

# **SEMBCORP SALALAH POWER AND WATER COMPANY SAOG**

## **UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THREE MONTHS PERIOD ENDED 31 MARCH 2025**

**Registered office:**

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

**Principal place of business:**

Salalah  
Sultanate of Oman

# **SEMBCORP SALALAH POWER AND WATER COMPANY SAOG**

## **FINANCIAL STATEMENTS FOR THREE MONTHS PERIOD ENDED 31 MARCH 2025**

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**SEMBCORP SALALAH POWER AND WATER COMPANY SAOG**
**UNAUDITED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME  
FOR THREE MONTHS PERIOD ENDED 31 MARCH 2025**

	<i>Notes</i>	<b>Unaudited For three months period ended 31 March 2025</b>	<b>Unaudited For three months period ended 31 March 2024</b>
Revenue	3	<b>18,982,780</b>	19,378,767
Cost of sales	4	<b>(12,322,892)</b>	(12,249,780)
<b>Gross profit</b>		<b>6,659,888</b>	7,128,987
Administrative and general expenses	5	<b>(195,807)</b>	(220,759)
Other income	6	<b>65,382</b>	73,833
<b>Profit before interest and tax</b>		<b>6,529,463</b>	6,982,061
Finance income	7.1	<b>190,494</b>	255,346
Finance costs	7	<b>(934,098)</b>	(1,432,135)
<b>Profit before income tax</b>		<b>5,785,859</b>	5,805,272
Income tax expenses	17(a)	<b>(843,085)</b>	(872,648)
<b>Profit for the period</b>		<b>4,942,774</b>	4,932,624
<b>Other comprehensive income</b>			
<b>Item that may be subsequently reclassified to profit or loss:</b>			
Fair value of cash flow hedge adjustments – gross	10	<b>(9,416)</b>	840,694
Reclassification to profit or loss - gross	7	<b>(77,726)</b>	(578,856)
Related tax impact on change in fair value of cash flow hedge	17(c)	<b>13,071</b>	(39,272)
		<b>(74,071)</b>	222,566
<b>Total comprehensive income for the period</b>		<b>4,868,703</b>	5,155,190
<b>Earnings per share:</b>			
Basic and diluted earnings per share	25	<b>0.0052</b>	0.0052


The notes on pages 5 to 42 are an integral part of these financial statements.

## SEMBCORP SALALAH POWER AND WATER COMPANY SAOG

## UNAUDITED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2025

	Notes	as at 31 March 2025 RO	as at 31 March 2024	as at 31 December 2024 RO
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	8	224,645,982	235,445,240	227,353,889
Right of use assets	9	569,080	594,982	575,529
Derivative financial instruments	10	-	51,966	23,883
<b>Total non-current assets</b>		<b>225,215,062</b>	<b>236,092,188</b>	<b>227,953,301</b>
<b>Current assets</b>				
Inventories	11	5,752,161	5,751,792	5,850,540
Trade and other receivables	12	9,964,003	10,042,485	9,347,309
Current portion of derivative financial instruments	10	48,423	525,065	96,339
Bank deposits	13	11,875,191	10,759,979	11,484,012
Cash and cash equivalents	13	7,322,340	6,074,623	6,776,226
<b>Total current assets</b>		<b>34,962,118</b>	<b>33,153,944</b>	<b>33,554,426</b>
<b>Total assets</b>		<b>260,177,180</b>	<b>269,246,132</b>	<b>261,507,727</b>
<b>Equity and Liabilities</b>				
Share capital	14 (a)	95,457,195	95,457,195	95,457,195
Legal reserve	14 (b)	19,616,382	17,368,452	19,122,105
Retained earnings		63,115,462	50,520,664	58,666,965
Hedging reserve	10 & 14(c)	21,496	472,410	95,567
<b>Total equity</b>		<b>178,210,535</b>	<b>163,818,721</b>	<b>173,341,832</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Long term loan	19	12,150,747	38,445,379	25,364,937
Long term lease liability	21	642,702	603,471	632,424
Asset retirement obligation	20	878,299	825,005	864,581
Deferred tax liabilities	17	24,163,126	24,603,051	24,320,577
Deferred revenue	22	629,596	830,850	680,181
Derivative financial instruments	10	15,343	-	-
<b>Total non-current liabilities</b>		<b>38,479,813</b>	<b>65,307,756</b>	<b>51,862,700</b>
<b>Current liabilities</b>				
Current portion of long-term loan	19	26,538,089	23,658,424	25,691,129
Short term borrowings		3,000,000	2,000,000	-
Trade and other payables	15	8,622,467	9,713,084	6,273,255
Current tax payable	17(d)	5,326,276	4,748,147	4,338,811
<b>Total current liabilities</b>		<b>43,486,832</b>	<b>40,119,655</b>	<b>36,303,195</b>
<b>Total liabilities</b>		<b>81,966,645</b>	<b>105,427,411</b>	<b>88,165,895</b>
<b>Total equity and liabilities</b>		<b>260,177,180</b>	<b>269,246,132</b>	<b>261,507,727</b>
 Net assets per share	 26	 <b>0.187</b>	 0.172	 0.182

The financial statements on pages 1 to 42 were approved and authorised for issue in accordance with a resolution of the Board of Directors on 28 April 2025.



Director



Chief Executive Officer

The notes on pages 5 to 42 are an integral part of these financial statements.

# SEMBCORP SALALAH POWER AND WATER COMPANY SAOG

## STATEMENT OF CHANGES IN EQUITY FOR THREE MONTHS PERIOD ENDED 31 MARCH 2025

	Share capital RO	Legal reserve RO	Retained earnings RO	Hedging reserve RO	Total RO
At 1 January 2024	95,457,195	16,875,190	48,467,732	249,844	161,049,961
Profit for the period	-	-	4,932,624	-	4,932,624
Other comprehensive income					-
Fair value of cash flow hedge adjustments - gross	-	-	-	840,694	840,694
Reclassification to profit or loss – gross (note 7)	-	-	-	(578,856)	(578,856)
Deferred tax asset on change in fair value of cash flow hedge	-	-	-	(39,272)	(39,272)
Total comprehensive income for the period	-	-	4,932,624	222,566	5,155,190
Transactions with owners of the Company, recognized directly in equity					
Dividend (note 30)	-	-	(2,386,430)	-	(2,386,430)
Transfer to legal reserve (Note 14b)	-	493,262	(493,262)	-	-
Total transactions with owners of the Company, recognised directly in equity	-	493,262	(2,879,692)	-	(2,386,430)
Balance as at 31 March 2024	95,457,195	17,368,452	50,520,664	472,410	163,818,721
At 1 January 2025	95,457,195	19,122,105	58,666,965	95,567	173,341,832
Profit for the period	-	-	4,942,774	-	4,942,774
<b>Other comprehensive income</b>					
Fair value of cash flow hedge adjustments - gross	-	-	-	(9,416)	(9,416)
Reclassification to profit or loss – gross (note 7)	-	-	-	(77,726)	(77,726)
Deferred tax asset on change in fair value of cash flow hedge	-	-	-	13,071	13,071
<b>Total comprehensive income for the period</b>	-	-	4,942,774	(74,071)	4,868,703
<b>Transactions with owners of the Company, recognized directly in equity</b>					
Transfer to legal reserve (Note 14b)	-	494,277	(494,277)	-	-
<b>Total transactions with owners of the Company, recognised directly in equity</b>	-	494,277	(494,277)	-	-
At 31 March 2025	95,457,195	19,616,382	63,115,462	21,496	178,210,535

The notes on pages 5 to 42 are an integral part of these financial statements.

**SEMBCORP SALALAH POWER and WATER COMPANY SAOG**
**STATEMENT OF CASH FLOWS  
FOR THREE MONTHS PERIOD ENDED 31 MARCH 2025**

	<b>Unaudited For three months period ended 31 March 2025 RO</b>	<b>Unaudited For three months period ended 31 March 2024 RO</b>
<b>Cash flows from operating activities:</b>		
Profit for the period	4,942,774	4,932,624
Adjustment for:		
Income tax expense	843,085	872,648
Depreciation	2,770,195	2,783,141
Amortisation of deferred revenue	(50,585)	(49,498)
Finance costs	934,098	1,432,135
Finance income	(190,494)	(255,346)
Provision for asset retirement obligation	13,718	13,192
<i>Changes in:</i>		
Inventories	98,379	43,764
Trade and other receivables	(747,773)	(1,075,708)
Trade and other payables	3,324,100	1,954,928
<b>Cash generated from operating activities</b>	<b>11,937,497</b>	<b>10,651,880</b>
Finance cost paid	(1,843,854)	(2,777,307)
Net cash from operating activities	<b>10,093,643</b>	<b>7,874,573</b>
<b>Investing activities:</b>		
Acquisition of property, plant and equipment	(55,839)	(105,075)
Bank deposits	(391,179)	6,855,801
Finance income received	321,573	403,750
Net cash flow used in investing activities	<b>(125,445)</b>	<b>7,154,476</b>
<b>Financing activities:</b>		
Repayment of term loan	(12,422,084)	(12,280,925)
Proceeds from short term loan	3,000,000	2,000,000
Net cash flow used in financing activities	<b>(9,422,084)</b>	<b>(10,280,925)</b>
<b>Net change in cash and cash equivalents</b>	<b>546,114</b>	<b>4,748,124</b>
<b>Cash and cash equivalents as at 1 January</b>	<b>6,776,226</b>	<b>1,326,499</b>
<b>Cash and cash equivalents as at 31 March</b>	<b>7,322,340</b>	<b>6,074,623</b>

Reconciliation of liabilities arising from financing activities (note 13.1)

The notes on pages 5 to 42 are an integral part of these financial statements.

# SEMBCORP SALALAH POWER and WATER COMPANY SAOG

## FINANCIAL STATEMENTS FOR THREE MONTHS PERIOD ENDED 31 MARCH 2025

### 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 Nama Power & Water Procurement Company SAOC (“PWP”) formerly known as Oman Power & Water Procurement Company SAOC 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 interim unaudited financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) including the requirements of IAS 34, the rules and guidelines on disclosures issued by the Financial Services Authority formerly known as Capital Market Authority of the Sultanate of Oman and the applicable requirements of the Commercial Companies Law of 2019.

# SEMBCORP SALALAH POWER and WATER COMPANY SAOG

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

### 2 Basis of preparation and material accounting 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.

##### (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.



# SEMBCORP SALALAH POWER and WATER COMPANY SAOG

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

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

#### 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.

##### (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. 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 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.

# SEMBCORP SALALAH POWER and WATER COMPANY SAOG

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

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

#### 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.

##### (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.

# SEMBCORP SALALAH POWER and WATER COMPANY SAOG

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

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

#### 2.4 Material accounting policies (*continued*)

##### (b) *Financial instruments* (*continued*)

##### *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.

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.

##### *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.

# SEMBCORP SALALAH POWER and WATER COMPANY SAOG

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

### 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 (continued)*

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.

# SEMBCORP SALALAH POWER and WATER COMPANY SAOG

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

### 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.

# SEMBACORP SALALAH POWER and WATER COMPANY SAOG

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

### 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.

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.

# SEMBCORP SALALAH POWER and WATER COMPANY SAOG

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

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

#### 2.4 Material accounting policies (*continued*)

##### (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.

###### (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.

# SEMBCORP SALALAH POWER and WATER COMPANY SAOG

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

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

#### 2.4 Material accounting policies (*continued*)

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

##### (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.

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.



# SEMBCORP SALALAH POWER and WATER COMPANY SAOG

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

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

#### 2.4 Material accounting policies (*continued*)

##### (i) Leases (*continued*)

##### (i) Company as a lessee (*continued*)

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.

##### (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'.

# SEMBCORP SALALAH POWER and WATER COMPANY SAOG

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

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

#### 2.4 Material accounting policies (*continued*)

##### (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.

##### *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.

# SEMBCORP SALALAH POWER and WATER COMPANY SAOG

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

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

#### 2.4 Material accounting policies *(continued)*

##### *(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.

# SEMBCORP SALALAH POWER and WATER COMPANY SAOG

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

### 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.

# SEMBCORP SALALAH POWER and WATER COMPANY SAOG

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

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

#### 2.4 Material accounting policies (*continued*)

##### (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.

##### (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.

# SEMBCORP SALALAH POWER and WATER COMPANY SAOG

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

### 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*

A number of new standards, amendments to standards and interpretations are effective for the periods beginning on or after 1 January 2025. Those, which are relevant to the Company, are set out below.

##### *New and revised IFRS in issue and effective*

- Amendments to IAS 21, (Lack of Exchangeability). Effective date of this amendment is for annual periods beginning on or after 1 January 2025;

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.

- 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.

**SEMBCORP SALALAH POWER and WATER COMPANY SAOG**
**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2025**
**3 Revenue**

	Unaudited 31 March 2025 RO	Unaudited 31 March 2024 RO
Operating lease income - Investment charges	10,065,805	10,452,511
Fixed operation and maintenance charge	2,277,342	2,344,485
Fuel charges	6,136,975	6,060,853
Energy charges	307,082	294,718
Water output charges	195,576	226,200
	<u>18,982,780</u>	<u>19,378,767</u>

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.

**4 Cost of sales**

	Unaudited 31 March 2025 RO	Unaudited 31 March 2024 RO
Fuel cost	5,921,800	5,885,743
Depreciation (notes 8 and 9)	2,768,655	2,776,163
Operation and maintenance cost (note 18)	2,249,975	2,117,697
Contractual services maintenance cost	1,058,656	1,061,541
Insurance cost	209,806	217,048
Incentive payment (note 18)	32,306	122,224
Security charges	22,194	25,403
License and permits	23,969	22,492
Electricity import cost	21,812	6,805
Provision for asset retirement obligation (note 20)	13,719	13,192
Other overheads	-	1,472
	<u>12,322,892</u>	<u>12,249,780</u>

**SEMBCORP SALALAH POWER and WATER COMPANY SAOG**
**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2025**
**5 Administrative and general expenses**

	Unaudited 31 March 2025 RO	Unaudited 31 March 2024 RO
Staff costs	90,873	87,762
Directors' remuneration and sitting fees (note 18)	39,114	33,364
Legal and professional charges	25,842	10,638
Fee and subscription	23,055	22,996
Depreciation (note 8)	1,540	6,978
Other admin and general expenses	15,383	7,821
Charity and donations	-	51,200
	<u>195,807</u>	<u>220,759</u>

**6 Other income**

	Unaudited 31 March 2025 RO	Unaudited 31 March 2024 RO
Material adverse change claim	14,797	24,335
Amortization of deferred revenue (note 22)	50,585	49,498
	<u>65,382</u>	<u>73,833</u>

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**

	Unaudited 31 March 2025 RO	Unaudited 31 March 2024 RO
Interest expense on project financing	944,721	1,916,738
Interest income on interest rate swap	(77,726)	(578,856)
Deferred financing cost (note 13.1)	54,853	80,013
Interest expense on short term borrowings	1,972	1,111
Interest expense on lease liability (note 21)	10,278	9,651
Ineffective portion of cashflow hedge	-	3,478
	<u>934,098</u>	<u>1,432,135</u>

**7.1 Finance income**

	Unaudited 31 March 2025 RO	Unaudited 31 March 2024 RO
Interest income on term deposits	<u>190,494</u>	<u>255,346</u>



# SEMBCORP SALALAH POWER and WATER COMPANY SAOG

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

### 8 Property, plant and equipment

Unaudited	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 2025	48,652,121	26,654,587	292,097,443	220,619	300,583	1,004,935	368,930,288
Additions during the year	1,375	-	54,464	-	-	-	55,839
At 31 March 2025	48,653,496	26,654,587	292,151,907	220,619	300,583	1,004,935	368,986,127
Accumulated depreciation							
At 1 January 2025	18,775,348	10,416,708	111,203,287	208,401	292,174	680,481	141,576,399
Charge for the year	362,303	204,200	2,157,194	1,708	487	37,854	2,763,746
At 31 March 2025	19,137,651	10,620,908	113,360,481	210,109	292,661	718,335	144,340,145
Carrying amount							
At 31 March 2025	29,515,845	16,033,679	178,791,426	10,510	7,922	286,600	224,645,982

Unaudited	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 2024	48,652,121	26,649,367	291,700,679	219,776	292,183	994,486	368,508,612
Additions during the year	-	-	96,385	-	8,400	290	105,075
At 31 March 2024	48,652,121	26,649,367	291,797,064	219,776	300,583	994,776	368,613,687
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	365,322	205,769	2,165,370	1,552	1,554	36,867	2,776,434
At 31 March 2024	17,671,354	9,794,536	104,636,303	203,304	289,786	573,164	133,168,447
Carrying amount							
At 31 March 2024	30,980,767	16,854,831	187,160,761	16,472	10,797	421,612	235,445,240

Audited	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 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

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.

# SEMBCORP SALALAH POWER and WATER COMPANY SAOG

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

### 8 Property, plant and equipment (continued)

#### (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).

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

	Unaudited 31 March 2025 RO	Unaudited 31 March 2024 RO
Cost of sales (note 4)	2,762,206	2,769,456
Administration expenses (note 5)	1,540	6,978
	<u>2,763,746</u>	<u>2,776,434</u>

### 9 Right of use assets

	Unaudited 31 March 2025 RO	Unaudited 31 March 2024 RO	Audited 31 December 2024 RO
<b>Cost</b>			
At 1 January	813,149	813,149	813,149
Revision in estimate	-	-	-
At 31 March/31 December	<u>813,149</u>	<u>813,149</u>	<u>813,149</u>
<b>Accumulated depreciation</b>			
At 1 January	237,620	211,460	211,460
Charge for the year (note 4)	6,449	6,707	26,160
At March/31 December	<u>244,069</u>	<u>218,167</u>	<u>237,620</u>
<b>Net carrying amount at 31 December</b>	<u>569,080</u>	<u>594,982</u>	<u>575,529</u>

The above carrying amount includes asset retirement obligation amounting to RO 232,338 (31 March 2024: RO 242,760 December 2024: RO 235,607).

**SEMBCORP SALALAH POWER and WATER COMPANY SAOG**
**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2025**
**10 Hedging reserve**

	Unaudited 31 March 2025 RO	Unaudited 31 March 2024 RO	Audited 31 December 2024 RO
<u>Interest rate swaps:</u>			
SMBC Capital Market Limited	(1,296)	93,802	14,241
Standard Chartered Bank	35,294	399,105	93,272
KfW-IPEX	(918)	84,124	12,709
Hedging instrument at the end of the year	<u>33,080</u>	<u>577,031</u>	<u>120,222</u>
Less: Ineffective portion of cashflow hedge	(7,790)	(21,255)	(7,790)
Effective portion of cashflow hedge	25,290	555,776	112,432
Deferred tax liability [note 17 (c)]	(3,794)	(83,366)	(16,865)
Hedging reserve at the end of the year (net of tax)	21,496	472,410	95,567
Less: Hedging reserve at the beginning of the year	95,567	(249,844)	(249,844)
Effective portion of change in fair value of cash flow hedge for the year	<u>(74,071)</u>	<u>222,566</u>	<u>(154,277)</u>
 Hedging instrument classification			
Non-current portion of hedging instruments - assets/(liabilities)	(15,343)	51,966	23,883
Current portion of hedging instrument - assets	48,423	525,065	96,339
	<u>33,080</u>	<u>577,031</u>	<u>120,222</u>
Change in fair value of outstanding hedging instruments since 1 January	(9,416)	840,694	534,684
Change in value of hedged item used to determine hedge effectiveness	9,416	(819,439)	(517,741)

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 Sinasure 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 March 2025 is approximately RO 24 million (USD 63 million) at a fixed interest rate of 4.345% (31 March 2024, 31 December 2024 - 4.345%) and approximately RO 6 million (USD 16 million) at a fixed interest rate of 3.8% (31 March 2024, 31 December 2024 - 3.8%) per annum respectively.

# SEMBCORP SALALAH POWER and WATER COMPANY SAOG

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

### 11 Inventories

	Unaudited 31 March 2025 RO	Unaudited 31 March 2024 RO	Audited 31 December 2024 RO
Fuel inventory	1,255,898	1,255,898	1,269,984
Spare parts and consumables	4,496,263	4,495,894	4,580,556
	<u>5,752,161</u>	<u>5,751,792</u>	<u>5,850,540</u>

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

### 12 Trade and other receivables

	Unaudited 31 March 2025 RO	Unaudited 31 March 2024 RO	Audited 31 December 2024 RO
Trade receivable (note 12.1)	7,054,847	6,975,694	6,594,495
Advances to vendors	1,603,894	1,500,495	1,560,476
Other receivable	1,063,145	904,882	1,166,835
Prepayments	242,117	661,414	25,503
	<u>9,964,003</u>	<u>10,042,485</u>	<u>9,347,309</u>

The Company has one customer (PWP) which accounts for the trade receivables balance as at 31 March 2025 (31 March 2024, 31 December 2024 - one customer).

#### 12.1 Trade receivable

	Unaudited 31 March 2025 RO	Unaudited 31 March 2024 RO	Audited 31 December 2024 RO
Gross trade receivable	7,078,782	6,999,629	6,618,430
Impairment of trade receivable	(23,935)	(23,935)	(23,935)
	<u>7,054,847</u>	<u>6,975,694</u>	<u>6,594,495</u>

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

### 13 Cash and bank balances

	Unaudited 31 March 2025 RO	Unaudited 31 March 2024 RO	Audited 31 December 2024 RO
Cash in hand	995	590	995
Cash at bank	7,321,345	6,074,033	1,382,431
Short term deposits	-	-	5,392,800
<b>Cash and cash equivalents</b>	<u>7,322,340</u>	<u>6,074,623</u>	<u>6,776,226</u>
Fixed term deposits (3 to 6 months) and DSRA	11,875,191	10,759,979	11,484,012
<b>Cash and bank balances</b>	<u>19,197,531</u>	<u>16,834,602</u>	<u>18,260,238</u>
<b>Cash and cash equivalents in the statement of cash flows</b>	<u>7,322,340</u>	<u>6,074,623</u>	<u>6,776,226</u>

#### Debt Service Reserve Account (DSRA) (Restricted cash)

As at 31 March 2025, the Company has placed funds in the bank accounts to meet the Debt Service Reserve Account (DSRA) minimum required balance of RO 11,875,191 (31 March 2024: RO 10,759,979, 31 December 2024: RO 11,484,012) [note 19].

**SEMBCORP SALALAH POWER and WATER COMPANY SAOG**
**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
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**13 Cash and bank balances (continued)**
*Term deposits*

The short and fixed term deposits and DSRA of RO 11,875,191 (31 March 2024: 10,759,979, 31 December 2024: RO 16,876,812) have a weighted average interest rate of 4.08% per annum (31 March 2024: 5%, 31 December 2024: 4.27% per annum).

*13.1 Reconciliation of liabilities arising from financing activities*

31 March 2025	1 January 2025 RO	Cash flows RO	Non-cash items		31 March 2025 RO
			Interest Cost RO	Deferred finance cost RO	
Long term loans (notes 7 and 19)	51,056,066	(12,422,084)	-	54,854	38,688,836
Long term lease liability (notes 7 and 21)	632,424	-	10,278	-	642,702

31 March 2024	1 January 2024 RO	Cash flows RO	Non-cash items		31 March 2024 RO
			Interest Cost RO	Deferred finance cost RO	
Long term loans (notes 7 and 19)	74,304,714	(12,280,925)	-	80,014	62,103,803
Long term lease liability (notes 7 and 21)	593,820	-	9,651	-	603,471

31 December 2024 Audited	1 January 2024 RO	Cash flows RO	Non-cash items		31 December 2024 RO
			Interest Cost RO	Deferred finance cost 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

# SEMBCORP SALALAH POWER and WATER COMPANY SAOG

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

### 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 March 2025	
		Number of shares held of nominal value 100 baiza each	% of total
Nationality			
SOFIH	British Virgin Island	381,828,780	40.00%
IPWC	Oman	125,431,511	13.14%
Public		447,311,659	46.86%
		<u>954,571,950</u>	<u>100.00%</u>

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

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

#### (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).

# SEMBCORP SALALAH POWER and WATER COMPANY SAOG

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

### 15 Trade and other payables

	Unaudited 31 March 2025 RO	Unaudited 31 March 2024 RO	Audited 31 December 2024 RO
Trade payable	1,993,930	564,183	159,179
Due to related parties	2,761,091	2,981,025	1,627,054
Accrued expenses and other payable	3,108,043	3,031,773	2,602,047
Dividend Payable	-	2,386,430	-
Interest payable	39,820	37,859	1,014,707
VAT Payable	719,583	711,814	870,268
	<b>8,622,467</b>	<b>9,713,084</b>	<b>6,273,255</b>

### 16 Short term borrowings

The Company entered into a working capital facility agreement with Bank Muscat on 26 February 2013, last amended on 9 January 2025. 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 March 2025 is RO 3 million (31 March 2024: RO 2 million, 31 December 2024: 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 liability charge of RO 13,071 (31 March 2024: deferred tax asset charge of RO 39,272) has been recognised directly in OCI in respect of the changes in fair values of interest rate swaps (note 10).

	Unaudited 31 March 2025 RO	Unaudited 31 March 2024 RO
<b>a) Recognised in profit or loss</b>		
Current tax for the year	987,465	953,361
Deferred tax expense for the year	(144,380)	(80,713)
	<b>843,085</b>	<b>872,648</b>

#### (b) Reconciliation

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

	Unaudited 31 March 2025 RO	Unaudited 31 March 2024 RO
Profit before tax	<b>5,785,859</b>	5,805,272
Income tax as per rates mentioned above	(867,879)	(870,791)
Expenses not deductible for tax purposes	(2,200)	(1,857)
Others	26,994	-
Income tax expense for the year	<b>(843,085)</b>	<b>(872,648)</b>

**SEMBCORP SALALAH POWER and WATER COMPANY SAOG**
**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2025**
**17 Income tax (continued)**
*(c) Deferred tax asset / (liability)*

	At 1 January RO	(Charged) / reversal during the period RO	At 31 March RO
<b>As at 31 March 2025</b>			
<b>Charged to profit or loss</b>			
Property, plant and equipment	(24,440,765)	139,813	<b>(24,300,952)</b>
Asset retirement obligation	94,441	2,453	<b>96,894</b>
Lease liability	29,848	1,541	<b>31,389</b>
Right of use asset	13,932	573	<b>14,505</b>
Fair value of cash flow hedge (in-effective portion)	(1,168)	-	<b>(1,168)</b>
	<u>(24,303,712)</u>	<u>144,380</u>	<u><b>(24,159,332)</b></u>
<b>Deferred tax recognised in other comprehensive income</b>			
Derivative financial instruments	(16,865)	13,071	<b>(3,794)</b>
Deferred tax liability (net)	<u>(24,320,577)</u>	<u>157,451</u>	<u><b>(24,163,126)</b></u>

	At 1 January RO	Recognised during the period RO	At 31 March RO
<b>Unaudited</b>			
<b>As at March 2024</b>			
<b>Charged to profit or loss</b>			
Property, plant and equipment	(24,849,331)	83,181	(24,766,150)
Asset retirement obligation	84,924	2,408	87,332
Lease liability	24,057	1,448	25,505
Right of use asset	11,610	578	12,188
Deferred revenue	132,052	(7,424)	124,628
Fair value of cash flow hedge (in-effective portion)	(3,710)	522	(3,188)
	<u>(24,600,398)</u>	<u>80,713</u>	<u>(24,519,685)</u>
<b>Deferred tax recognised in other comprehensive income</b>			
Derivative financial instruments	(44,094)	(39,272)	(83,366)
Deferred tax liability (net)	<u>(24,644,492)</u>	<u>41,441</u>	<u>(24,603,051)</u>

	At 1 January RO	(Charged) / reversal during the period RO	At 31 December RO
<b>As at December 2024</b>			
<b>Charged to profit or loss</b>			
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)
	<u>(24,600,398)</u>	<u>296,686</u>	<u>(24,303,712)</u>
<b>Deferred tax recognised in other comprehensive income</b>			
Derivative financial instruments	(44,094)	27,229	(16,865)
Deferred tax liability (net)	<u>(24,644,492)</u>	<u>323,915</u>	<u>(24,320,577)</u>



# SEMBCORP SALALAH POWER and WATER COMPANY SAOG

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

### 17 Income tax (continued)

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

	Unaudited 31 March 2025 RO	Unaudited 31 March 2024 RO	Audited 31 December 2024 RO
At 1 January	4,338,811	3,272,238	3,794,786
Charge for the year	987,465	842,327	4,326,428
Paid during the year	-	-	(3,782,403)
	<u>5,326,276</u>	<u>4,114,565</u>	<u>4,338,811</u>

(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 March 2025.

(f) BEPS Pillar Two

As at 31 March 2025, 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:

	Unaudited 31 March 2025	Unaudited 31 March 2024
<i>Sembcorp Salalah O&amp;M Services Company LLC (SSOM)</i>		
- Operation and maintenance cost (note 4)	2,249,975	2,117,697
- *Incentive payment (note 4)	<u>32,306</u>	<u>122,224</u>

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

Due to related party at the period end comprised:

	Unaudited 31 March 2025 RO	Unaudited 31 March 2024 RO	Audited 31 December 2024 RO
SSOM	2,758,728	2,967,643	1,627,054
OIC	<u>2,363</u>	<u>13,382</u>	-
	<u>2,761,091</u>	<u>2,981,025</u>	<u>1,627,054</u>

# SEMBCORP SALALAH POWER and WATER COMPANY SAOG

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

### 18 Related party transactions (continued)

#### 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:

	Unaudited 31 March 2025 RO	Unaudited 31 March 2024 RO
Directors' remuneration	26,114	26,114
Directors' sitting fees	13,000	7,250
Short term employee benefits	261,209	230,030
Social security and gratuity	19,917	21,023
	<b>320,240</b>	<b>284,417</b>

Compensation of some of the key management personnel has been paid through Sembcorp Salalah O&M Services Co. LLC of RO 172,358 (31 March 2024: RO 151,806).

### 19 Term loans

	Maturity	Unaudited 31 March 2025 RO	Unaudited 31 March 2024 RO	Audited 31 December 2024 RO
Non-current				
Project financing loan (USD denominated)	2012-2026	32,159,886	51,745,630	42,443,570
Project financing loan (Rial denominated)	2012-2026	6,687,360	10,760,040	8,825,760
		<b>38,847,246</b>	62,505,670	51,269,330
Less: Unamortised transaction cost		(158,410)	(401,867)	(213,264)
		<b>38,688,836</b>	62,103,803	51,056,066
Less: Current portion of term loans		(26,538,089)	(23,658,424)	(25,691,129)
		<b>12,150,747</b>	38,445,379	25,364,937

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 Sinasure 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

- 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.

# SEMBCORP SALALAH POWER and WATER COMPANY SAOG

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

### 19 Term loans (*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%
From the fifteenth anniversary of financial close to the sixteenth anniversary of financial close	5.75%

### 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 38.8 million (31 March 2024: 62.5 million, 31 December 2024: 51.3 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:

	Unaudited 31 March 2025 RO	Unaudited 31 March 2024 RO	Audited 31 December 2024 RO
At 1 January	864,581	811,813	811,813
Unwinding of discount (note 4)	13,718	13,192	52,768
Revision in estimate of site restoration cost	-	-	-
At 31 December	878,299	825,005	864,581

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 March 2024 and 31 December 2024: 6.5%).

**SEMBCORP SALALAH POWER and WATER COMPANY SAOG**
**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
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**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%.

	Unaudited 31 March 2025 RO	Unaudited 31 March 2024 RO	Audited 31 December 2024 RO
Land	<b>642,702</b>	603,471	632,424
	Unaudited 31 March 2025 RO	Unaudited 31 March 2024 RO	Audited 31 December 2024 RO
<i>Amounts recognised in profit and loss</i>			
Amortization expense on right-of-use assets (note 9)	<b>6,449</b>	6,707	26,160
Interest expense on lease liabilities (note 7)	<b>10,278</b>	9,651	38,604
	<b>16,727</b>	16,358	64,764
<i>Amounts recognised in cash flows</i>			
Total cash flow for leases	<b>Nil</b>	Nil	Nil

	Unaudited 31 March 2025 Total minimum lease Payments RO	PV of minimum Lease payment RO	Unaudited 31 March 2024 Total minimum lease payments RO	PV of minimum Lease payment RO	Audited 31 December 2024 Total minimum lease Payments RO	PV of minimum Lease payment RO
More than 5 years	<b>1,794,832</b>	<b>642,702</b>	1,794,832	603,471	1,794,832	632,424

**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.

	Unaudited 31 March 2025 RO	Unaudited 31 March 2024 RO	Audited 31 December 2024 RO
At 1 January	<b>680,181</b>	880,348	880,348
Amortisation during the period (note 6)	<b>(50,585)</b>	(49,498)	(200,167)
At 31 March	<b>629,596</b>	830,850	680,181

# SEMBCORP SALALAH POWER and WATER COMPANY SAOG

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

### 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.

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

	Interest rate %	Unaudited 31 March 2025 RO	Unaudited 31 March 2024 RO	Audited 31 December 2024 RO
<b>Financial assets</b>				
Short and fixed term deposits and DSRA	4.08%	<b>11,875,191</b>	10,759,979	16,876,812
<b>Financial liabilities</b>				
Short term borrowings	4%	<b>(3,000,000)</b>	(2,000,000)	
<b>Term loans</b>				
- USD variable rate loans	SOFR + 3%	<b>(17,862,186)</b>	(28,740,465)	(23,573,932)
- USD variable rate loans	SOFR + 3.55%	<b>(14,297,700)</b>	(23,005,165)	(18,869,638)
- RO fixed rate loans	5.75%	<b>(6,687,360)</b>	(10,760,040)	(8,825,760)
		<b>(38,847,246)</b>	(62,505,670)	(51,269,330)

# SEMBCORP SALALAH POWER and WATER COMPANY SAOG

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

### 23 Financial risk management (continued)

#### *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.

	Equity					
	Unaudited	Unaudited		Audited		
	31 March 2025	31 March 2024		31 December 2024		
	100 bps Increase	100 bps Decrease	100 bps Increase	100 bps Decrease	100 bps Increase	100 bps Decrease
	RO	RO	RO	RO	RO	RO
Interest rate swap	292,213	(292,213)	697,173	(697,173)	21,035	(21,035)

#### *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 March 2025 (31 March 2024 and 31 December 2024: No significant exposure to currency risk).

#### (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.

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**23 Financial risk management (continued)**
**(b) Credit risk (continued)**
*Trade receivables (continued)*

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:

	Unaudited 31 March 2025 RO	Unaudited 31 March 2024 RO	Audited 31 December 2024 RO
<b>Classified as financial assets measured at amortised cost</b>			
Fixed term cash deposits (3 to 6 months)	11,875,191	10,759,979	11,484,012
Cash and cash equivalents	7,322,340	6,074,623	6,776,226
Trade receivable	7,078,782	6,999,629	6,618,430
Other receivable	1,063,145	904,882	1,166,835
	<b>27,339,458</b>	<b>24,739,113</b>	<b>26,045,503</b>

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	Unaudited 31 March 2025 RO	Unaudited 31 March 2024 RO	Audited 31 December 2024 RO
<b>Bank balances</b>				
Bank Muscat SAOG	Ba2	6,753,767	5,543,404	1,294,645
Bank of China	Aa3	567,578	530,629	87,786
		<b>7,321,345</b>	<b>6,074,033</b>	<b>1,382,431</b>
<b>Fixed term deposits</b>				
Bank Muscat SAOG	Ba2	1,993,666	1,777,500	1,916,800
Bank of China	Aa3	9,881,525	8,982,479	14,960,012
		<b>11,875,191</b>	<b>10,759,979</b>	<b>16,876,812</b>
<b>Trade receivables</b>				
NPWP	Ba1	7,078,782	6,999,629	6,618,430

Age analysis of trade receivables is as follows:

	Unaudited 31 March 2025 RO	Unaudited 31 March 2024 RO	Audited 31 December 2023 RO
Not past dues	7,001,503	6,957,543	6,618,430
Past due 0 to 3 months	31,634	42,086	-
Past due 3 to 6 months	45,645	-	-
Past due 6 to 12 months	-	-	-
<b>Gross trade and other receivables</b>	<b>7,078,782</b>	<b>6,999,629</b>	<b>6,618,430</b>
Allowance for impairment	(23,935)	(23,935)	(23,935)
<b>Net trade and other receivables</b>	<b>7,054,847</b>	<b>6,975,694</b>	<b>6,594,495</b>

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**23 Financial risk management (continued)**
**(b) Credit risk (continued)**

None of the amounts have been considered as credit impaired.

The closing loss allowances for trade receivables as at 31 March 2025 reconcile to the opening loss allowances as follows:

	Unaudited 31 March 2025 RO	Unaudited 31 March 2024 RO	Audited 31 December 2024 RO
Opening loss allowance as at 1 January calculated under IFRS 9	23,935	23,935	23,935
At 31 March/31 December	23,935	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.

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 RO	Contractual cash flow RO	Less than 1 year RO	More than 1 to 5 years RO	More than 5 years RO
<b>Unaudited 31 March 2025</b>					
<b>Non-derivative financial liabilities</b>					
Term loans	38,688,836	(41,716,013)	(28,949,640)	(12,766,373)	-
Trade and other payables	8,622,467	(8,622,467)	(8,622,467)	-	-
Long term lease liability	642,702	(1,794,832)	-	-	(1,794,832)
Short term borrowings	3,000,000	(3,000,000)	(3,000,000)	-	-
	<u>50,954,005</u>	<u>(55,133,312)</u>	<u>(40,572,107)</u>	<u>(12,766,373)</u>	<u>(1,794,832)</u>
<b>Unaudited 31 March 2024</b>					
<b>Non-derivative financial liabilities</b>					
Term loans	62,103,803	(70,131,335)	(28,403,571)	(41,727,764)	-
Trade and other payables	9,713,084	(9,713,084)	(9,713,084)	-	-
Long term lease liability	603,471	(1,794,832)	-	-	(1,794,832)
Short term borrowings	2,000,000	(2,000,000)	(2,000,000)	-	-
	<u>74,420,358</u>	<u>(83,639,251)</u>	<u>(40,116,655)</u>	<u>(41,727,764)</u>	<u>(1,794,832)</u>
<b>Audited 31 December 2024</b>					
<b>Non-derivative financial liabilities</b>					
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 liability	632,424	(1,794,832)	-	-	(1,794,832)
	<u>57,091,477</u>	<u>(62,358,444)</u>	<u>(33,596,772)</u>	<u>(26,966,840)</u>	<u>(1,794,832)</u>



# SEMBCORP SALALAH POWER and WATER COMPANY SAOG

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

### 23 Financial risk management (continued)

#### (c) Liquidity risk (continued)

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.

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)

	Unaudited 31 March 2025 RO	Unaudited 31 March 2024 RO	Audited 31 December 2024 RO
Debt (Long-term loan)	38,688,836	62,103,803	51,056,066
Equity excluding hedging reserve	178,189,039	163,346,311	173,246,265
Debt to equity ratio (times)	0.22	0.38	0.29

### 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)

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**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
			At amortised cost		
31 March 2025 (Unaudited)	RO	RO	RO	RO	RO
<b>Financial assets measured at fair value</b>					
Derivative instruments	33,080	-	-	33,080	33,080
<b>Financial assets not measured at fair value</b>					
Trade and other receivables	-	8,117,992	-	8,117,992	-
Cash and bank equivalents	-	7,322,340	-	7,322,340	-
Bank deposits	-	11,875,191	-	11,875,191	-
	-	27,315,523	-	27,315,523	-
<b>Financial liabilities not measured at fair value</b>					
Term loan	-	-	38,688,836	38,688,836	-
Trade and other payables	-	-	8,622,467	8,622,467	-
Short term borrowing	-	-	(3,000,000)	(3,000,000)	-
	-	-	44,311,303	44,311,303	-
31 March 2024 (Unaudited)					
<b>Financial assets measured at fair value</b>					
Derivative instruments	577,031	-	-	577,031	577,031
<b>Financial assets not measured at fair value</b>					
Trade and other receivables	-	7,880,576	-	7,880,576	-
Cash and bank equivalents	-	6,074,623	-	6,074,623	-
Bank deposits	-	10,759,979	-	10,759,979	-
	-	24,715,178	-	24,715,178	-
<b>Financial liabilities not measured at fair value</b>					
Term loan	-	-	(62,103,803)	(62,103,803)	-
Trade and other payables	-	-	(9,713,084)	(9,713,084)	-
Short term borrowing	-	-	(2,000,000)	(2,000,000)	-
	-	-	(73,816,887)	(73,816,887)	-
31 December 2024 (Audited)					
<b>Financial assets measured at fair value</b>					
Derivative instrument	120,222	-	-	120,222	120,222
<b>Financial assets not measured at fair value</b>					
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	-
<b>Financial liabilities not measured at fair value</b>					
Term loan	-	-	(51,056,066)	(51,056,066)	-
Trade and other payables	-	-	(6,273,255)	(6,273,255)	-
	-	-	(57,329,321)	(57,329,321)	-

# SEMBCORP SALALAH POWER and WATER COMPANY SAOG

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

### 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

	Unaudited 31 March 2025 RO	Unaudited 31 March 2024 RO	Audited 31 December 2024 RO
Performance guarantees	<u>1,540,800</u>	<u>1,540,800</u>	<u>1,540,800</u>

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:

The minimum future payments under the O&M agreement (including indexation) are as follow:

	Unaudited 31 March 2025 RO	Unaudited 31 March 2024 RO	Audited 31 December 2024 RO
Due:			
Not later than one year	1,209,260	1,174,039	1,201,800
Later than one year but not later than five years	<u>1,245,538</u>	<u>2,454,798</u>	<u>1,662,800</u>
	<u>2,454,798</u>	<u>3,628,837</u>	<u>2,864,600</u>

#### (c) Capital Commitment

Total capital commitment as at 31 March 2025 are in the amount of RO 375,600 (31 March 2024: 163,207, 31 December 2024: RO 399,196).

### 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:

	31 March 2025 RO	31 March 2024 RO
Profit for the year (RO)	<u>4,942,774</u>	<u>4,932,624</u>
Weighted average number of shares outstanding during the year	<u>954,571,950</u>	<u>954,571,950</u>
Earnings per share - Basic and diluted	<u>0.0052</u>	<u>0.0052</u>

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

# SEMBCORP SALALAH POWER and WATER COMPANY SAOG

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

### 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.

	Unaudited 31 March 2025	Unaudited 31 March 2024	Audited 31 December 2024
Net assets - (RO)	<b>178,210,535</b>	163,818,721	173,341,832
Number of shares at the end of the period/year	<b>954,571,950</b>	954,571,950	954,571,950
Net assets per share (RO)	<b>0.187</b>	0.172	0.182

### 27 Investors' Trust Fund

Record of Investors Trust Fund indicates that the amount of RO 11,056 (31 March 2024: RO 10,479, 31 December 2024: RO 11,056) have not been claimed from the Company by the shareholders as at 31 March 2025.

### 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:

	Unaudited 31 March 2025 RO	Unaudited 31 March 2024 RO	Audited 31 December 2024 RO
Due:			
Not later than 1 year	<b>43,142,996</b>	43,257,954	43,142,996
Not later than 2 years	<b>43,142,996</b>	43,142,996	43,142,996
Not later than 3 years	<b>-</b>	43,142,996	10,346,227
	<b>86,285,992</b>	129,543,946	96,632,219

### 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.