure. The requirements of IFRS 8, paragraphs 31 to 34 relating the entity wide disclosures have been covered under statements of financial position, profit and loss and other comprehensive income and also in note 3 to these financial statements.

29 Operating lease agreement for which the Company acts as a lessor

The Company has entered into a PWPA with PWP for a substantial element of the production of power and water with 100% 'take-or-pay' clauses in favour of the company.

Management has determined that the take-or-pay arrangements with PWP under PWPA are covered by IFRS 16 'Leases' as such arrangements convey the right to use the assets to PWP. Management further determined that such arrangement in substance represents an operating lease under IFRS 16 Leases [note 2.2 (a)]. The lease commenced on 25 May 2012. The following is the total of future minimum lease receipts expected to be received under PWPA:

29 Operating lease agreement for which the Company acts as a lessor *(continued)*

	2024	2023
	RO	RO
Due:		
Less than one year	**43,142,996**	43,257,954
One to two years	**43,142,996**	43,142,996
Two to three years	**10,346,227**	43,142,996
Three to four years	**-**	10,346,227
	96,632,219	139,890,173

30 Dividend

On 7 March 2024, in Annual General Meeting, the Shareholders approved a cash dividend of Baizas 2.5 per share amounting to RO 2.4 million to the shareholders who are registered with MCD on 1 April 2024.

On 24 October 2024, Board of Directors approved to distribute cash dividend of Baizas 8.0 per share amounting to RO 7.6 million to the Shareholders who are registered with MCD on 3 November 2024.