شركة العنقاء للطاقة (ش.م.ع.ع)
Phoenix Power Company (SAOG)

GENERATING FOR GENERATIONS

Annual Report 2023

His Majesty
Sultan Qaboos Bin Said (Late)

His Majesty
Sultan Haitham Bin Tarik

CONTENTS

VISION

To be safest, most reliable, efficient, and environmentally conscious energy provider in Oman.

MISSION

To deliver safe, reliable and efficient power to the people of Oman in an environmentally Compliant manner, such that Sur IPP is held in high regard by all those involved with the business.

STRONG

• Safety • Teamwork • Respect • Ownership
• Nurturing • Growth

SAFETY

We will keep each other safe by making sure that at all times that nothing is so urgent or important that it cannot be done safely.

TEAMWORK

The power of the Team is highly important to business success.

RESPECT

We will treat people in a positive manner and pay due attention to the views and feelings of those around us.

OWNERSHIP

We will be honest with each other and we take responsibility and ownership for our actions.

NURTURING

Support & encourage the development for each other.

GROWTH

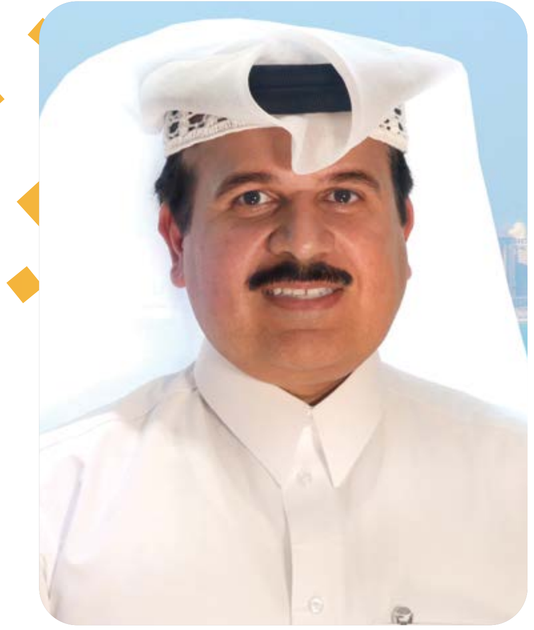
We learn from each other & other around us which results in overall growth and improvement.

Board of Directors and Key Executive Officers

Board of Directors		Representing
Mr. WW Jolo	Chairman	
Mr. Adrian Röthlisberger	Deputy Chairman	
Mr. Fatih Abdel Kariem	Director	
Mr. Koichi Matsumoto	Director	
Mr. Ryosuke Tsuchiya	Director	Axia Power Holdings B.V.
Mr. Hitoshi Nakahara	Director	JERA Power Management Mid East B.V.
Mr. Hideharu Tatedori	Director	
Mr. Sultan Al Tai	Director	

Key Executive Officers	
Mr. Mohamed Al Shuaili	Chief Executive Officer
Mr. Ahmed AL Abri	Chief Financial Officer
Mr. Yaarub Al Naabi	Commercial Manager

Chairman's (Board of Directors') Report



Dear Shareholders,

On behalf of the Board of Directors of Phoenix Power Company SAOG ("PPC" or the "Company"), I am pleased to present the Annual Report of the Company for the year ended December 31, 2023. The past year has been a challenging one for the company, but despite the challenges, we have been able to achieve significant milestones and financial successes.

The Company, incorporated in 2011, owns and operates the 2000 MW Sur Independent Power Plant ("the Plant"), located in the Sur industrial area, approximately 175km south-east of Muscat. Phoenix Power continues to generate its revenues pursuant to a 15-year term Power Purchase Agreement ("PPA") with Oman Power and Water Procurement Company SAOC ("OPWP") and purchases gas from the Integrated Gas Company SAOC ("IGC") under a 15-year Natural Gas Sales Agreement ("NGSA"). The operations and maintenance of the plant is subcontracted to Phoenix Operation and Maintenance Company LLC ("POMCo" or "the Operator") under a 15-year Operation and Maintenance Agreement.

In the coming pages, we will provide a detailed overview of the company's financial performance, operational highlights, and future plans. We are confident that the steps we have taken and the strategies we have implemented will continue to drive our growth and success in the future.

Health, Safety and Environment

Ensuring high standards of Health, Safety and Environmental performance continues to be given a high priority by the Company and its Operator, POMCo. During the year, no Lost Time Injury ("LTI") or environmental incidents occurred. On 31 December 2023, the Company completed 3,308 days without an LTI.

As part of an annual review process, the health, safety, environmental and quality processes of both the Company and the Operator were carefully audited by an independent third party, and both businesses retained accreditation to ISO 14001, ISO 45001 and ISO 9001 standards, demonstrating a continued commitment to health & safety performance and improvement.

For the Seventh consecutive year, both PPC and POMCo were also recognized by the UK's Royal Society for the Prevention of Accidents (RoSPA) with a gold medal award in 2023, which is a testament to our commitment to maintaining the highest standards of health and safety. We will continue to strive to improve our performance and ensure the well-being of our employees, contractors and the communities around us.

Corporate Governance

The Company has established a robust system of internal controls, characterized by well-defined structures, clearly established levels of delegated authority, and a strong sense of accountability.

Throughout 2023, the Company conducted a thorough review of its key internal policies and procedures with a view to maintaining the highest standards of corporate governance and ensuring compliance with the Code of Corporate Governance issued by the Capital Market Authority. The Board, through the Audit Committee, implemented a comprehensive program of internal audits to assess different aspects of the Company's operations, monitor compliance, and promote best practices.

Operations

I am pleased to report that the Company achieved exceptional operational performance in 2023, with the Sur Power Plant demonstrating a commercial availability of 99.95%. This is a significant improvement from the 99.93%. commercial availability in 2023 and highlights the Company's commitment to providing safe and reliable electricity to the Sultanate of Oman.

In 2023, the Plant dispatched an aggregated net power volume of 9535.10 GWhrs, which represents a load factor of 54.81%. This is a considerable increase as compared to the 8713.65 GWhrs dispatched in 2022 with a load factor of 50.12% and demonstrates the Company's ability to consistently perform at high levels.

These results demonstrate the Company's dedication to operational excellence and its ability to provide safe, reliable and efficient power generation to its customer.

Financial Results

In 2023, the Company recorded revenues of RO 158.49 million, representing an increase from the previous year's RO 149.16 million. This was primarily due to higher commercial availability and indexation. Meanwhile, costs for the year amounted to RO 119.82 million, slightly higher than the RO 111.20 million incurred in 2022, primarily driven by higher fuel prices resulting in higher corresponding fuel costs.

The Company's net profit for the year 2023 was RO 21.92 million, an improvement from the RO 20.36 million in 2022, largely attributed to lower finance costs. Additionally, the Company declared a dividend of Bzs 5.25 per share in 2023, compared to Bzs 4.15 per share in the previous year. The Company's share price ended the year at Bzs 54.

Corporate Social Responsibility

The Company remains committed to its role as a responsible corporate citizen and continues to support the local community in Sur. During 2023, the Company provided RO 50,000 of funding and support in areas of health and safety, education, and environmental care, in line with the approved budget and priorities set by the 2023 AGM. These efforts positively impacted the South Al Sharqiyyah region and strengthened the Company's relationship with the local community.

People and Employment

The Omanization level increased to 92% and the company remains committed to promoting local talent and contributing to the country's development.

Future Outlook

The management of the Company is committed to maintaining high standards of health, safety, environmental compliance, reliability and availability during 2023.

In Conclusion

As Chairman of the Board, I would like to thank our shareholders, not only for their confidence, but also for their continued support and for the expertise they bring to the Company. On behalf of the Board of Directors, I express my gratitude to OPWP, the Authority for Public Services Regulation ("APSR"), the CMA and other governmental and non-governmental bodies for their guidance and support. I also give thanks to the operations and maintenance staff in the power plant as well as the employees of the Company for their dedication and commitment during 2023. Thanks to their contribution, the Company was able to achieve its goals and objectives.

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

Khalid Jolo
Chairman of the Board

Operational Highlights

Health, Safety & Environmental Performance

The health, safety and welfare of people continues to be of paramount importance both within PPC and its Operator, POMCo. The health and safety of our employees, contractors, visitors and all those who may be impacted by our activities, is given uppermost priority.

The overall health, safety and environmental performance in 2023 remained excellent, building on the foundations established during the first eight years of commercial operation. Our ultimate aim is zero harm to people and zero environmental incidents based on our adopted principle that:

> **"Nothing is so urgent or important that it cannot be done safely"**

During 2023, and since commercial operation, both health, safety and environmental goals have been achieved with the Sur plant now having completed 3,308 days without a Lost Time injury or an environmental incident as of 31 December 2023.

Both the Company and the Operator have retained accreditation to ISO 45001 (2018), ISO 14001 (2015) and ISO 9001 (2015) during 2023. In addition, and as a consequence of a goal to continually benchmark health and safety performance externally, both PPC and POMCo were recognized by the UK's Royal Society for the Prevention of Accidents (RoSPA) with a Gold Medal Award in 2023 for the seventh year in succession for health and safety management system.

The Company continues to implement a strategic roadmap designed to foster ongoing improvement and ensure that the focus on preventing accidents and incidents is maintained. Proactive actions continue to be taken to both develop and improve safety culture as well as target the delivery of a safe, secure and environmentally compliant site. Such actions include:

- Development of a Process Safety programme to maintain the integrity of equipment, operating systems and processes, and ensure that unintentional releases of chemicals, energy, or other materials are avoided.
- Continued focus on employee and contractor engagement through a programme of safety observation system as well as investigating near misses through initiation of safety awards and staff recognition.
- A comprehensive internal audit programme covering both general safety and safety from the system.
- The provision of high-quality education and training to employees and contractors including IOSH and NEBOSH International General Certificate qualification.
- Focus on employee health and welfare with all employees undergoing detailed periodic medical checks.
- Use of leading HSE key performance indicators utilizing the Intelex software system for action tracking and reporting.
- Continuing to implement an Occupational Health and Safety management programme compliant to ISO 45001 and Environmental management programme compliant to ISO 14001.

Safety performance is reported and reviewed regularly by the management team and the Board of Directors. Any incident is comprehensively analysed and reviewed in order to identify the immediate and underlying causes to prevent future recurrence. Lessons learnt are shared with employees and actions taken to mitigate against recurrence.

3000 Days without LTI

On February 27, 2023, Phoenix Operation and Maintenance Company (POMCo) celebrated the completion of 3000 days without a Lost Time Injury (LTI) since the Commercial Operation Date (COD). This marks another remarkable achievement for the company and reaffirms our commitment to health and safety.

Capacity

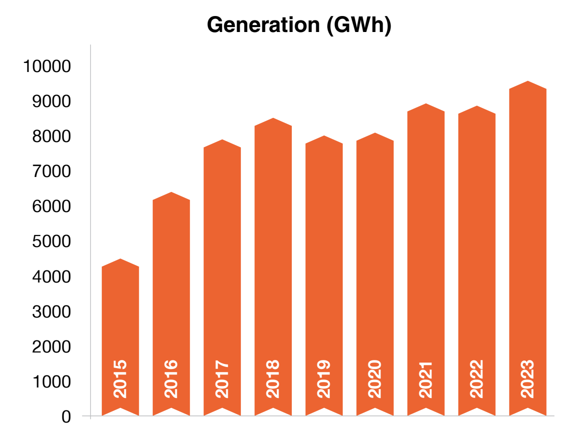
The capacity of a plant is defined as the total electrical power (MW) which can be delivered by the plant at reference conditions.

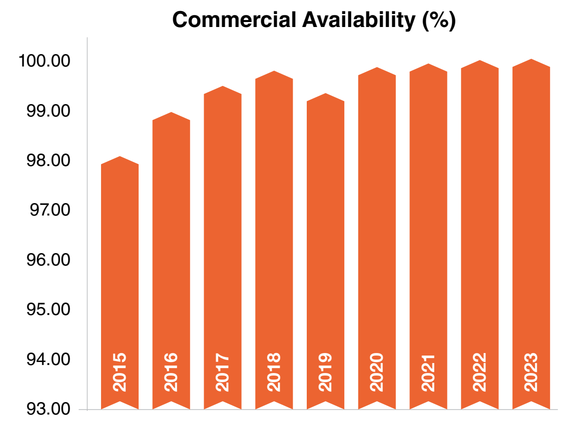
The contractual capacity of the Sur Power Plant under the PPA applicable from May 2023 to April 2024 is 1981.8 MW. The Annual Performance Tests conducted in April 2023 demonstrated that the plant met these contractual requirements.

Reliability

The reliability of the Plant is a measure of its availability to deliver the declared capacity in accordance with the PPA. During 2023 the Sur Plant achieved a reliability of 99.95% which is the highest reliability level achieved since the plant started commercial operation.

During the year, the Plant exported a total of 9535.1 GWhrs of electrical energy with a load factor averaging 54.81 %.





Plant Efficiency (Heat Rate)

The efficiency of the Plant is measured in terms of the amount of heat required to produce one unit of electrical energy. Based on the running regime experienced during the year, the actual efficiency for 2023 met the contractual requirements under the PPA. The Plant overall efficiency is expected to be maintained over the coming year due to the implementation of a strategic improvement programme.

Maintenance

Maintenance of the Plant was undertaken in accordance with Original Equipment Manufacturers (OEM) recommendations, as per the operations and maintenance manuals.

All minor inspections scheduled for 2023 were completed in accordance with the terms of the Long Term Service Agreement (LTSA).

Human Resources and Training

Development, motivation and retention of people remains a key focus. Operations and maintenance staff continued to develop technical competence through company provided online tailor-made packages, working from either home or at the plant. This was combined with mentoring and supervision to develop required skills and experience.

All employees benefit from a range of policies to support them in the workplace. The Company strives to maintain high standards of employment practices with an aim to give employees positive engagement with the business and its goals.

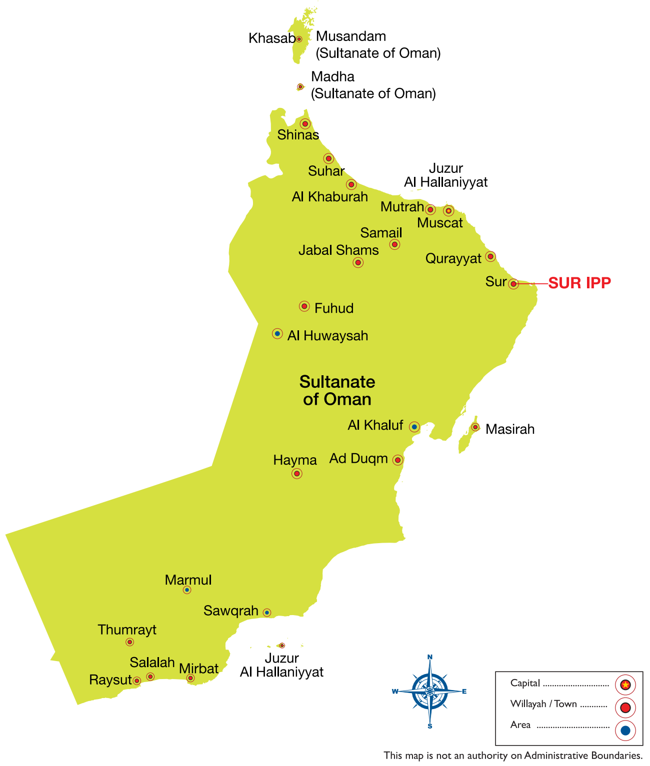
Omanisation plans are in place with a view to continuing to develop local staff in a manner which grows their skills and competency appropriately as well as ensuring safe and secure supply of power to the peoples of the Sultanate.

Description of the Business

Overview

The Company's core business activity is to develop, own and operate the Sur Independent Power Plant, a gas-fired combined cycle power generation plant with a contracted power capacity of 2000 MW, located in the Sur industrial estate between the Oman LNG terminal and Oman India Fertilizer Company plant, approximately 175km south-east of Muscat in Oman. The Plant comprises three blocks, (2*800 MW) and (1*400 MW) and has been in full commercial operation since 11 December 2014.

The following diagram displays the approximate location of the Plant:



The Company currently generates its revenues pursuant to a 15-year term PPA with OPWP, which is indirectly wholly owned by the Government. The power produced from the Plant is fully contracted to OPWP and used to meet the growing power demand of the Main Interconnected System ("MIS") during the term of the PPA and beyond. As the largest operational power plant in Oman, the contracted Plant's power capacity of circa 2000 MW represents around 27% of the MIS total contracted capacity in 2023 of approximately 7511MW as per OPWP's 7-year statement (2023-2029).

The Plant has been established under a BOO scheme, which enables it to be operated beyond the PPA term of 15 years, either by extending the PPA (if agreed to by OPWP), or by selling the power into a wholesale electricity market (or "spot market") established for eligible suppliers.

The Plant's contracted power capacity is sold exclusively to OPWP in accordance with the terms of the PPA. Natural gas, supplied by the IGC, is the primary fuel with distillate fuel oil (diesel) as back-up. Phoenix Power has a long-term agreement with the IGC securing supply of fuel over the contracted PPA period. The power is supplied to Oman Electricity Transmission Company SAOC (OETC)'s grid.

The Plant is based on gas turbine combined cycle technology that is proven and has been implemented globally on numerous projects. It has dual fuel capability with natural gas as the primary fuel and diesel as a back-up fuel.

The Plant consists of five Siemens AG SGT5-4000F gas turbines ("GT"), five Nooter Eriksen triple pressure heat recovery steam generators ("HRSG") and three Fuji Electric steam turbines ("ST"). The condenser is cooled via a once through seawater system. Seawater is extracted by a submerged pipe intake and discharged through a seal-pit and diffusers. The gas turbines are fitted with by-pass stacks to enable the operation in open cycle. Although capable of open cycle operation, the normal operating mode of the Plant is in combined cycle ("CCGT") for higher thermal efficiency. At site reference conditions of 50°C ambient temperature and 30% relative humidity, the Plant has a net power capacity of approximately 2000 MW.

With this technology, the energy for electricity generation is obtained from the combustion of natural gas. Hot combustion gases formed by the combustion of natural gas drive a gas turbine, which, in turn, rotates an alternator to produce electricity. After driving the gas turbine, the exhaust gases still contain sufficient heat to produce steam in a heat recovery boiler. The steam generated in the heat recovery boiler drives a steam turbine, which rotates another alternator to produce additional electricity. The CCGT technology is well proven and more efficient than conventional power plant technology.

The Plant is connected to the gas transmission infrastructure owned by OQ Gas Networks (OQGN). Gas used by the Plant comes from central Oman gas fields and is carried through a 48 inch pipeline operated by Petroleum Development Oman (PDO). The Plant is designed for black start operation by means of black start diesel generators that are capable of starting the plant in the event of a country-wide power loss.

The auxiliary power for the Plant is derived from the Plant's internal electrical system with back-up from the grid. The equipment and facilities required for the operation, testing, maintenance and repair of the equipment (for example control room, laboratory, stores, workshop, etc.) are available on site.

The Power Plant entered into full commercial operation on 11 December 2014.

Profile of the Major Shareholders

Axia Power Holdings B.V.

Axia Power Holdings B.V. is an entity that is 100% owned by Marubeni, which serves as an overseas investment vehicle for Marubeni's investments into power projects.

Marubeni, acting as the lead member of the consortium, was established in 1858 and grew to become one of the leading Japanese trading and investment houses. It oversees a range of operations that encompass the domestic market, export-import, and offshore trade, with total assets of around USD 60 billion (as of March 2023). As of December 2023, Marubeni has five business groups directly under the president and several committees, covering Consumer Products Group, Materials Group, Energy & Infrastructure Solution Group, Transportation & Industrial Machinery, Financial Business Group, and Chief Digital Innovation Officer. The Energy & Infrastructure Solution Group consists of Power Division, Energy Division, Infrastructure Project Division and New Energy Business Development Department, and is one of the core groups within Marubeni.

Marubeni is very active in the industry, having participated in 48 I(W)PP projects with an overseas total gross capacity of 36,051MW and the total net capacity of 11,404MW (as of December 2023). Marubeni's role in the I(W)PP business includes development, financing, equity participation as well as engineering, procurement and construction ("EPC") and O&M. Marubeni operates I(W)PP projects in many countries around the world, including Oman, Saudi Arabia, Qatar, U.A.E., Tunisia, Portugal, Jamaica, Trinidad and Tobago, Chile, U.S.A, the Philippines, Taiwan, Pakistan, India, Indonesia, Singapore, Vietnam, Korea, and Japan. In addition, Marubeni is an active player in the EPC business and has built over 112 GW of power plants worldwide. The Power Business Division's vision is to establish itself in the top position in the comprehensive power business in Japan and abroad.

In addition to the power business, Marubeni has a variety of experiences in non-recourse project financing such as LNG related business and ship transportation business. Marubeni has an outstanding record in project financing in emerging markets and has arranged for funds from various export credit agencies, multilateral institutions, international commercial banks, institutional investors and local banks.

Further information about Marubeni is available at: www.marubeni.com.

JERA Power Management Mid East B.V.

JERA Power Management Mid East B.V. (JERA PMME), (formerly known as Chubu Electric Power Sur B.V.), is an indirectly owned subsidiary of JERA Co. Inc.,(ultimate shareholder) which holds shares in and participates in the management of Phoenix Power Company and the Operation and Maintenance Company for the Project.

JERA is an energy company with global reach that has strength in the entire energy supply chain, from participation in LNG and other fuel resource projects and fuel procurement through to power generation.

JERA was jointly established in April 2015 as an equal joint venture of two major Japanese electric companies, Chubu Electric Power Co., Inc. (CEPCO) and TEPCO Fuel & Power, Inc. (TEPCO FP) to become a leading global energy player. In April 2019, JERA integrated CEPCO and TEPCO FP's fuel and power generation business and assets. JERA became the largest power generation company in Japan, with its LNG procurement volume and power generation capacity of 35 million tonnes per year and 73.4 GW all over the world respectively. In terms of having business experience in the Middle East region, JERA is participating in IPP/IWPP projects in Oman, Qatar and UAE as a shareholder.

JERA's mission is to provide cutting edge solutions to the world's energy issues. To contribute to the realization of a sustainable society, JERA will take on the challenge of achieving, by 2050, virtually zero CO_2 emissions from JERA's operations in Japan and overseas.

Further information about JERA is available at: http://www.jera.co.jp/

Nebras Power Q.P.S.C.

Established in 2014 and headquartered in Doha, State of Qatar, Nebras Power is a global power development, investment and operating company. Nebras was set up to take advantage of the investment opportunities created by the continuously growing demand for electricity and water throughout the world, especially in the rapidly developing markets of the Middle East, Asia, Africa and Latin America. It was also set up to participate in the evolving nature of the global power industry and to pioneer future energy solutions in its investments.

Nebras was created as a fully-fledged investment company capable of building on this long-term opportunity. It is the vehicle through which Qatar intends to develop and manage a portfolio of strategic investments in power, water and renewables throughout the world. Nebras forms part of Qatar's 2030 vision to diversify the economy away from oil and gas and be the custodian of wealth for future generations of Qataris.

Nebras was originally a joint venture of two Government related entities: Qatar Electricity and Water Company ("QEWC") and Qatar Holding ("QH"). QEWC is listed on the Qatar Stock Exchange and owns 60% of the share capital of Nebras. QH is a wholly owned subsidiary of the Qatar Investment Authority and used to own 40% of the share capital of Nebras. In July 2022, Ras Laffan Operating Co. completed the purchase of 40% of the share capital of Nebras Power from QH, making QEWC the 100% ultimate beneficial owner.

Nebras draws on the extensive experience gained by its major shareholder, QEWC, in developing power and water projects in Qatar and abroad. QEWC is the Qatar national power generating company, it controls the majority of Qatar's power generating fleet and it is the second largest utility in the Middle East and North Africa regions.

Nebras has built a power generating portfolio of 26 assets across 10 Countries in 4 Continents totaling 11.1 GW of gross generating capacity out of which 9.5 GW in operation and 1.6 GW under construction.

Nebras has built a highly professional management team with many years of experience in the power and utilities sectors. The management team has a mix of global, regional and local experience to ensure full alignment with its shareholders and global knowledge of the power sector.

Nebras pursues long term value creation through active management of the investment portfolio and direct involvement in engineering and construction, operation and maintenance, energy trading, sourcing and logistics of fuel. Long-term investment opportunities pursued either through direct control or with associated significant governance rights are used to influence decision making and protection of underlying value.

Nebras has the ambition and the strategic target to build a portfolio of15+ GW gross by 2027 split 50% between renewable and gas sources.

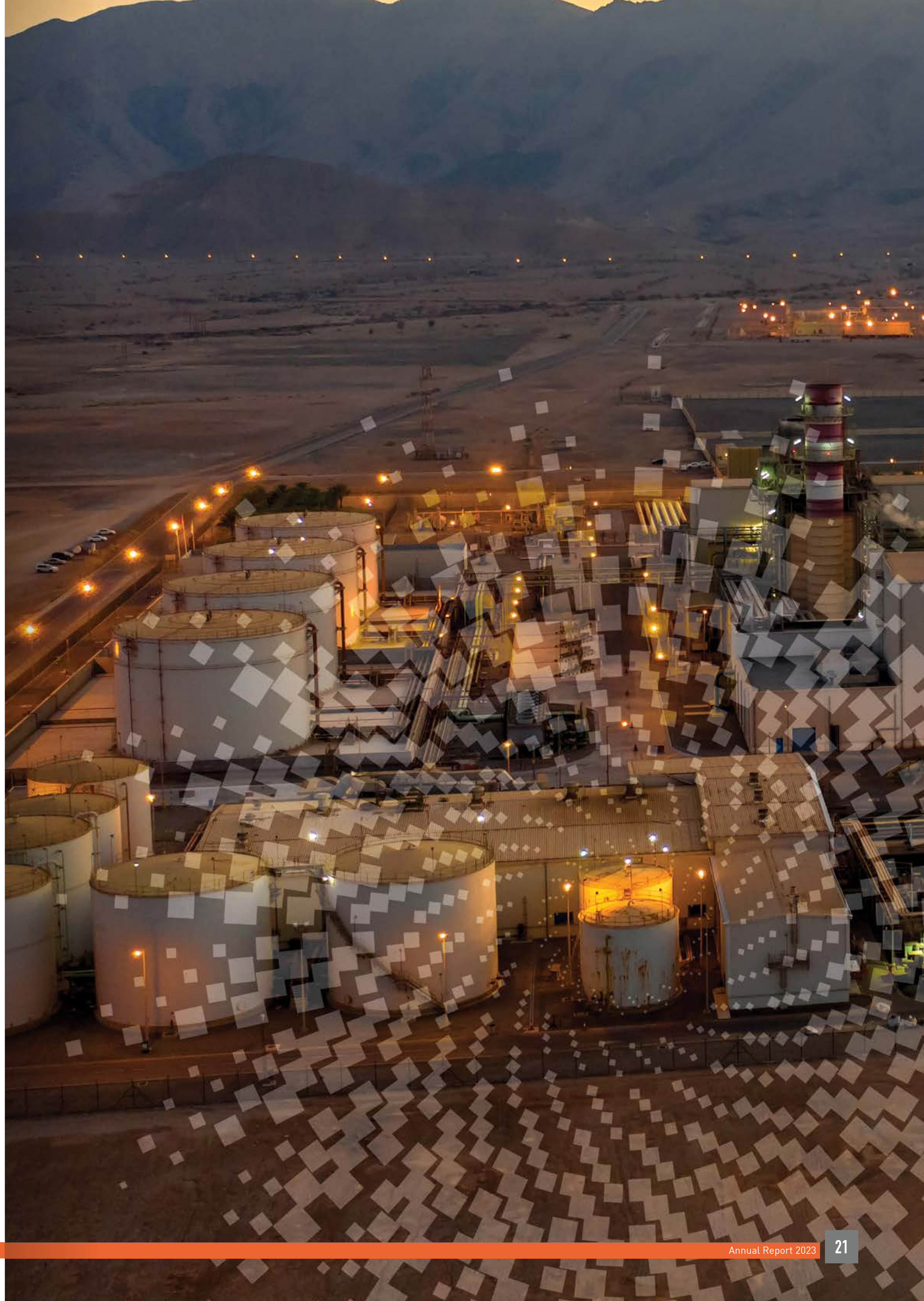
For more information about Nebras Power please visit www.nebras-power.com.

Middle East Investment LLC

Middle East Investment LLC (MEI) is a subsidiary of Suhail Bahwan Group, which is one of the foremost and most reputed business houses in the Sultanate of Oman.

In February 2019 MEI joined as a Major Shareholder of the Company by purchasing all shares previously held by Multitech LLC.

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



Management Discussion and Analysis Report

Industry Overview

The electricity and water generation, transmission, distribution and supply sector is governed by the law for the Regulation and Privatisation of the Electricity and Related Water Sector (the Sector Law) promulgated by Royal Decree 78/2004 in August 2004. The Sector Law regulates all companies and establishments operating in the sector of electricity and water, including PPC.

Pursuant to the Sector Law, OPWP was established as the single buyer of electricity and water in Oman (a single procurement company) and a system of non-discriminatory access to license transmission and distribution systems was provided to generators. Pursuant to the Sector Law, APSR was established and is competent to regulate the electricity and related water sector as an administratively and financially independent entity. Additionally, APSR is responsible for regulating the water, wastewater, and gas transmission sectors in Oman.

OPWP is responsible for ensuring that there is sufficient electricity and water production capacity available at the lowest cost to meet growing demands in Oman. OPWP undertakes long-term generation planning and publishes an annual seven-year statement that identifies the strategy to meet the future power generation and water desalination requirements. Article 74 of the Sector Law specifies the functions and duties of OPWP, including but not limited to:

- Securing production capacity and output to meet demand for electricity in the MIS and Salalah System, in coordination with RAECO;
- Securing production capacity and output to meet demand for desalinated water in Oman;
- Meeting requirements for new electricity and desalinated water capacity in Oman, with new projects to be designed, constructed, financed, owned and operated by local and foreign investors, and;
- The purchase, procurement, and management of production capacity and output, ancillary services and all goods and other services on the basis of economic purchase.

In 2018 APSR amended the Company's Generation License to include the provision of an electricity pool "spot market" that allows power in the MIS to be commercially traded between OPWP and suppliers. This does not impact the existing 15 year PPA in place between the Company and OPWP but will provide a commercial market through which the Company can trade its generation output at the cessation of the existing PPA.

Risk Management

The Company has a well-established contractual framework which mitigates commercial risk as shown overleaf.

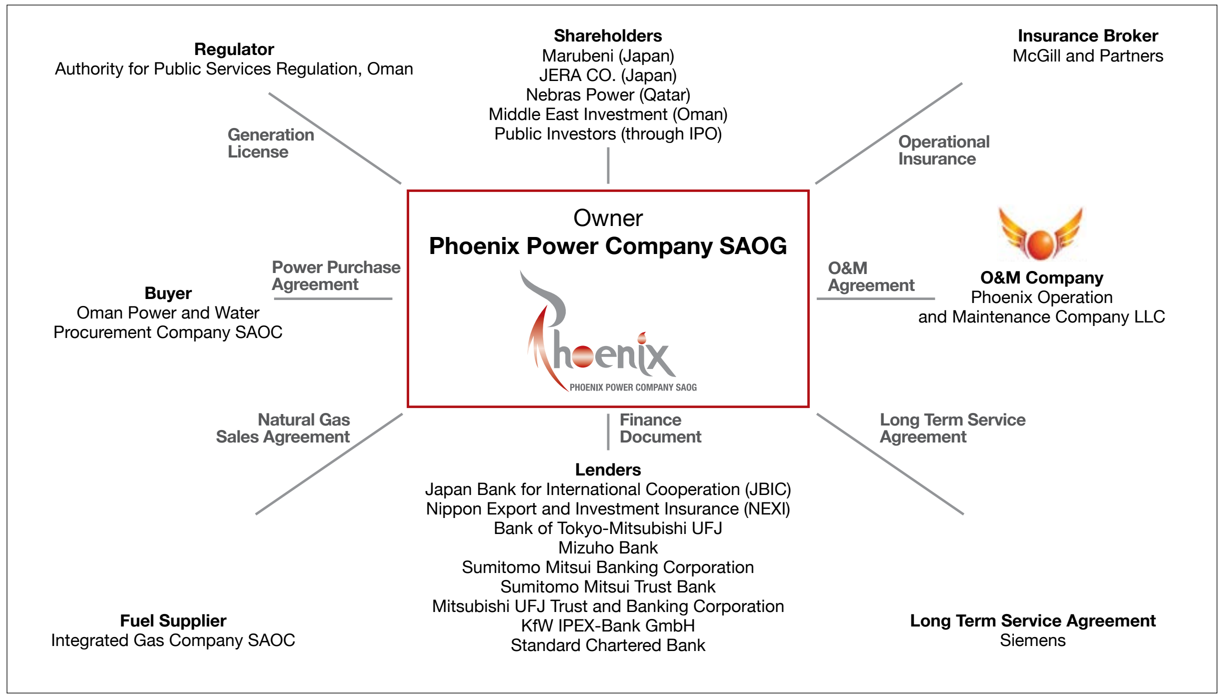
Risk Management Process

The Company has a comprehensive risk management framework in place aimed at identifying principal risks that threaten the achievement of business objectives and enables assessment of their significance to be understood. Mitigating controls to manage identified risks to an acceptable level are then put in place.

All new and emerging risks are reviewed as well as any changes to existing risk levels. The risks are reviewed every quarter and reported to the Board of Directors.

Information Security

As per the Information Security Guidelines for Public Joint Stock Companies issued by the CMA, the company performed a gap assessment conducted by the Information Security Officer.



As per the Information Security review, we 'Partially Conform' to the Information Security Guidelines of the CMA issued via Circular E/1/2022, according to the plan. We will be fully conforming in first quarter of 2024.

Power Purchase Agreement (PPA)

The Company has entered into the PPA with OPWP who is the sole purchaser for a 15 year period until 31 March 2029. Under the PPA, PPC is obliged to exclusively sell electrical energy output to OPWP and in return, receive from OPWP capacity charges, electrical energy charges and fuel charges. Capacity charges are designed to cover fixed costs (including debt service and return on capital), electrical energy charges are designed to cover variable operating costs of generation (excluding fuel costs). The fuel charge is the amount payable to compensate PPC for the total fuel demand required for the production of electrical energy to be delivered in accordance with the terms of the PPA.

Natural Gas Sales Agreement (NGSA)

An NGSA is in place between IGC and the Company. The agreement establishes the terms upon which PPC purchases natural gas as feedstock for the Plant from the IGC. The NGSA term is linked to the PPA term and therefore expires on 31 March 2029. The NGSA term will automatically be extended to reflect any extensions to the term of the PPA.

In accordance with the NGSA, natural gas will be supplied up to the gas delivery point of the Plant. Phoenix Power has no obligation to pay the IGC for any natural gas delivered and accepted until Phoenix Power has received the amount of the PPA payment from OPWP.

Financial Arrangement

The Company entered into financing agreements with a consortium of international banks and export credit agencies at project inception, for an original amount of approximately RO 459 million. The Company senior debt is hedged in compliance with the requirement of the financing agreements through entering into interest rate swap agreements which further improves the predictability of cash-flows available to shareholders.

Operation and Maintenance

The technical risk associated with Operations & Maintenance is considered low as the Plant uses proven technology from renowned international suppliers. POMCo is the operator and maintainer of the Plant through the O&M Agreement with the Company. In addition, the maintenance of the gas turbines, steam turbines and electrical generators, which is considered a specialised activity, has been contracted on a long-term basis to the original equipment manufacturer, Siemens, whose capabilities in this area are among the best globally.

Discussion on Operational and Financial Performance

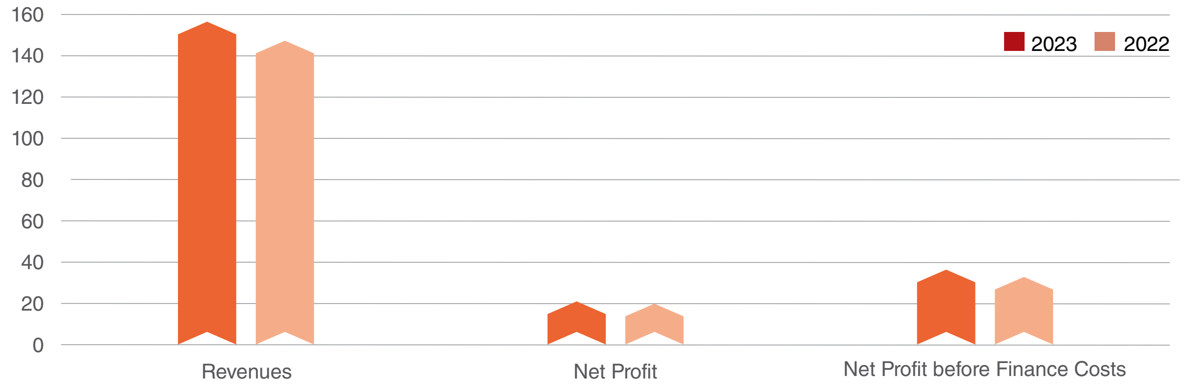
Operational Highlights

Please refer to Section “Operational Highlights” for the operational performance of the Company.

Financial Highlights

All figures in RO Millions		2023	2022
Revenues	1	158.49	149.16
Net Profit	2	21.92	20.36
Net Profit before Finance Costs	3	37.52	36.70
Total Assets	4	523.66	541.14
Capital (Paid-up)	5	146.26	146.26
Shareholders' Fund (Net Assets)	6	251.40	237.30
Term Loans (1)	7	185.78	220.03
Weighted average number of shares	8	1,462.60	1,462.60
Actual number of shares outstanding	9	1462.60	1462.60
Ordinary Dividends	10	7.67	6.07

Key Financial Indication



Key Financial Indicators		2023	2022
Net Profit margin	2/1	13.83%	13.65%
Return on Capital (Paid-up)	2/5	14.99%	13.92%
Return on Capital Employed	3/(6+7)	8.58%	8.02%
Debt Equity ratio	7 : 6	42.50 : 57.50	48.11:51.89
Net assets per share (Baizas)	6/8	171.89	162.25
Basic earnings per share (Baizas)	2/8	14.99	13.92
Dividends per share (Baizas)	10/9	5.25	4.15

(1) Excluding unamortised transaction cost

Analysis of Profit and Loss

Revenues of RO 158.49 million in 2023 were higher than the RO 149.60 million generated in 2022 mainly due to higher availability and indexation. Costs in 2023 were RO 119.82 million which were higher than the RO 111.20 million spent in 2022, primarily driven by higher fuel prices resulting in higher corresponding fuel costs.

The Net Profit of the Company was RO 21.92 million in 2023 which was higher than RO 20.40 million earned in 2022. Finance cost was RO 12.31 million in 2023 which is lower than RO 13.52 million in 2022.

Analysis of Balance Sheet

Total Assets of the Company stood at RO 523.66 million as at 31 December 2023 as compared to RO 541.14 million in 2022. This was mainly due to a full year’s depreciation being charged for the year.

Cash and cash equivalents stand at RO 20.01 million including the short term deposit as at 31 December 2023 as compared to RO 20.26 million at the same date in 2022.

Shareholders' Funds (Net Assets) stand at RO 251.37 million as at 31 December 2023 which is higher when compared to RO 237.30 million at the same date in 2022. This is due to profit for the year being offset by the dividend distribution in line with the net profit for the year.

Hedging Reserve (net of Deferred Tax) reducing Equity by RO 2.21 million reflects the fair value of the seven interest rate swaps and three currency swaps as at the balance sheet date and does not impact the Company’s capability to distribute dividends to the shareholders.

Term Loans (including non-current and current balances) reduced to RO 185.78 million as a result of scheduled repayments in accordance with financing agreements.

The Company continues to make adequate provision for asset retirement obligations to enable it to fulfil its legal obligation to remove the Plant at the end of its useful life and restore the land.

Dividend Distribution

The Company follows a balanced dividend pay-out policy, subject to debt repayments, working capital, and operational expenditure obligations. The Company’s dividend distribution in 2022 was RO 7.67 million (translating to 3.25 Baizas per share paid in July 2023 and 2.00 Baizas per share paid in January 2024) and paid out of the audited retained earnings for the year ended 31 December 2022.

Omanisation

Omanisation levels approximate 91% for PPC and to 94% for POMCo combined in 2023. Endeavours to achieve the Omanisation targets are ongoing and based on a holistic human resources approach which includes attracting the necessary talent, developing that talent through training and expertise transfer, consideration of a balanced approach to remuneration and reward as well as creating a positive working environment and culture.

Outlook

All reasonable and prudent measures will be taken by the management of the Company to ensure high standards of health, safety, environmental compliance reliability and availability are maintained over 2023.

Internal Control System

The Board of Directors and management of the Company believes in the importance of the internal control system and PPC has a comprehensive system of internal controls in place, comprising:

- A well-defined governance structure.
- Clearly defined delegated levels of authority.
- Documented key business processes.
- Plans and annual budgets which will deliver the Company strategy supported by regular reporting of these plans and budgets to the Board of Directors.

In recognition of the need to continually focus on controls and to ensure compliance with Code of Corporate Governance as issued by the Capital Markets Authority, the Company has appointed a full-time internal auditor, while the recruitment process of the second internal auditor is ongoing. An internal audit plan was developed for 2022 and implemented with recommendations being provided to the Audit Committee who meet once per quarter. No significant failings or weaknesses have been identified in PPCs system of internal controls in the year ended 31 December 2023.

The management of the Company is fully committed to implementing the agreed recommendations arising from the internal audit reports.

Corporate Social Responsibility

Looking after our people, neighbours and the wider environment is central to PPC’s business philosophy.

Corporate social responsibility is fully embedded within day to day business. Health, safety and environmental issues are the first items to be discussed at all meetings, from the Board down to site team meetings. Contributions from employees aimed at actively improving responsible performance are encouraged and staff are incentivised to focus on such issues as part of an annual bonus scheme.

The Health, Safety and Environment committee provides feedback to management to allow clear strategic direction to be developed and implemented that is aligned with the Company’s corporate goals. PPC’s internal processes are designed to ensure the Company meets all the requirements of the permits and licences that regulate the business and compliance is maintained. Externally, promotion within the local community of the importance of keeping safe and looking after the environment, is important.

To this end PPC & POMO were engaged in the following activities during 2023

Health & Safety

- Sponsorship of the Ambulance Authority Conference & Exhibition 2023, dedicated to World Civil Defense Day, aimed to promote community engagement, and highlight its role in spreading the culture of safety. This support aligned with the CDAA's goals to ensure the safety of lives and property. By supporting such event Phoenix aimed to align with the CDAA's strategic objectives and foster a culture of safety. The sponsored event successfully underscored the vital community role in enhancing safety culture, reinforcing the CDAA's commitment to safeguarding lives and property
- Company financed the installation of (CCTV) systems in two primary schools Laubaba Private School & Sultan Bin Murshid School located in Sur. The purpose of this installation is to enhance the security and safety measures within the school premises and ensure a secure environment for both students and staff as well Proxima screens to Sur Basic School primary
- Funding school for procuring Advanced technical devices school aims to create a technologically enriched learning environment, equipping students with the necessary tools to thrive in a fast-paced, digital world & advanced technical devices will significantly benefit the educational development of our students and contribute to our overall academic excellence.
- Funding Ministry of Health Sur to facilitate the procurement of accompanied seats for sur Hospital .The funding has been allocated to ensure the availability of comfortable and accommodating seating arrangements for individuals accompanying patients during their hospital visits and stays. The initiative aligns with our commitment to supporting initiatives that positively impact the well-being of patients and their families. This initiative reinforces our ongoing commitment to initiatives aimed at enhancing the quality of care and comfort

Education & Training

- Sponsored Ministry of Higher education event for Quran memorization competition in Sur city. This collaboration is aimed at promoting Quran memorization and recitation among the youth in the region. The event sponsorship in Sur city reflects our commitment to supporting education and religious values in the community
- Sponsorship of TEDxAlilam Youth show talk in Manah city at the prestigious Oman Across Ages Museum. The event not only provided a platform for the young speakers to express their ideas but also inspired the audience to embrace creativity, innovation, and critical thinking. Moreover, sponsorship of the

event enhanced our brand's visibility and underscored our commitment to supporting initiatives that empower the youth and promote intellectual discourse.

- Ministry of Social Development funding allocated to the Ministry of Social Development aims to strengthen and expand essential social programs, aligning with the Ministry's mission to foster inclusive and sustainable development and address societal needs. The financial support provided plays a crucial role in advancing the Ministry's efforts to create a more inclusive and supportive society, benefiting individuals and communities in need.

Community Support

- Allocated to the Oman Charitable Organization from the 2023 Corporate Social Responsibility (CSR) budget, which accounts for 20% of the total budget. This allocation is in accordance with Ministerial Decision 205/2021 for Listed Companies and aligns with the PPC CSR budget for the year 2023.
- Collaboration with the Ministry of Tourism to Celebrate Shabaniya Festival in Sur City. The company has joined hands with the Ministry of Tourism to celebrate the traditional Shabaniya festival in the Wilayat of Sur. The celebrates annually 14th of Shaaban in the Hijri year, is greeted by the children of the wilayat with immense joy, regarding it as akin to Eid. The primary objective of Al Shabaniya is to serve the larger community in the Sur region by remembering the day with kids and families. This significant event in South Al Sharqiyah, Oman, will positively impact the company's reputation by supporting the Ministry of Tourism. Maintaining a strong relationship with the Ministry paves the way for good news stories and serves as a source of positive public relations, goodwill, and image for the company.
- Ministry of Awqaf (Zakat) The company's financial support for the Ministry of Awqaf (Zakat) reflects our commitment to contributing to the welfare and development of the community through the promotion of charitable initiatives and the administration of Zakat funds. The company's financial backing for the Ministry of Awqaf (Zakat) will play an integral role in fortifying the administration of charitable funds, ultimately benefiting underprivileged members of society and facilitating sustainable community development.
- Funding Sur Governor for tourism initiative by "Supporting Active Initiatives for Tourism and Economic Activities." The purpose of this initiative is to strengthen tourism and economic development in the Sur region through strategic and collaborative efforts. The initiative encompasses a range of strategies, including infrastructure development, promotional campaigns, and support for local businesses, with the goal of attracting visitors, creating job opportunities, and stimulating economic growth in the region.

Working and consulting with the local community at Sur is important for PPC. The Company, through its Operator, POMCo, is a member of the Social Affairs Committee at Sur and participates in discussions related to social development and infrastructure support. Training is normally provided to people who are not employees of the Company but who may benefit from exposure to power station operations through internships and bespoke training courses as part of the Company's commitment to supporting development of the wider power sector.

Some Pictures of the Company Contribution during 2023

Abu Timam
Grant Thornton

أبــو تمــام
محاسبون قانونيون
Abu Timam
Chartered Certified Accountants

بيت أتين
الدور الخامس والسادس
بالمبنى رقم ٣٢٨٣، مربع المرحلة الثانية
شارع دوحة الأدب - الخوير
Bait Eteen
5th and 6th Floor
Building No. 3283, Block Phase 2
Dohat Al Adab Street, Al Khuwair

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الرمز البريدي ١١٨
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رقم البطاقة الضريبية : ١٣٣٩٨١٣٨
Tax Card No. : 13398138

Agreed-Upon Procedures Report on the Code of Corporate Governance

To the Board of Directors of Phoenix Power Company SAOG

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

Our report is solely for the purpose of assisting Phoenix Power Company SAOG (the "Company") in determining whether the Board of Directors' Corporate Governance Report is compliant with the Code of Corporate Governance issued by the Capital Market Authority (the "CMA") vide circular no. E/10/2016 dated 1 December 2016 (the "Code") and may not to be suitable for any other purpose. This report is intended solely for Phoenix Power Company SAOG and should not be used by, or distributed to, any other parties.

Responsibilities of the Board of Directors

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

The Board of Directors is responsible for the subject matter on which the agreed-upon procedures are performed.

Practitioner's Responsibilities

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

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

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

Professional Ethics and Quality Control

We have complied with the relevant ethical and independence requirements of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standard)* (IESBA Code).

Our firm applies International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, and accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

This report relates only to the Board of Directors' Corporate Governance Report attached in Annexure 1 (the "report") and its application of the corporate governance practices in accordance with the Code.

Procedures and Findings

We have performed the procedures described below, which were agreed upon with the Board of Directors in the terms of engagement dated 10 October 2023, on the Board of Directors' Corporate Governance Report.

	Procedures	Findings
1	We obtained the Corporate Governance Report (the "report") issued by the Board of Directors and checked that it includes as a minimum, all items suggested by the CMA to be covered by the report as detailed in Annexure 3 of the Code by comparing the report with such suggested content in Annexure 3.	We found that the report includes all items detailed in Annexure 3 of the Code and no exception noted.
2	We obtained the details regarding areas of non-compliance with the Code identified by the Board of Directors for the year ended 31 December 2023.	The Board of Directors has not identified any areas of non-compliance with the Code.

Nasser Al Mugheiry
License No. L2054901
ABU TIMAM
(Chartered Certified Accountants)
27 February 2024

أبو تمام محاسبون قانونيون
س.ت رقم: ١٠٩٨٩٧٧
Abu Timam
Grant Thornton
C.R. No. 1098977
Abu Timam - Chartered Certified Accountants

Corporate Governance Report

In accordance with the guidelines issued by the Capital Market Authority ("CMA") vide circular 1/2003 and E/4/2015 ('"Code of Corporate Governance" or the "Code") which was amended vide circular E/4/2015 and became effective on 22 June 2016, the Board of Directors and Management of the Company hereby present their Corporate Governance Report for the year ended 31 December 2023.

Company's Philosophy

The Company's philosophy of corporate governance is based on four main components: to enhance Shareholder value through continuous improvement of the business process; to display the highest ethical standards at all Company levels; to observe compliance with laws, permits and regulations; and to ensure full transparency on all financial and corporate matters towards internal and external stakeholders.

The current Board of Directors was elected on 20 March 2023, and its members' term of office shall remain in force for a period of three years and until the third annual general meeting of the Company. The composition of the Board of Directors is diverse contributing to and ensuring reliable and effective operation of the Company. The executive management of the Company was appointed by the Board of Directors. Simultaneously, an Audit Committee was established in 2014 and is currently composed of three Non-Executive Directors with a high level of experience in financial matters. In addition, a Nomination and Remuneration Committee was established in 2016, comprising three Directors.

The Company is operated in line with a robust business framework comprising detailed policies and procedures that assure full compliance with the requirements of the Code. These are regularly reviewed and kept up to date for optimal control. Material information is transparently disclosed to the Muscat Stock Exchange in a timely manner which can be accessed by the relevant stakeholders.

The Company and its Operator, Phoenix Operation and Maintenance Company LLC ("POMCo"), have retained accreditation to ISO 45001 (2018), ISO 14001 (2015) and ISO 9001 (2015) and have obtained ISO 55001 (2014) in 2023. A surveillance audit was conducted from 4 to 6 December 2023. The audit did not reveal any non conformities and presented a single opportunity for improvement.

In addition, and as a consequence of a goal to continually benchmark health and safety performance externally, both PPC and POMCo were recognized by the UK's Royal Society for the Prevention of Accidents (RoSPA) with a Gold Medal Award in 2023 as for achieving seven consecutive Gold Awards.

9001:2015

14001:2015

45001:2018

55001:2014

2023 RoSPA Gold Medal Award

Board of Directors

The Board of Directors were elected on 20 March 2023 in accordance with Article 18 of the Articles of Association. In 2023 a number of Directors resigned and were replaced. Details of the various Directors and 2023 meetings are as follows.

Name of Director	Capacity	Category#	BM 20 Feb.	AGM 20 Mar.	BM 18 Apr.	BM 27 Jul.	BM 24 Oct.
Mr. Khalid Jolo	Non-Executive	Independent	✓	✓	✓	✓	✓
Mr. Koichi Matsumoto (**)	Non-Executive	Non-Independent	-	✓	✓	✓	✓
Mr. Fatih Abdel Kariem	Non-Executive	Independent	✓	✓	✓	✓	✓
Mr. Hideharu Tatedori	Non-Executive	Independent	✓	✓	✓	✓	✓
Mr. Hitoshi Nakahara	Non-Executive	Independent	✓	✓	✓	✓	✓
Mr. Sultan Al Tai	Non-Executive	Independent	✓	✓	✓	✓	✓
Mr. Adrian Röthlisberger	Non-Executive	Independent	✓	✓	✓	✓	✓

✓ : Attended, P : Proxy, - : not in seat, A: absent

(*) Resigned during the year (**) Appointed during the year

The above classification as Non-independent/ Independent director is as per the definition that exists in the Code.

Directorship / membership in other public companies (SAOG companies) in Oman as of 31 December 2023;

Name of Directors	Position held	Name of the Company
Mr. Khalid Jolo	None	None
Mr. Adrian Röthlisberger	None	None
Mr. Fatih Abdel Kariem	None	None
Mr. Koichi Matsumoto	None	None
Mr. Hitoshi Nakahara	None	None
Mr. Hideharu Tatedori	None	None
Mr. Sultan Al Tai	Board member	Al Maha Petroleum Product Marketing Co SAOG

The profile of the Directors and management team is included as an annexure to the Corporate Governance Report.

Audit Committee

The Audit Committee meets with the external and internal auditors without the executive management of the business being present.

The primary purpose of the Committee is to ensure that internal and external audit processes are carried out in the best interests of all stakeholders and to assist the Board of Directors and the management of the Company in fulfilling their responsibilities, which include:

- Agreeing the nature and scope of audits and reviewing the audit plan;
- Maintaining the integrity of the Company's financial statements;

- Ensuring the Company's compliance with legal and regulatory requirements;
- Performance of the Company's internal audit, external audit and Government Audit functions.

Consistent with the function above, the Audit Committee encourages management to engage in continuous improvement of the Company's policies and procedures.

The Audit Committee has an open channel of communication with the internal auditor, external auditors, financial and senior management and other Board of Directors.

The latest Audit Committee Charter is aligned with the latest Code of Corporate Governance.

The Audit Committee comprises of 3 Directors appointed by the Board of Directors and meets at least four times annually, reporting to the Board of Directors. The current members were appointed by the Board of Directors and all members of the Audit Committee are non-executive.

The composition of the Audit Committee members in 2023 is as follows.

Name of Directors	Category	20 Feb.	18 Apr.	27 Jul.	24 Oct.
Mr. Fatih Abdel Kariem	Chairman	✓	✓	✓	✓
Mr. Ryosuke Tsuchiya	Member (*)	✓	-	-	-
Mr. Hideharu Tatedori	Member	✓	✓	✓	✓
Mr. Koichi Matsumoto	Member (**)	-	✓	✓	✓

✓ : Attended, P : Proxy, - : not in seat
(*) Resigned during the year (**) Appointed during the year

Nomination and Remuneration Committee

A Nomination and Remuneration Committee has been established by the Board of Directors of the Company in accordance with the requirements of the Corporate Code of Governance. The primary purpose of the Nomination and Remuneration Committee is to assist the general meeting of the shareholders in the nomination of proficient directors and election of the most fit for purpose candidates and the Board of Directors in selecting the appropriate and necessary executives for the executive management which the Company requires in order to achieve its strategic and operational objectives.

The Terms of Reference of the Nomination and Remuneration Committee has been issued in July 2016 which is in line with the Code.

The Nomination and Remuneration Committee comprises 3 Directors appointed by the Board of Directors and meets at least two times annually, reporting to the Board of Directors. All members of the Nomination and Remuneration Committee are non-executive.

The composition of the Nomination and Remuneration Committee members in 2023 is as follows.

Name of Directors	Category	20 Feb.	21 Jul.
Mr. Adrian Rothlisberger	Chairman	✓	✓
Mr. Khalid Jolo	Member	✓	✓
Mr. Hideharu Tatedori	Member	✓	✓

✓ : Attended, P : Proxy, - : not in seat
(*) Resigned during the year (**) Appointed during the year

Process of Nomination of Directors

Directors are nominated and elected as per the Commercial Company Law and the Article of Association. The term of office of the Directors shall be for a maximum period of 3 years, subject to re-election where 3 years for this purpose is the period ending on the date of the third Annual General Meeting. The current term will expire at the Annual General Meeting in 2023. If the office of a Director becomes vacant in the period between two Ordinary General Meetings, the Board of Directors may appoint a temporary Director who satisfies the requirements specified in Company's Articles of Associations to assume his/her office until the next Annual General Meeting.

Remuneration Matters

a) Directors and Audit Committee members
There is no individual sitting fees for the Board of Directors, Audit Committee members and Nomination and Remuneration Committee members.

b) Top 2 key management personnel
The Company paid to its top 2 key management personnel an aggregate amount of RO 248,849 which includes salaries, performance related discretionary bonus and other benefits.

c) Details of performance based bonuses, awards and incentives
Bonus payments for the key management personnel of Phoenix Power Company are based on both personal and business performance and are related to the achievement of business KPIs including health and safety targets, technical performance and financial delivery. The bonuses to be paid are based on recommendations from the Nomination and Remuneration Committee.

d) Employment contracts
The key management personnel have employment contracts with Phoenix Power Company and all have notice periods, under the terms of those contracts, of three months.

Means of communication with the shareholders and investors

The Company communicates with the shareholders and investors in both English and Arabic mainly through the MSX website and the Company's website. Material information is disclosed immediately, and financial information such as initial quarterly or annual un-audited financial results, un-audited interim financial statements, and audited annual financial statements are disclosed within the regulatory deadlines. The Company's executive management is also available to meet its shareholders and analysts as and when required.

Related Party Transactions

A detail of the related party transactions which the Company have carried out for the financial year ended 31 December 2023 is as follows.

	Name of the Party	Nature of work	Amount (RO)
1	Axia Power Holdings B.V.	Consulting Service Agreement	41,142
2	JERA Co., Inc.	Consulting Service Agreement	24,685
3	Phoenix Operation and Maintenance Company LLC	O&M Fee and expense (as per the O&M contract)	8,233,735

Market Price Data

d) High/low share price and performance comparison during each month in 2023.

Month	Price (Baiza)			MSM Service Sector Index
	High	Low	Average	
January	55	53	55.0	4703.38
February	57	57	57.0	4753.28
March	60	57	58.5	4863.09
April	63	60	61.5	4718.08
May	67	63	65.0	4626.40
June	68	67	68.0	4768.22
July	62	61	61.5	4776.10
August	65	62	63.5	4798.97
September	60	56	58.5	4678.13
October	57	57	57.0	4545.46
November	55	54	54.5	4658.15
December	54	53	53.5	4514.07

e) Distribution of shareholding as of 31 December 2023:

Category	Number of shareholders	Number of shares held	Share capital %
5% and above	5	1,129,594,587	77.231
Less than 5%	7,056	333,006,873	22.769
Total	7,061	1,462,601,460	100

Professional Profile of the Statutory Auditor

Grant Thornton is a network of independent assurance, tax, and advisory firms, made up of over 68,000 people in more than 145 countries, helping dynamic organizations unlock their growth potential. It is one of the top six international accounting and business advisory networks and all its member firms are required to uphold the highest professional and ethical standards. Compliance with these standards is monitored and assured through a very strict quality assurance process.

Abu Timam, the Oman member firm of Grant Thornton International, is headquartered in Muscat with a branch in Salalah. The Muscat office was established in 1995 and is one of the leading firms in Oman, evidenced by a portfolio of clients that includes well-established companies across a broad spectrum of industries. The professional staff brings a strong background of experience and expertise to their clients' accounting, tax, and management consulting needs. This rare combination of skilled resources and personal commitment explains why Abu Timam Grant Thornton has grown rapidly to a position of prominence among major accounting firms in the Sultanate of Oman. Abu Timam Grant Thornton is approved by Capital Market Authority as one of the audit firms allowed to audit joint stock companies.

Remuneration of the Statutory Auditor

The professional fees paid / due during the year 2023 are as follows:

Particulars	RO
Audit fees	10,500
Total	**10,500**

Details of Non-Compliance by the Company

There were no penalties imposed on the Company by the Capital Market Authority, Muscat Stock Exchange ("MSX") or any other statutory authority on any matter related to capital markets in the year 2023.

Acknowledgement by the Board of Directors

The Board of Directors confirm their responsibility for the preparation of the financial statements in line with International Financial Reporting Standards ("IFRS"), the disclosures requirements of the CMA and the Commercial Companies Law of 2019. The Board of Directors confirms that it has reviewed the efficiency and adequacy of the internal control systems of the Company, and is pleased to inform the shareholders that adequate and appropriate internal controls are in place, which are in compliance with the relevant rules and regulations. The Board of Directors confirms that there are no material matters that would affect the continuity of the Company, and its ability to continue its operations during the next financial year.

Yours sincerely,

Chief Executive Officer

Chief Financial Officer

Brief Profiles of the Directors

Name:	Mr. Khalid Jolo
Position:	Chairman
Education:	Mr. Jolo holds a degree in Mechanical Engineering from the Faculty of Engineering, Qatar University.
Experience:	Mr. Khalid Jolo has more than 24 years of experience in various capacities like Senior Project Engineer, Project Director, and Business Development Manager. Immediately after his engineering studies, he joined with Ministry of Electricity, Qatar in the mid-1990s. Later, he joined Qatar Electricity & Water Co, Q.S.C. ("QEWC") as Senior Project Engineer in 1997. QEWC is considered as one of the first private sector companies that operates in the field of power generation and water production in the region, owning and operating power generation and water desalination stations using the most up to-date technologies in the world. He has headed the QEWC Business Development team in the past, which was very successful in garnering a few of the prestigious projects in Qatar. At present, Mr. Jolo, is the Chief Executive Officer for Nebras Power Q.P.S.C.
List of Other Directorships:	While Mr. Jolo is Chairman of Qatar Power, Qatar; Shams Maan Power Generation, Jordan and Phoenix Power Co., Oman, he is also Director of: 1. Ras Girtas Power Company, Qatar; 2. Ras Laffan Power Co., Qatar; 3. Umm Al Houl Power Co., Qatar; 4. Nebras Power Latin America, Brazil; 5. Nebras Power Netherlands B.V.; 6. IPM Indonesia Netherlands, B.V; 7. PM Asia, Indonesia and 8. Paiton Energy, Indonesia 9. Siraj-1 Energy, Qatar. 10.Siraj Energy, Qatar.

Name:	**Mr. Abdel Kariem Mohammed Alfatih Abdelfattah**
Position:	Director
Education:	Mr. Fatih Abdel Kariem holds Master Degree in Electronics and communication Engineering, Post Graduate Diploma in Computer and Control and Master Degree in Computers and communications.
Experience:	Mr. Fatih Abdel Kariem professional Engineer has over 25 years' experience in power and water industry. Working in consultancy for power plants, worked as contractor and currently in the asset management areas of work wide international experience in the electricity industry at many countries around the world in Europe, Middle East, Africa, Far East and America. Mr. Fatih Abdel Kareim worked in different roles, technical, contractual and managerial in the power industry. Mr. Fatih Abdel Kariem currently work as Vice President for asset management section of Marubeni Middle East and Africa.
List of Other Directorships:	In addition to Phoenix Power Company SAOG, Mr. Fatih Abdel Kariem is also a director of the following companies: 1. Non-Executive Director, Phoenix Operation and Maintenance Company LLC, Oman 2. Non-Executive Director, Power Cogeneration Plants Company, Saudi Arabia 3. Non-Executive Director, Asharqia Operation and Maintenance Company, Saudi Arabia 4. Non-Executive Director, Tanajib Operation and Maintenance Company, Saudi Arabia

Name:	**Mr. Koichi Matsumoto**
Position:	Director
Education:	Mr. Koichi holds a master's degree in business administration from Imperial College London, UK, and bachelor's in economics from Kyoto University, Japan
Experience:	Mr. Koichi started his career in 2006 working for Tokyo Tas Co Ltd and from 2016-present in Marubeni Corporation within the power and utility sector.

Name:	**Mr. Hitoshi Nakahara**
Position:	Director
Education:	Mr. Nakahara holds a Bachelor of Mechanical System Engineering.
Experience:	Mr. Nakahara started his career in TEPCO in 1994 and had been involved in operation and maintenance of various thermal power plants. He had also been involved in entire thermal power plant outage & budgetary management at the headquarter. He has been shifted to overseas project management unit and working for asset management and IPP development for more than 8 years. Mr. Nakahara is currently the General Manager of the Business Development of JERA Middle East & Africa Management Co., Ltd. in UAE, and responsible for power & energy project development in the region.
List of Other Directorships:	In addition to Phoenix Power Company SAOG, Mr. Nakahara is also a director of the following company: Non-Executive Director, ITM O&M Company, UAE Non-Executive Director, Umm Al Houl Power, Qatar

Name:	**Mr. Hideharu Tatedori**
Position:	Director
Education:	Mr. Tatedori holds a Master of Production Processing Engineering
Experience:	Mr. Tatedori started his career in TEPCO in 1993 and had been involved in operation, maintenance and construction of C&I equipment in various thermal power plants. He had also been involved in designing and engineering of C&I equipment for thermal power stations at the headquarter. He has experience of overseas consulting, IPPs operation and maintenance, and construction including F class GTCC for more than 8 years. Mr. Tatedori is currently the Deputy CEO of JERA Middle East & Africa Management Co., Ltd. in UAE, and responsible for IPPs management in the region.
List of Other Directorships:	In addition to Phoenix Power Company SAOG, Mr. Tatedori is also a director of the following company: Non-Executive Director, Arabian Power Company, UAE Non-Executive Director, RLC Power Holding Company Ltd., UAE Non-Executive Director, ITM Investment Company Ltd., UAE Non-Executive Director, JERA Middle East & Africa Management Co., Ltd., UAE

Name:	**Mr. Sultan Al Tai**
Position:	Director
Education:	Mr. Sultan holds a bachelor's degree in finance from Malaysia , and Post Graduate Diploma in Advance Accounting form Industrial Technical College(University Of Technology And Applied Sciences now), Oman.
Experience:	Mr. Sultan is the Investment Specialist in civil service employees' pension fund. He is in charge of fixed income and market intelligence and business development of the real estate assets of the fund. His responsibilities include comprehensive due diligence of new opportunities, performance management and reporting and strategic advisory to the top management on alternative investments.
List of Other Directorships:	In addition to Phoenix Power Company SAOG, Mr. Sultan is also Board Director of Al Al Maha Petroleum Product Marketing Co SAOG.

Name:	**Mr. Adrian Röthlisberger**
Position:	Director
Education:	Mr. Röthlisberger holds a Bachelor Degree in Mechanical Engineering and a Masters Degree in Business Administration.
Experience:	Mr. Röthlisberger has over 30 years' of experience in the power and water industry comprising a career path with a demonstrable track record of success internationally. Mr. Röthlisberger commenced his career with ABB/Alstom in plant commissioning and operation and maintenance, including Power Plant Manager roles of combined cycle power plants in Indonesia and Malaysia. He further progressed to becoming Director of Product Validation at Alstom where he was responsible for various test centres in Europe and Russia. This was followed by positions in the UAE with Kharafi National and in Qatar with Qatar Aluminium, holding various management positions. Mr. Röthlisberger joined Marubeni in 2015 as a secondee to RAWEC, a Utility Company serving a large petrochemical complex in Saudi Arabia. In 2018 Mr. Röthlisberger moved to Marubeni Power Asset Management in the UAE where he serves as the Director of Projects for the Middle East and Africa.
List of Other Directorships:	In addition to Phoenix Power Company SAOG, Mr. Röthlisberger is also a director of the following companies: 1. Non-Executive Director, Amin Renewable Energy Company, Oman 2. Non-Executive Director, Fujairah Power Company F3, UAE 3. Non-Executive Director, Emirates CMS Power Company, UAE 4. Non-Executive Director, Taweelah A2 O&M Company, UAE 5. Non-Executive Director, Asia Gulf Power Service Company, UAE 6. Non-Executive Director, Tanajib Cogeneration Power Company, KSA 7. Non-Executive Director, Tanajib Operation and Maintenance Company, KSA 8. Non-Executive Director, South Rabigh Renewable Energy Company, KSA 9. Non-Executive Director, Uni-Mar Enerji, Turkey 10. Shareholder Representative, Carthage Power Company - Rades, Tunisia

Brief Profiles of the Key Executive Officers

Name:	**Mr. Mohammed Said Mubarak Al Shuaili**
Position:	Chief Executive Officer
Year of Joining:	2022
Education:	Mohammed holds a Diploma (Level 5) in Leadership and Management from the Polyglot Institute (2014), a Master of Science in Maintenance Management from Caledonian College of Engineering (2014), and a Bachelor of Science in Mechanical Engineering from Sultan Qaboos University (2007). With his strong educational background, Mohammed is well-equipped to lead PPC towards a sustainable and prosperous future.
Experience:	Mohammed's expertise in power and energy was brought to the fore when he took over as Chief Executive Officer of Sur IPP, a 2000 MW CCGT plant. Before joining PPC, he served as Plant General Manager at NOMAC, where he managed Ibri 1, a 1509 MW CCGT plant, and Ibri 2, a 500 MWac PV plant. Prior to that, he was the Maintenance Manager at GHUBRAH Power and Desalination Company, and a Senior Mechanical Engineer. Mohammed's passion for the industry and commitment to excellence make him a valuable asset to PPC and the power sector as a whole. He is dedicated to achieving long-term growth while promoting a sustainable environment for the community.

Name:	**Mr. Ahmed AL Abri**
Position:	Chief Financial Officer
Year of Joining:	2015
Education:	Mr. Ahmed holds a Bachelor's degree in Finance from Sultan Qaboos University and MBA in Finance from Franklin University, Ohio, USA.
Experience:	Mr. Ahmed joined Phoenix Power Company in 2015 with over 17 years' experience in accounting and audit. He led the audit function in the company from 2015 to 2018. He moved to the finance department in 2018 in which he was responsible for preparation of monthly, quarterly and annual reports, supporting mid-year review reforecasting and supporting annual budget and business plan preparation. In 2019 his responsibility expanded to take complete responsibility for month end reporting and leading individual finance activities. He also acts a Company Secretary to the PPC board.

Name:	**Mr. Yaarub Al Naabi**
Position:	Commercial Manager
Year of Joining:	2019
Education:	Mr. Yaarub holds a BSc degree in Mechanical Engineering with a minor in Economics from Rensselaer Polytechnic Institute in New York, USA.
Experience:	Mr. Yaarub joined Phoenix Power Company in 2019 as a Commercial Manager, with over seven years of experience in the power sector. His responsibilities include monitoring the plant performance against the approved business plan, reporting on variances against the agreed performance parameters and targets, ensuring that all statutory and regulatory obligations are met, and optimizing the existing commercial agreements.

Abu Timam
Grant Thornton

أبـــو تمـــام
محاسبون قانونيون

Abu Timam
Chartered Certified Accountants

بيت أتين
الدور الخامس والسادس
بالمبنى رقم٣٢٨٣، مربع المرحلة الثانية
شارع دوحة الأدب - الخوير

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Independent Auditor's Report

To the Shareholders of
Phoenix Power Company SAOG
PO Box 96
Postal Code 102
Sultanate of Oman

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Phoenix Power Company SAOG (the "Company"), which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Independent Auditor's Report (continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matter to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Assessment of impairment of property, plant and equipment	
(Refer to Note 4.8 – "property, plant and equipment", Refer to Note 4.21 – "significant management judgement in applying accounting policies and estimation uncertainty – useful lives of depreciable assets" and Note 11– "Property, plant and equipment") Property, plant and equipment represents 90.20% of total assets on the statement of financial position. If these were to be impaired, it would have a significant impact on the reported profit and the statement of financial position of the Company. Impairment assessment requires judgements and estimates towards future results of business including key assumptions like discount rate, growth rate etc. The carrying value of assets is considered to be a key audit matter as the amount involved is significant and judgements	Our audit procedures included the following: • Evaluated the design implementation of controls for identification and assessment of any potential impairment related to property, plant and equipment. • Involved our own valuation specialist to assist in evaluating the appropriateness of the key inputs and assumptions. • Evaluated the appropriateness of the assumptions applied to key inputs such as estimate of future cash flows which included comparing these inputs with our own assessments based on our knowledge of the client and the industry. • Tested the mathematical accuracy of the assessment. • Performed sensitivity analysis and evaluated whether any reasonably possible changes in assumptions could lead to impairment of property, plant and equipment. • Evaluated the adequacy of the disclosures made in the financial statements.

Other Matter

The financial statements of the Company for the year ended 31 December 2022, were audited by another auditor who expressed an unmodified opinion on those statements on 22 February 2023.

Other Information

Management is responsible for the other information. The other information comprises the Annual report, Corporate Governance report and Analysis report and Management Discussion but does not include the financial statements and our auditor's report thereon.

Independent Auditor's Report (continued)

Other Information (continued)

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, with the relevant disclosure requirements of the Capital Market Authority and with the applicable provisions of the Commercial Companies Law of the Sultanate of Oman, 2019, as amended, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements of the Company for the year ended 31 December 2023 comply, in all material respects, with the applicable provisions of the Commercial Companies Law of the Sultanate of Oman, 2019, as amended, and disclosure requirements issued by the Capital Market Authority.

Nasser Al Mugheiry
Licence No. L2054901
ABU TIMAM
(Chartered Certified Accountants)
27 February 2024

أبو تمام محاسبون قانونيون
س.ت رقم ١٠٩٨٩٧٧
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Grant Thornton
C.R. No. 1098977
Abu Timam - Chartered Certified Accountants

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	Year ended 31 December 2023	Year ended 31 December 2023	Year ended 31 December 2022	Year ended 31 December 2022
		RO'000	USD'000	RO'000	USD'000
REVENUE	5	158,490	412,199	149,159	387,929
Operating costs	6	(119,816)	(311,613)	(111,202)	(289,209)
Gross profit		38,674	100,586	37,957	98,720
Other income		308	800	53	139
General and administrative expenses	7	(1,466)	(3,813)	(1,256)	(3,269)
Profit before interest and tax		37,516	97,573	36,754	95,590
Finance costs	8	(12,309)	(32,021)	(13,521)	(35,163)
Finance income		591	1,536	194	504
Profit before income tax		25,798	67,088	23,427	60,931
Income tax expense	9	(3,875)	(10,078)	(3,065)	(7,972)
Profit for the year		21,923	57,010	20,362	52,959
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss (net of tax):					
Net movement in fair value of cash flow hedges	21	(203)	(529)	24,253	63,077
Income tax effect	9	30	79	(3,638)	(9,461)
Other comprehensive (loss)/Income		(173)	(450)	20,615	53,616
Total comprehensive income for the year		21,750	56,560	40,977	106,575
Basic and diluted earnings per share (Baisas/Cents)	10	0.015	0.039	0.014	0.036

The accompanying notes on pages 54 to 90 form an integral part of these financial statements.

The report of the Auditor is set forth on pages 46 to 49.

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	31 December 2023	31 December 2023	31 December 2022	31 December 2022
		RO'000	USD'000	RO'000	USD'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	472,363	1,228,508	488,166	1,269,612
Right-of-use assets	12	7,638	19,866	7,800	20,288
Derivative financial instruments	21(a)	300	779	4,594	11,948
		480,301	1,249,153	500,560	1,301,848
Current assets					
Trade and other receivables	13	8,751	22,759	7,933	20,631
Inventories	14	11,414	29,687	11,365	29,553
Short term deposits	15	7,306	19,000	-	-
Cash and cash equivalents	16	12,700	33,031	20,259	52,688
Derivative financial instruments	21(a)	3,184	8,282	1,020	2,652
		43,355	112,759	40,577	105,524
Total Assets		523,656	1,361,912	541,137	1,407,372
EQUITY AND LIABILITIES					
EQUITY					
Share capital	17	146,260	380,390	146,260	380,390
Legal reserve	18	17,225	44,799	15,033	39,098
Retained earnings		90,093	234,305	78,037	202,961
Equity before hedging reserve		253,578	659,494	239,330	622,449
Hedging reserve	21	(2,209)	(5,746)	(2,036)	(5,296)
Total equity		251,369	653,748	237,294	617,153
LIABILITIES					
Non-current liabilities					
Interest bearing loans and borrowings	20	148,198	385,431	183,690	477,734
Derivative financial instruments	21(b)	4,821	12,540	6,553	17,042
Provision for asset retirement obligation	22	5,376	13,983	5,120	13,317
Deferred tax liabilities	9(b)	45,790	119,089	42,348	110,138
Lease liabilities - non current	25	7,873	20,478	7,931	20,626
Employees' end of service benefits	24	38	99	32	83
		212,096	551,620	245,674	638,940
Current liabilities					
Interest bearing loans and borrowings	20	36,104	93,899	34,253	89,085
Dividend payable	19	2,925	7,608	3,045	7,917
Trade and other payables	23	18,968	49,333	18,908	49,169
Derivative financial instruments	21(b)	1,262	3,281	1,456	3,789
Lease liabilities	25	529	1,375	507	1,319
Provision for income tax	9(a)	403	1,048	-	-
		60,191	156,544	58,169	151,279
Total liabilities		272,287	708,164	303,843	790,219
Total equity and liabilities		523,656	1,361,912	541, 137	1,407,372
Net assets per share (Baisas/Cents)	26	0.172	0.447	0.162	0.422

These financial statements were approved by the Board of Directors on 27 February 2024 and were signed on their behalf by:

Director

Director

The accompanying notes on pages 54 to 90 form an integral part of these financial statements.

The report of the Auditor is set forth on pages 46 to 49.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	Share capital RO'000	Legal reserve RO'000	Hedging reserve RO'000	Retained earnings RO'000	Total RO'000
At 1 January 2022		1,46,260	12,997	(22,651)	66,293	2,02,899
Profit for the year		-	-	-	20,362	20,362
Other comprehensive income		-	-	20,615	-	20,615
Total comprehensive income for the year		-	-	20,615	20,362	40,977
Transfer to legal reserve	18	-	2,036	-	(2,036)	-
Dividends	19	-	-	-	(6,582)	(6,582)
At 31 December 2022		1,46,260	15,033	(2,036)	78,037	2,37,294
Profit for the year		-	-	-	21,923	21,923
Other comprehensive income		-	-	(173)	-	(173)
Total comprehensive income for the year		-	-	(173)	21,923	21,750
Transfer to legal reserve	18	-	2,192	-	(2,192)	-
Dividends	19	-	-	-	(7,675)	(7,675)
At 31 December 2023		**1,46,260**	**17,225**	**(2,209)**	**90,093**	**2,51,369**

	Notes	Share capital USD'000	Legal reserve USD'000	Hedging reserve USD'000	Retained earnings USD'000	Total USD'000
At 1 January 2022		3,80,390	33,802	(58,912)	1,72,416	5,27,696
Profit for the year		-	-	-	52,959	52,959
Other comprehensive income		-	-	53,616	-	53,616
Total comprehensive income for the year		-	-	53,616	52,959	1,06,575
Transfer to legal reserve	18	-	5,296	-	(5,296)	-
Dividends	19	-	-	-	(17,118)	(17,118)
At 31 December 2022		3,80,390	39,098	(5,296)	2,02,961	6,17,153
Profit for the year		-	-	-	57,010	57,010
Other comprehensive income		-	-	(450)	-	(450)
Total comprehensive income for the year		-	-	(450)	57,010	56,560
Transfer to legal reserve	18	-	5,701	-	(5,701)	-
Dividends	19	-	-	-	(19,965)	(19,965)
At 31 December 2023		**3,80,390**	**44,799**	**(5,746)**	**2,34,305**	**6,53,748**

The accompanying notes on pages 54 to 90 form an integral part of these financial statements.
The report of the Auditor is set forth on pages 46 to 49.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	Year ended 31 December 2023 RO'000	Year ended 31 December 2023 USD'000	Year ended 31 December 2022 RO'000	Year ended 31 December 2022 USD'000
Cash flows from operating activities					
Profit before income tax		**25,798**	**67,088**	23,427	60,931
Adjustments for:					
Depreciation on property, plant and equipment	11	**15,875**	**41,287**	15,865	41,263
Depreciation on right-of-use assets	12	**264**	**686**	253	657
Finance costs	8	**12,309**	**32,021**	13,521	35,163
Employees' end of service benefits	24	**6**	**16**	9	23
Finance income		**(591)**	**(1,536)**	(194)	(504)
Operating profit before working capital changes:		**53,661**	**139,562**	52,881	137,533
Changes in working capital:					
Inventories		**(49)**	**(134)**	(108)	(276)
Trade and other receivables		**(818)**	**(2,128)**	55,132	143,388
Trade and other payables		**60**	**164**	(47,824)	(124,386)
Cash generated from operations		**52,854**	**137,464**	60,081	156,259
Finance costs paid		**(11,043)**	**(28,733)**	(12,165)	(31,639)
Employees' end of service benefits paid	24	**-**	**-**	(24)	(62)
Net cash flows generated from operating activities		**41,811**	**108,731**	47,892	124,558
Cash flows from investing activities					
Purchase of property, plant and equipment	11	**(72)**	**(183)**	(14)	(35)
Short term deposits	15	**(7,306)**	**(19,000)**	-	-
Finance income received		**591**	**1,536**	194	504
Net cash flows (used in) from investing activities		**(6,787)**	**(17,647)**	180	469
Cash flows from financing activities:					
Dividend paid	19	**(7,799)**	**(20,280)**	(5,950)	(15,477)
Repayment of interest bearing loans and borrowings	20	**(34,254)**	**(89,086)**	(31,700)	(82,444)
Payment of lease liabilities	25	**(530)**	**(1,375)**	(481)	(1,252)
Net cash flows used in financing activities		**(42,583)**	**(110,741)**	(38,131)	(99,173)
Net (decrease) / increase in cash and cash equivalents		**(7,559)**	**(19,657)**	9,941	25,854
Cash and cash equivalents at beginning of the year		**20,259**	**52,688**	10,318	26,834
Cash and cash equivalents at end of the year	16	**12,700**	**33,031**	33,031	52,688

The accompanying notes on pages 54 to 90 form an integral part of these financial statements.
The report of the Auditor is set forth on pages 46 to 49.

1 Nature of operations

Phoenix Power Company SAOG (ìthe Companyî) is registered under the Commercial laws of the Sultanate of Oman as a Public Joint Stock Company and principal activities of the Company are to develop, finance, design, construct, operate, maintain, insure and own a power generating station and associated gas interconnection facilities and other relevant infrastructure. The Company's registered address is P O Box 96, Postal Code 102, Muscat, Sultanate of Oman. The Company's principal place of business is located at Sur, Sultanate of Oman.

During the year 2015, the Company proceeded with initial public offering (IPO). The promoting shareholders at the Company's Extraordinary General Meeting held on 9 March 2015 approved the conversion of the Company from a Closed Joint Stock Company (SAOC) to a Public Joint Stock Company (SAOG) by offering their 511,910,511 shares for the public subscription. The Company closed its IPO on 8 June 2015 and its shares were listed on the Muscat Securities Market on 22 June 2015.

2. Significant agreements

The Company has entered into following significant agreements:

i. Power Purchase Agreement (PPA) with Oman Power and Water Procurement Company SAOC (OPWP) granting the Company the right to generate electricity in Sur for a period of fifteen years commencing from the 1 December 2014 based on a tariff structure.
ii. Natural Gas Sales Agreement (NGSA) with the Ministry of Oil and Gas of the Government of the Sultanate of Oman (MOG) for the purchase of natural gas for fifteen years at a pre-determined price.
iii. Usufruct Agreement with The Public Establishment For Industrial Estates of the Government of the Sultanate of Oman (PEIE) for grant of Usufruct rights over the plant site for twenty five years.
iv. Agreement with local and international financial institutions for long-term loan facilities and interest rate hedge arrangements.
v. Agreement with Siemens LLC Oman for long term service contract for maintenance service of the gas turbines.
vi. Agreement with Siemens Aktiengesellschaft for long term supply contract for supplying the spare parts of gas turbines.
vii. Agreement with Phoenix Operation and Maintenance Company LLC for the Operation and Maintenance (O&M) of the Sur IPP Project.
viii. Agreement with Daewoo Engineering and Construction Co. Ltd for engineering, procurement and construction of the Sur IPP Project.
ix. Project Founders' Agreement dated 13 July 2011 made between Electricity Holding Company SAOC, Marubeni Corporation; Chubu Electric Power Co; Qatar Electricity and Water Company (Q.S.C.); and Multitech LLC.
x. Shareholders' Agreement dated 13 July 2011, amended and restated dated 28 November 2011 made between Electricity Holding Company SAOC, Axia Power Holdings B.V; Chubu Electric Power Sur B.V; Qatar Electricity and Water Company (Q.S.C.); and Multitech LLC.
xi. Electrical Connection Agreement dated 13 July 2011 with Oman Electricity Transmission Company SAOC for connection of the Company's equipment to the transmission system.

3. New or revised Standards or Interpretations

3.1 New standards adopted as at 1 January 2023

Some accounting pronouncements which have become effective from 1 January 2023 have therefore been adopted do not have a significant impact on the Company's financial results or position.

3. New or revised Standards or Interpretations (continued)

3.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB or IFRIC. None of these Standards or amendments to existing Standards have been adopted early by the Company and no Interpretations have been issued that are applicable and need to be taken into consideration by the Company at either reporting date.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Company's financial statements.

4. Summary of material accounting policies

4.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) and the requirements of the Commercial Companies Law of the Sultanate of Oman, 2019,
as amended and the Capital Market Authority.

Items included in the financial statements of the Company are measured and presented in US Dollars (USD) being the currency of the primary economic environment in which the Company operates.

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

4.2 Climate related matters

As at 31 December 2023, the Company has not identified significant risks induced by climate changes that could negatively and materially affect the Company's financial statements. Management continuously assesses the impact of climate-related matters.

Assumptions could change in the future in response to forthcoming environmental regulations, new commitments taken and changing consumer demand. These changes, if not anticipated, could have an impact on the Company's future cash flows, financial performance and financial position.

4.3 Basis of measurement

The financial statements are prepared under the historical cost convention modified to include the measurement at fair value of derivative financial instruments.

4.4 Financial Instruments

Initial recognition and subsequent measurement

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

4. Summary of material accounting policies (continued)

4.4 Financial Instruments (continued)

Financial assets

Initial recognition and measurement

On initial recogniton, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVTPL).

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

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income (FVOCI), it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

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

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

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

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

Financial assets at amortised cost

This category is the most relevant to the Company. A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

4. Summary of material accounting policies (continued)

4.4 Financial Instruments (continued)

Derecognition

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

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

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

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

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

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

Impairment of financial assets

The Company recognises loss allowances for ECLs on financial assets measured at amortised cost.

Measurement of loss allowances

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

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

The Company determines the amount of expected credit losses by evaluating the range of possible outcomes as well as incorporating the time value of money. These expected losses are discounted to the reporting date using the effective interest rate of the asset (or an approximation thereof) that was determined at initial recognition.

Expected credit losses are a probability-weighted estimate of credit losses.

Financial assets that are not credit-impaired at the reporting date

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).

4. Summary of material accounting policies (continued)

4.4 Financial Instruments (continued)

Financial assets that are credit-impaired at the reporting date

Measured as the difference between the gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in the profit or loss account as an impairment gain or loss.

Presentation of expected credit losses

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

Initial recognition and measurement

The Company's financial liabilities include interest bearing loans and borrowings, trade and other payables and derivative financial instruments

Financial liabilities

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at FVTPL.

Subsequent measurement

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

Offsetting

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

Write - off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

4. Summary of material accounting policies (continued)

4.4 Financial Instruments (continued)

Derivative financial instruments and hedging

The Company uses derivative financial instruments to hedge its risks associated with interest rate, foreign currency, commodity price fluctuations and also to satisfy the requirements of its customers. Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives that do not qualify for hedge accounting are taken directly to the profit or loss account.

In accordance with IFRS 9, the Company applies hedge accounting only if all of the following conditions are met:

- There is 'an economic relationship' between the hedged item and the hedging instrument;
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship; and
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

For the purpose of hedge accounting, hedge is classified as hedges of highly probable future cash flows attributable to a recognised asset or liability, or a forecasted transaction (cash flow hedge).

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

Hedges which meet the strict criteria for hedge accounting is accounted for as follows:

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the profit or loss account.

Amounts recognised as OCI are transferred to the profit or loss account when the hedged transaction affects the profit or loss account, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the profit or loss account. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the profit or loss account.

The Company has entered into derivative financial instrument to manage its exposure to interest rate risk, which include interest rate swaps. Further details of derivative financial instruments are disclosed in Note 21.

4. Summary of material accounting policies (continued)

4.5 Revenue

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. The standard establishes a five step model to account for revenue arising from contracts with customers. The Company's contract with its sole customer contains a lease, which is scoped out of IFRS 15. The Company recognised revenue in accordance with PPA as defined in Note 1 of the financial statements. The contract consists of two revenue streams, which are:

- Capacity charges
- Variable charges (i.e. Energy and fuel charges)

Capacity charges - IFRS 16

Capacity charges include investment charge and fixed O&M charge. Investment charge is treated as revenue under operating lease and recognised on straight line basis over the lease term or another systematic basis which is more representative of the pattern in which benefit from the use of the underlying asset is diminished. Fixed O&M charge is recognised based on the capacity made available in accordance with contractual terms stipulated in PPA.

Variable charges - IFRS 15

Variable charges (i.e. Energy and fuel charges) are recognised when electrical energy is delivered and control of electrical energy have been transferred to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the electrical energy delivered.

The Company has a long-term agreement with OPWP which determines performance obligation, transaction price and allocates the transaction price to each of the separate performance obligations. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

The Company does not adjust any of the transaction prices for time value of money as the period between the transfer of the promised goods or services to the customer and payment by the customer does not exceed one year and the sales are made with agreed credit terms which is in line with the industry practice.

4.6 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed as incurred. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds.

4.7 Income tax

Income tax on the profit or loss for the year comprises of current and deferred tax. Income tax is recognised in the statement of financial position and the statement of profit or loss and other comprehensive income comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claim from, Tax Authorities relating to the current or prior reporting period, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

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.

4. Summary of material accounting policies (continued)

4.7 Income tax (continued)

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same Tax Authority.

4.8 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset.

The cost of self-constructed assets includes the cost of materials, 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 for long- term construction projects if the recognition criteria are met.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss, when the asset is derecognised.

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.

	Years
Building	40
Plant and machinery	40
Strategic spares	15
Other assets	5

Where the carrying amount of an asset is greater than its estimated recoverable amount it is written down immediately to its recoverable amount.

Gains and losses on disposals of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining operating profit.

The assets' residual values, useful lives and depreciation methods are reviewed at each financial year end and adjusted prospectively, if applicable.

4.9 Inventories

Inventories comprises of fuel and stores and spares which are stated at the lower of cost and net realisable value. Costs comprise purchase cost, and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Obsolete inventory items are written down to their estimated net realizable value.

4. Summary of material accounting policies (continued)

4.10 Foreign currency transactions and balances

Foreign currency transactions are translated into the presentation currency of the Company, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items, denominated in foreign currency at year end exchange rate, are recognised in the statement of profit or loss and other comprehensive income under 'Other income' or 'Other expenses'.

Non-monetary items are not retranslated at the period-end. They are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

4.11 Dividend

The Board of Directors takes into account appropriate parameters including the requirements of the Capital Market Authority while recommending the dividend. The Company recognises a liability to pay a dividend when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

4.12 Asset retirement obligation

The provision for asset retirement obligation arose on assets constructed on land under usufruct contracts with Public Establishment for Industrial Estate. A corresponding asset is recognised in property, plant and equipment. The asset retirement obligation is provided at the present value of expected costs to settle the obligation using estimated cash flows. The cash flows are discounted at a current pre tax rate that reflects the risks specific to the asset retirement obligation. The unwinding of the discount is expensed as incurred and recognised as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

4.13 Provisions, contingent liabilities and contingent assets

Provisions are recognised when present obligations will probably lead to an outflow of economic resources from the Company and they can be estimated reliably. Timing or amount of the outflow may still be uncertain.

A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes or onerous contracts. Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management have at least announced the plan's main features to those affected by it. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Long term provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate of the Company's management. In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, no liability is recognised.

Probable inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

4. Summary of material accounting policies (continued)

4.14 Employees' end of service benefits

The provision for employee's terminal benefits is based upon the liability accrued in accordance with the terms of employment of the Company's employees at the reporting date, having regard to the requirements of the Oman Labor Law, 2023, the Social Security Law, 1991 and Royal Decree No. 53/2023.

Government of Oman Social Insurance Scheme (the "Scheme")

The Company contributes to the Scheme for all Omani employees. The Scheme, which is a defined contributions retirement plan, is administered by the Government of Oman. The Company and Omani employees are required to make monthly contributions to the Scheme.

Non-Omani employee terminal benefits

The provision for employee's terminal benefits for non-Omani employees is made in accordance with the requirements of the Oman Labor Law, 2023 and Royal Decree No. 53/2023. Employees are entitled to end of service benefits calculated at the rate of 30 days basic salary for each of the years of continuous service. This is an unfunded defined benefits retirement plan. Accrued non-Omani staff terminal benefits are payable on termination of employment.

4.15 Leases

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

Company as a lessee

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

a) Right of use assets

The Company recognises right of use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment. Material residual value estimates and useful life estimates are updated as required, but at least annually.

The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term, as follows

	Years
Land	35
Connection equipment	35
Office	5

4. Summary of material accounting policies (continued)

4.15 Leases (continued)

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

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

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

Company as a lessor

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

4.16 Fair values

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

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

4. Summary of material accounting policies (continued)

4.16 Fair values (continued)

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

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

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

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

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

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

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

4.17 Segment information

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 strategic decisions maker.

The Company's operating activities are disclosed in Note 1 to the financial statements. The strategic business unit offers similar products and services and is managed as one segment. For the strategic business unit, the Chief Executive Officer reviews internal management reports on a monthly basis.

Performance is measured based on the profit before income tax, as included in the internal management reports. The Chief Executive Officer considers the business of the Company as one operating segment and monitors accordingly. The Company has only one segment in accordance with IFRS 8. Segment information is, accordingly, presented in respect of the Company's business segments. The primary format, business segments, is based on the Company's management and internal reporting structure. All operation and revenue are generated and all non-current asset are situated in Sultanate of Oman.

4.18 Current versus non-current classification

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

An asset as current when it is:

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

4. Summary of material accounting policies (continued)

4.18 Current versus non-current classification (continued)

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

4.19 Impairment of non-financial assets

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

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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment calculation of the Company is based on most recent budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated.

Impairment losses are recognised in the statement of profit or loss and other comprehensive income in expense categories consistent with the function of the impaired asset.

4.20 Cash and cash equivalents

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

4.21 Significant management judgement in applying accounting policies and estimation

When preparing the financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgments

The following are the judgements made by management in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Significant management judgments

Classification of power plant as operating lease

The Company has entered into the Power Purchase Agreement (ìPPAî) with Oman Power and Water Procurement Company SAOC (ìOPWPî) to generate electricity and make available the power capacity from its Plant.

4. Summary of material accounting policies (continued)

4.21 Significant management judgement in applying accounting policies and estimation (continued)

Significant management judgments (continued)

Classification of power plant as operating lease (continued)

Management believes that IFRIC 12 is not applicable to the arrangement as the residual interest is controlled by the Company and not OPWP. The estimated useful life of the power plant of 40 years takes into account. Furthermore, the residual value of the assets will have substantial value at the conclusion of the PPA and the Company will be able to continue to generate revenue through supply of power taking into account the spot market for power sector.

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

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

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

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

Estimation uncertainty

Information about estimates and assumptions that may have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Estimating the incremental borrowing rate - Leases

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

Income tax

Uncertainties exist with respect to the interpretation of tax regulations and the amount and timing of future taxable income. Given the wide range of business relationships and nature of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

The Company establishes provisions, based on reasonable estimates, for possible consequences of finalization of tax assessments of the Company. The amount of such provisions is based on various factors, such as experience of previous tax assessments and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

4. Summary of material accounting policies (continued)

4.21 Significant management judgement in applying accounting policies and estimation (continued)

Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected usage of the assets. At 31 December 2023, management assesses that, the useful lives represent the expected usage of the assets to the Company. The useful lives are mentioned in Note 4.8

Inventories

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future events or other market-driven changes that may reduce future selling prices.

Asset retirement obligation

Site restoration costs are based on technical assessment of the probable future costs to be incurred in respect of the decommissioning of the plant facilities. The significant uncertainty in estimating the provision is the cost that will be incurred and the applicable discount rate. It has been assumed that the site will be restored using technology and material that are currently available. The expected cost of decommissioning has been determined on the basis of a study by an independent contractor and discounted over 40 years using risk free adjusted discount rate.

Impairment of plant

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

5 Revenue

	Year ended 31 December 2023	Year ended 31 December 2023	Year ended 31 December 2022	Year ended 31 December 2022
	RO'000	USD'000	RO'000	USD'000
Revenue from lease contract:				
Capacity charges	67,906	176,608	67,360	175,188
Revenue from contract with a customer:	90,584	235,591	81,799	212,741
Energy and fuel charges	158,490	412,199	149,159	387,929

The Company operates in one business segment, that of generation of power. No geographical analysis has been disclosed as 100% of the Company's revenue is from its only customer Oman Power and Water Procurement Company SAOC (OPWP) based in the Sultanate of Oman.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

6 Operating costs

	Year ended 31 December 2023	Year ended 31 December 2023	Year ended 31 December 2022	Year ended 31 December 2022
	RO'000	USD'000	RO'000	USD'000
Gas consumption	86,660	225,383	78,463	204,065
Depreciation on property, plant and equipment (Note 11)	15,860	41,249	15,860	41,249
Operation and maintenance costs (Note 28)	8,234	21,414	8,342	21,695
Contractual services maintenance costs	7,768	20,202	6,998	18,200
Insurance	859	2,236	1,189	3,092
Depreciation on right-of-use assets (Note 12)	253	657	253	657
Connection, license fee and others	182	472	97	251
	119,816	311,613	111,202	289,209

Operation and maintenance costs includes the cost of inventories amounting to USD 1.1 million (RO 0.42 million) [2022 USD 1.46 million (RO 0.56 million).

7 General and administrative expenses

	Year ended 31 December 2023	Year ended 31 December 2023	Year ended 31 December 2022	Year ended 31 December 2022
	RO'000	USD'000	RO'000	USD'000
Staff costs and other benefits	771	2,005	631	1,642
Legal and professional charges	161	420	178	463
Listing expenses	143	370	137	357
Office related expenses	136	355	135	352
Corporate social responsibility	50	130	30	78
Short term lease rental	14	37	30	77
Depreciation on property, plant and equipment (Note 11)	15	38	5	14
Depreciation on right of use assets (Note 12)	11	29	-	-
Other expenses	165	429	110	286
	1,466	3,813	1,256	3,269

8 Finance costs

	Year ended 31 December 2023 RO'000	Year ended 31 December 2023 USD'000	Year ended 31 December 2022 RO'000	Year ended 31 December 2022 USD'000
Interest on term loans and swap settlements	10,895	28,336	12,041	31,317
Amortisation of transaction costs (Note 20)	613	1,597	711	1,848
Asset retirement obligation - unwinding of discount (Note 22)	256	666	244	634
Interest on lease liabilities (Note 25)	392	1,019	401	1,042
Debt service commission	58	155	124	322
Exchange loss	95	248	-	-
	12,309	32,021	13,521	35,163

9 Income tax

	Year ended 31 December 2023 RO'000	Year ended 31 December 2023 USD'000	Year ended 31 December 2022 RO'000	Year ended 31 December 2022 USD'000
Deferred tax expense recognised in the statement of profit or loss	(3,472)	(9,030)	(3,065)	(7,972)
Income tax expense	(403)	(1,048)	-	-
	(3,875)	(10,078)	(3,065)	(7,972)
Deferred tax expense recognised in other comprehensive income	30	79	(3,638)	(9,461)

For the purpose of determining the taxable results for the year, the accounting profit has been adjusted for tax purposes. Adjustments for tax purposes include items relating to both income and expense. The adjustments are based on the current understanding of the existing tax laws, regulations and practices. The adjustments to accounting profit for the year has resulted in a taxable profit which is adjusted against the brought forward tax losses.

a) Reconciliation of income tax expense

The following is a reconciliation of income tax on the accounting profit with the tax expenses at the applicable tax of 15% (2022:15%):

	Year ended 31 December 2023 RO'000	Year ended 31 December 2023 USD'000	Year ended 31 December 2022 RO'000	Year ended 31 December 2022 USD'000
Profit before income tax	25,798	67,088	23,427	60,931
Net effect of expenses that are not deductible and income not considered to be taxable in determining taxable profit:	(4,993)	(12,986)	(8,648)	(22,491)
Accumulated losses	(18,115)	(47,113)	(14,779)	(38,440)
Net taxable income/(loss)	2,690	6,989	-	-
Current tax is provided at the rate of 15%.	403	1,048	-	-

9 Income tax (continued)

a) Reconciliation of income tax expense (continued)

As of December 2023, the Company's tax assessments for 2020 have been completed by the Omani Taxation Authorities. The Company's assessment for the tax years 2021 and 2022 have not yet been finalised with the Taxation Authority. Management believes that additional taxes, if any, in respect of open tax years, would not be significant to the Company's financial position as at 31 December 2023.

b) Deferred tax assets/(liabilities)

	At 1 January	Recognised In profit or loss	Recognised in other comprehensive income	31 December
31 December 2023	**RO'000**	**RO'000**	**RO'000**	**RO'000**
Property, plant and equipment	(47,641)	(840)	-	(48,481)
Provision for asset retirement obligation	809	52	-	861
Lease liabilities	1,380	20	-	1,400
Losses carried forward	2,717	(2,717)	-	-
Exchange loss	28	13	-	41
Fair value adjustment of derivatives through equity (Note 21)	359	-	30	389
Net deferred tax liabilities	(42,348)	(3,472)	30	(45,790)
	USD'000	**USD'000**	**USD'000**	**USD'000**
Property, plant and equipment	**(123,905)**	**(2,185)**	**-**	**(126,090)**
Provision for asset retirement obligation	**2,105**	**136**	**-**	**2,241**
Lease liabilities	**3,588**	**51**	**-**	**3,639**
Losses carried forward	**7,067**	**(7,067)**	**-**	**-**
Exchange loss	**72**	**35**	**-**	**107**
Fair value adjustment of derivatives through equity (Note 21)	**935**	**-**	**79**	**1,014**
Net deferred tax liabilities	**(110,138)**	**(9,030)**	**79**	**(119,089)**

9 Income tax (continued)

b) Deferred tax assets/(liabilities) (continued)

31 December 2022	At 1 January RO'000	Recognised In profit or loss RO'000	Recognised in other comprehensive income RO'000	31 December RO'000
Property, plant and equipment	(46,260)	(1,381)	-	47,641)
Provision for asset retirement obligation	759	50	-	809
Lease liabilities	1,354	26	-	1,380
Losses carried forward	4,485	(1,768)	-	2,717
Exchange loss	20	8	-	28
Fair value adjustment of derivatives through equity (Note 21)	3,997	-	(3,638)	359
Net deferred tax liabilities	(35,645)	(3,065)	(3,638)	(42,348)

	USD'000	**USD'000**	**USD'000**	**USD'000**
Property, plant and equipment	**(120,313)**	**(3,592)**	**-**	**(123,905)**
Provision for asset retirement obligation	**1,974**	**131**	**-**	**2,105**
Lease liabilities	**3,521**	**67**	**-**	**3,588**
Losses carried forward	**11,665**	**(4,598)**	**-**	**7,067**
Exchange loss	**52**	**20**	**-**	**72**
Fair value adjustment of derivatives through equity (Note 21)	**10,396**	**-**	**(9,461)**	**935**
Net deferred tax liabilities	**(92,705)**	**(7,972)**	**(9,461)**	**(110,138)**

10 Basic and diluted earnings per share

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

	31 December 2023 RO'000	**31 December 2023 USD'000**	31 December 2022 RO'000	31 December 2022 USD'000
Profit for the year	**21,923**	**57,010**	20,362	52,959
Weighted average number of shares (in 000's)	**1,462,601**	**1,462,601**	1,462,601	1,462,601
Basic earnings per share (Baisas / Cents)	**0.015**	**0.039**	0.014	0.036

No figure for diluted earnings per share has been disclosed as the Company has not issued any instruments which would have an impact on earnings per share when exercised.

11 Property, plant and equipment

	Building RO'000	**Plant and equipment RO'000**	**Strategic spares RO'000**	**Asset retirement RO'000**	**Other assets RO'000**	**Total RO'000**
Cost						
At 1 January 2023	83,876	518,087	10,809	3,249	251	616,272
Addition	-	-	-	-	72	72
Disposal	-	-	-	-	(27)	(27)
At 31 December 2023	**83,876**	**518,087**	**10,809**	**3,249**	**296**	**616,317**
Accumulated depreciation:						
At 1 January 2023	16,897	104,358	5,810	806	235	128,106
Charge for the year	2,095	12,954	721	90	15	15,875
Disposal	-	-	-	-	(27)	(27)
At 31 December 2023	**18,992**	**117,312**	**6,531**	**896**	**223**	**143,954**
Net book value						
At 31 December 2023	**64,884**	**400,775**	**4,278**	**2,353**	**73**	**472,363**

	Building RO'000	Plant and equipment RO'000	Strategic spares RO'000	Asset retirement RO'000	Other assets RO'000	Total USD'000
Cost						
At 1 January 2022	83,876	518,087	10,809	3,249	246	616,267
Addition	-	-	-	-	14	14
Disposal	-	-	-	-	(9)	(9)
At 31 December 2022	83,876	518,087	10,809	3,249	251	616,272
Accumulated depreciation:						
At 1 January 2022	14,800	91,406	5,089	716	239	112,250
Charge for the year	2,097	12,952	721	90	5	15,865
Disposal	-	-	-	-	(9)	(9)
At 31 December 2022	16,897	104,358	5,810	806	235	128,106
Net book value						
At 31 December 2022	66,979	413,729	4,999	2,443	16	488,166

11 Property, plant and equipment (continued)

	Building USD'000	Plant and equipment USD'000	Strategic spares USD'000	Asset retirement USD'000	Other assets USD'000	Total USD'000
Cost						
At 1 January 2023	218,142	1,347,432	28,113	8,450	648	1,602,785
Addition	-	-	-	-	183	183
Disposal	-	-	-	-	(70)	(70)
At 31 December 2023	**218,142**	**1,347,432**	**28,113**	**8,450**	**761**	**1,602,898**
Accumulated depreciation:						
At 1 January 2023	43,942	271,418	15,102	2,101	610	333,173
Charge for the year	5,454	33,686	1,874	235	38	41,287
Disposal	-	-	-	-	(70)	(70)
At 31 December 2023	**49,396**	**305,104**	**16,976**	**2,336**	**578**	**374,390**
Net book value						
At 31 December 2023	**168,746**	**1,042,328**	**11,137**	**6,114**	**183**	**1,228,508**

	Building RO'000	Plant and equipment RO'000	Strategic spares RO'000	Asset retirement RO'000	Other assets RO'000	Total USD'000
Cost						
At 1 January 2022	218,142	1,347,432	28,113	8,450	637	1,602,774
Addition	-	-	-	-	35	35
Disposal	-	-	-	-	(24)	(24)
At 31 December 2022	218,142	1,347,432	28,113	8,450	648	1,602,785
Accumulated depreciation:						
At 1 January 2022	38,489	237,732	13,227	1,866	620	291,934
Charge for the year	5,453	33,686	1,875	235	14	41,263
Disposal	-					
At 31 December 2022	-	-	-	(24)	(24)	
Net book value	43,942	271,418	15,102	2,101	610	333,173
At 31 December 2022	174,200	1,076,014	13,011	6,349	38	1,269,612

Depreciation charged for the year is allocated as follows:

	Year ended 31 December 2023 RO'000	**Year ended 31 December 2023 USD'000**	Year ended 31 December 2022 RO'000	Year ended 31 December 2022 USD'000
Operating costs (Note 6)	**15,860**	**41,249**	15,860	41,249
General and administrative expenses (Note 7)	**15**	**38**	5	14
	15,875	**41,287**	15,865	41,263

The Company's building and plant are constructed on land leased from Sur Industrial City (PEIE) (Notes 2 and 25).

The term loan facilities are secured by a comprehensive legal and commercial mortgages on all assets of the Company (Note 20).

Based on management assessment, there is no indication of impairment of property, plant and equipment.

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FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

12 Right-of-use assets

The land on which the plant and buildings are constructed has been leased from Sohar Industrial port Company SAOC for a period of 25 years. The Company has also acquired connection equipment on lease from Oman Electricity Transmission Company SAOC for the transmission through the system to the connection point for a period of 15 years.

	31 December 2023 RO'000	**31 December 2023 USD'000**	31 December 2022 RO'000	31 December 2022 USD'000
Cost:				
At 1 January	**8,809**	**22,911**	8,809	22,911
Addition during the year	**102**	**264**	-	-
At 31 December	**8,911**	**23,175**	8,809	22,911
Accumulated depreciation:				
At 1 January	**1,009**	**2,623**	756	1,966
Charge for the year	**264**	**686**	253	657
At 31 December	**1,273**	**3,309**	1,009	2,623
Net book value:				
At 31 December	**7,638**	**19,866**	7,800	20,288

Depreciation on right-of use-assets charged for the year is allocated as follows:

	Year ended 31 December 2023 RO'000	**Year ended 31 December 2023 USD'000**	Year ended 31 December 2022 RO'000	Year ended 31 December 2022 USD'000
Operating costs (Note 6)	**253**	**657**	253	657
General and administrative expenses (Note 7)	**11**	**29**	-	-
	264	**686**	253	657

13 Trade and other receivables

	31 December 2023 RO'000	**31 December 2023 USD'000**	31 December 2022 RO'000	31 December 2022 USD'000
Trade receivables	**8,178**	**21,270**	7,166	18,636
Prepayments	**373**	**970**	328	854
Other receivables	**200**	**519**	439	1,141
	8,751	**22,759**	7,933	20,631

All amounts are short-term. The net carrying value of trade and other receivables is considered a reasonable approximation of fair value.

Note 30(b) includes disclosures relating to the credit risk exposures and analysis relating to the allowance for expected credit losses.

14 Inventories

	31 December 2023	31 December 2023	31 December 2022	31 December 2022
	RO'000	USD'000	RO'000	USD'000
Fuel	5,497	14,297	5,433	14,130
Stores and spares	5,917	15,390	5,932	15,423
	11,414	29,687	11,365	29,553

The management has assessed that as at 31 December 2023, there are no slow moving inventories for which provision is required (2022: RO Nil).

15 Short term deposits

	31 December 2023	31 December 2023	31 December 2022	31 December 2022
	RO'000	USD'000	RO'000	USD'000
Short term deposits	7,306	19,000	-	-

Short term deposits placed with reputable financial institution for a period ranging from six months to one year carrying interest at the rates ranging from 5% to 5.5% (2022: Nil) per annum. These will mature latest by 26 June 2024. Short term deposits are placed with reputed financial institutions. Hence, the management believes that the ECL is immaterial to the financial statements as a whole.

16 Cash and cash equivalents

	31 December 2023	31 December 2023	31 December 2022	31 December 2022
	RO'000	USD'000	RO'000	USD'000
Cash in hand	-	2	-	-
Cash at bank	12,700	33,029	20,259	52,688
	12,700	33,031	20,259	52,688

Cash at bank are placed with reputed financial institutions. Hence, the management believes that the ECL is immaterial to the financial statements as a whole. There are no restrictions on cash at bank at the time of approval of the financial statements.

17 Share capital

	31 December 2023	31 December 2023	31 December 2022	31 December 2022
	RO'000	USD'000	RO'000	USD'000
Authorised, issued and fully paid up share capital of 1,462,601,460 shares (2023 and 2022 - 1,462,601,460 shares of RO 0.1 each)	146,260	380,390	146,260	380,390

18 Legal reserve

As per article 132 of the Commercial Companies Law of the Sultanate of Oman, 2019, as amended, annual appropriations of 10% of the profit for the year are made to this reserve until the accumulated balance amounts to at least one third of the value of paid-up share capital of the Company. This reserve is not available for distribution. During the year ended 31 December 2023, the Company transferred USD 5.7 million (RO 2.2 million) [2022: USD 5.3 million (RO 2.0 million)] to the legal reserve.

19 Dividend payable

	2023	2023	2022	2022
	RO'000	USD'000	RO'000	USD'000
At 1 January				
Dividend proposed - 3.25 Baisas per share (2022: 2.50 Baisas per share)	4,754	12,363	3,657	9,510
Dividend proposed - 2.0 Baisas per share (2022: 2.00 Baisas per share)	2,925	7,608	2,925	7,608
	7,679	19,971	6,582	17,118
Payments during the year	(7,799)	(20,280)	(5,950)	(15,477)
At 31 December	2,925	7,608	3,045	7,917

Pursuant to shareholders' resolution dated 20 March 23, the Board of Directors in their meetings held on 19 April 2023 and 24 October 2023 approved cash dividend of 3.25 Baisas per share and 2.0 Baisas per share, respectively for the year ended 31 December 2022. Accordingly, dividend amounting to USD 12.36 million (RO 4.75 million) was paid in July 2023 and USD 7.6 million (RO 2.92 million) is payable as of 31 December 2023 which was paid subsequently in January 2024.

Pursuant to shareholders' resolution dated 17 March 2022, the Board of Directors in their meetings held on 21 April 2022 and 28 October 2022 approved cash dividend of 2.50 Baisas per share and 2.0 Baisas per share, respectively for the year ended 31 December 2021. Accordingly, dividend amounting to USD 15.5 million (RO 6 million) was paid in July 2022 and USD 7.60 million (RO 2.92 million) is payable as of 31 December 2022 which was paid during the year.

The Board of Directors at the forthcoming Annual General Meeting will propose a cash dividend, provided that the aggregated amount of such dividend shall not exceed 5.25 Baisas per share.

20 Interest bearing loans and borrowings

	31 December 2023	31 December 2023	31 December 2022	31 December 2022
	RO'000	USD'000	RO'000	USD'000
Term loans	185,779	483,171	220,033	572,257
Less: unamortised transaction costs	(1,477)	(3,841)	(2,090)	(5,438)
	184,302	479,330	217,943	566,819
Less: current portion of loans	(36,104)	(93,899)	(34,253)	(89,085)
Non-current portion of loans	148,198	385,431	183,690	477,734

20 Interest bearing loans and borrowings (continued)

The movement in interest bearing loans and borrowings at the reporting date is as below:

	31 December 2023	31 December 2023	31 December 2022	31 December 2022
	RO'000	USD'000	RO'000	USD'000
At 1 January	220,033	572,257	251,733	654,701
Repayments of loan	(34,254)	(89,086)	(31,700)	(82,444)
At 31 December	185,779	483,171	220,033	572,257

Movement of unamortised transaction costs is as follows:

	31 December 2023	31 December 2023	31 December 2022	31 December 2022
	RO'000	USD'000	RO'000	USD'000
At 1 January	2,090	5,438	2,801	7,286
Amortised during the year (Note 8)	(613)	(1,597)	(711)	(1,848)
At 31 December	1,477	3,841	2,090	5,438

The Company had entered into secured long term loan agreements in relation to the Project. The total amount of the term loan is USD 1,194 million (RO 459 million) at SOFR plus applicable margin.

The Company started drawdowns in 2012. The Company has fully drawn down the facility in 2014. The loans will be repayable in six months instalments of several denominations, started from 28 December 2014 till 28 December 2028. The Company in order to manage its interest rate risk has entered into interest rate swap arrangements, the details of which are set out in Note 21.

The above facilities are secured by comprehensive legal and commercial mortgages on all the assets of the Company (Note 11). The loan agreements contain certain restrictive covenants, which include, amongst other restrictions over debt service, pattern of shareholding, payment of dividends, asset sales/transfers, and amendment to significant agreements entered by the Company and creation of additional security under charge. The Company is in compliance with the covenants.

During the year company has successfully done transition from LIBOR to SOFR. The company do not foresee any impact on the company for this transition.

21 Derivative financial instruments

Derivative financial instruments comprises of interest rate swap agreements and currency swap agreements

Net movement in fair value of cash flow hedges is as follow:

	31 December 2023	31 December 2023	31 December 2022	31 December 2022
	RO'000	USD'000	RO'000	USD'000
Interest rate swaps	(2,129)	(5,539)	5,614	14,600
Currency swaps	1,926	5,010	18,639	48,477
	(203)	(529)	24,253	63,077
Deferred tax impact	30	79	(3,638)	(9,461)
	(173)	(450)	20,615	53,616

21 Derivative financial instruments (continued)

(a) Interest rate swaps

In accordance with the requirements of its Commercial facilities, NEXI facilities and Term Loan facilities agreement with Japan Bank for International Corporation ("Secured Term Loan agreements"), the Company has entered into seven interest rate hedging agreements with a view to cap the Company's exposure to fluctuating interest rates. The maximum loan amount covered during the tenure is USD 1,152 million (RO 443 million). Under the hedging agreements, the Company pays a fixed interest rate between 3.102% to 3.75% per annum as per the respective swap agreement and receives a floating interest rate based on USD Secured Overnight Financing Rate (SOFR) with effective dates starting from 28 February 2013/28 March 2013 till 28 December 2028. As at 31 December 2023, an unrealised gain of USD 9.06 million (RO 3.48 million) [2022: Unrealised gain of USD 14.6 million (RO 5.6 million)] relating to measuring the financial instrument at fair value is included in equity in respect of these contracts.

All of these interest rate swaps are designated as effective cash flow hedges and the fair value thereof has been dealt with in equity.

	31 December 2023	31 December 2023	31 December 2022	31 December 2022
	RO'000	USD'000	RO'000	USD'000
Non-current portion	300	779	4,594	11,948
Current portion	3,184	8,282	1,020	2,652
	3,484	9,061	5,614	14,600

The following table shows the fair value of interest rate swaps relating to secured term loan agreements, which is equivalent to the market values, together with the notional amounts analysed by the term to maturity. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured.

31 December 2023		Notional amounts by term to maturity			
	Fair value of derivatives	**Notional amount**	**Less than 1 year**	**More than 1 up to 5 years**	**Over 5 years**
Interest rate swaps (RO'000)	3,484	176,468	34,291	142,177	-
Interest rate swaps (USD'000)	9,061	458,955	89,183	369,772	-

31 December 2022		Notional amounts by term to maturity			
	Fair value of derivatives	Notional amount	Less than 1 year	More than 1 up to 5 years	Over 5 years
Interest rate swaps (RO'000)	5,614	209,004	35,203	141,265	32,536
Interest rate swaps (USD'000)	14,600	543,574	91,556	367,399	84,619

21 Derivative financial instruments (continued)

(b) Currency swaps

In order to reduce its exposure to foreign exchange rates fluctuations relating to payments to be made to contractor for services rendered under long term supply and services contract for gas turbines, the Company has entered into a foreign exchange swap agreement with a bank for the foreign exchange amounts which are required to be paid in future. As at 31 December 2023, an unrealised loss of USD 15.82 million (RO 6.08 million) [2022: USD 20.8 million (RO 8.0 million)] relating to measuring the financial instrument at fair value is included in equity in respect of these contracts. The related details are set out below:

	31 December 2023	31 December 2023	31 December 2022	31 December 2022
	RO'000	USD'000	RO'000	USD'000
Fair value of currency swaps	(6,083)	(15,821)	(8,009)	(20,831)
Less: deferred tax effect	912	2,373	1,201	3,125
	(5,171)	(13,448)	(6,808)	(17,706)

The current and non-current portion of currency swaps is as follows:

	31 December 2023	31 December 2023	31 December 2022	31 December 2022
	RO'000	USD'000	RO'000	USD'000
Non-current portion	(4,821)	(12,540)	(6,553)	(17,042)
Current portion	(1,262)	(3,281)	(1,456)	(3,789)
	(6,083)	(15,821)	(8,009)	(20,831)

The following table shows fair value of the currency swaps, which is equivalent to the market values, together with the notional amounts analysed by the term to maturity. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured.

31 December 2023		Notional amounts by term to maturity			
	Fair value of derivatives	Notional amount	Less than 1 year	More than 1 up to 5 years	Over 5 years
Interest rate swaps (RO'000)	(6,083)	(29,276)	(5,870)	(23,406)	-
Interest rate swaps (USD'000)	(15,821)	(76,140)	(15,267)	(60,873)	-

31 December 2022		Notional amounts by term to maturity			
	Fair value of derivatives	Notional amount	Less than 1 year	More than 1 up to 5 years	Over 5 years
Interest rate swaps (RO'000)	(8,009)	(35,126)	(5,838)	(23,438)	(5,850)
Interest rate swaps (USD'000)	(20,831)	(91,355)	(15,183)	(60,957)	(15,215)

22 Provision for asset retirement obligation

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 fair value of asset retirement obligation (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:

	31 December 2023	31 December 2023	31 December 2022	31 December 2022
	RO'000	USD'000	RO'000	USD'000
As at 1 January	5,120	13,317	4,876	12,683
Unwinding of discount (Note 8)	256	666	244	634
As at 31 December	5,376	13,983	5,120	13,317

23 Trade and other payables

	31 December 2023	31 December 2023	31 December 2022	31 December 2022
	RO'000	USD'000	RO'000	USD'000
Trade payable	5,626	14,633	6,790	17,659
Amounts due to a related party (Note 28)	3,220	8,374	3,377	8,782
Accrued expenses	8,510	22,134	6,665	17,328
VAT payable	1,612	4,192	2,076	5,400
	18,968	49,333	18,908	49,169

All amounts are short-term. The carrying values of trade and other payables are considered to be a reasonable approximation of fair values.

24 Employees' end of service benefits

	31 December 2023	31 December 2023	31 December 2022	31 December 2022
	RO'000	USD'000	RO'000	USD'000
At 1 January	32	83	47	122
Charge for the year	6	16	9	23
Payments during the year	-	-	(24)	(62)
At 31 December	38	99	32	83

25 Lease liabilities

The Company recognised lease liabilities in relation to lease of land and connection equipment. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate.

	31 December 2023	31 December 2023	31 December 2022	31 December 2022
	RO'000	USD'000	RO'000	USD'000
Land	1,758	4,573	1,758	4,573
Connection equipment	6,589	17,139	6,680	17,372
Office	55	141	-	-
	8,402	21,853	8,438	21,945

Movement in lease liabilities recognised in the statement of financial position is as follows:

	31 December 2023	31 December 2023	31 December 2022	31 December 2022
	RO'000	USD'000	RO'000	USD'000
At 1 January	8,438	21,945	8,518	22,155
Additions	102	264	-	-
Interest expense (Note 8)	392	1,019	401	1,042
Payments during the year	(530)	(1,375)	(481)	(1,252)
At 31 December	8,402	21,853	8,438	21,945

	31 December 2023	31 December 2023	31 December 2022	31 December 2022
	RO'000	USD'000	RO'000	USD'000
Non-current	7,873	20,478	7,931	20,626
Current	529	1,375	507	1,319
	8,402	21,853	8,438	21,945

Movement in lease liabilities recognised in the statement of financial position is as follows:

	Year ended 31 December 2023	Year ended 31 December 2023	Year ended 31 December 2022	Year ended 31 December 2022
	RO'000	USD'000	RO'000	USD'000
Depreciation on right-of-use assets (Note 12)	264	686	253	657
Interest on finance lease (Note 8)	392	1,019	401	1,042
	656	1,705	654	1,699

25 Lease liabilities (continued)

Lease payments not recognised as a liability

The Company has elected not to recognise lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis.

The expense relating to payments not included in the measurement of the lease liability is as follows:

	Year ended 31 December 2023	Year ended 31 December 2023	Year ended 31 December 2022	Year ended 31 December 2022
	RO'000	USD'000	RO'000	USD'000
Short term lease rental	14	37	30	77

26 Net assets per share

Net assets per share is calculated by dividing the equity attributable to the shareholders of the Company at the reporting date by the number of shares outstanding as follows:

	31 December 2023	31 December 2023	31 December 2022	31 December 2022
	RO'000	USD'000	RO'000	USD'000
Net assets (RO'000s/USD'000s)	251,369	653,748	6,790	17,659
Number of shares outstanding at 31 December (in 000's)	1,462,601	1,462,601	1,462,601	1,462,601
Net assets per share (RO BAISA/USD CENTS)	0.172	0.447	0.162	0.422

27 Contingencies

At 31 December 2023, the Company had no contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise [2022: USD Nil (RO Nil)].

28 Related party transactions and balances

Related parties comprise the shareholders, directors, key management personnel and business entities that have the ability to control or exercise significant influence over financial and operating decisions of the Company and entities over which certain shareholders are able to exercise significant influence.

The Company maintains balances with these related parties which arise in the normal course of business from the commercial transactions, and are entered into at terms and conditions agreed between the parties. Transactions with related parties are as follows:

Due to a related party	31 December 2023	31 December 2023	31 December 2022	31 December 2022
	RO'000	USD'000	RO'000	USD'000
Company under common control - Phoenix Operation and Maintenance Company LLC (Note 23)	3,220	8,374	3,377	8,782

28 Related party transactions and balances (continued)

	Year ended 31 December 2023	Year ended 31 December 2023	Year ended 31 December 2022	Year ended 31 December 2022
Related parties transactions	**RO'000**	**USD'000**	RO'000	USD'000
Consulting service fee charged:				
- Axia Power Holdings - shareholder	**41**	**107**	41	107
- JERA Co. Inc. - shareholder	**25**	**64**	25	64
	66	**171**	66	171
Operation and maintenance costs:				
Phoenix Operation and Maintenance Company LLC (Note 6)	**8,234**	**21,414**	8,342	21,695
Key management compensation:				
Short term benefits	**249**	**647**	200	520
End of service benefits	**-**	**-**	3	8
	249	**647**	203	528

29 Commitments

Operation and maintenance (O&M) commitments

As per the O&M Agreement, Phoenix Operation and Maintenance Company LLC will operate and maintain the Company's plant until 31 March 2029. Under the O&M agreement, the Company has to pay the fixed fee which is subject to indexation based on Omani Price indices.

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

	Year ended 31 December 2023	Year ended 31 December 2023	Year ended 31 December 2022	Year ended 31 December 2022
	RO'000	**USD'000**	RO'000	USD'000
Within one year	**1,730**	**4,500**	1,730	4,500
Between two and five years	**6,921**	**18,000**	6,921	18,000
After five years	**427**	**1,110**	2,157	5,610
	9,078	**23,610**	10,808	28,110

Other commitments

The Company has entered into agreements for purchase of natural gas with the Ministry of Energy and Minerals, long term supply of spare parts of gas turbines with Siemens Aktiengesellschaft and maintenance service of gas turbines with Siemens LLC Oman.

Operating lease agreement for which the Company acts as a lessor

The Company has entered into a PPA with OPWP in July 2011 for a substantial element of the production of power with 100% "take-or-pay" clauses in favour of the Company.

29 Commitments (continued)

The Management has determined that the take-or-pay arrangement with OPWP under the PPA is subject to IFRS 16 - Leases. The Management further determined that such an arrangement in substance represents an operating lease. The lease commenced on 11 December 2014. The following is the total of minimum lease receipts expected to be received under the PPA, excluding indexation:

	31 December 2023	31 December 2023	31 December 2022	31 December 2022
	RO'000	**USD'000**	RO'000	USD'000
Within one year	**65,511**	**170,380**	65,428	170,165
Between two and five years	**196,286**	**510,496**	196,286	510,496
After five years	**72,935**	**189,689**	138,447	360,069
	334,732	**870,565**	400,161	1,040,730

30 Financial risk management

The Company has exposure to the following risks arising from;

- Market risk
- Credit risk
- Liquidity risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Board of Directors has overall responsibility for establishing and overseeing the Company's risk management framework. The Board has entrusted the management with the responsibility of developing and monitoring the Company's risk management policies and procedures and its compliance with them.

(a) Market risk

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

Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. To manage this, the Company enters into interest rate swaps, in which the Company agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. These swaps are designated to hedge underlying debt obligations. The details of Company's interest rate swap agreements are set out in Note 21.

A 10% change in US SOFR rates at the reporting date would have increased/(decreased) equity and statement of profit or loss by the amounts of USD 68.4 thousands (RO 26.3 thousands) [2022: USD 28.0 thousands (RO 10.77 thousands)] before taking into account of interest rate swaps. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The management do not foresee any impact on the company related to transition from LIBOR to SOFR.

30 Financial risk management (continued)

Foreign currency risk:

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's majority of foreign currency transactions are denominated in US Dollar and Euro. As the Rial Omani is pegged to the US Dollar the transactions are not expected to have any significant currency risk. The Company has entered into forward foreign exchange contracts to hedge its Euro exchange risk arising on certain payments to be made in Euro as per its agreement with Siemens Aktiengesellschaft. The details of which are set out in Note 21. The Company's certain Cash at bank are denominated in Euro. The Company's bank balance denominated in Euro as of 31 December 2023 amounted to RO 0.385 thousands (USD 1 thousands) [(2022: RO 2 thousands (USD 5 thousands)]. Should the exchange rate between Euro and RO fluctuate by ± 5%, the impact on the Company's results will be USD:Nil (RO:Nil) [2022: USD:Nil (RO:Nil)].

(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. OPWP is the Company's sole customer and the Company analyses its credit risk with OPWP.

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

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets as follows:

	31 December 2023	**31 December 2023**	31 December 2022	31 December 2022
	RO'000	**USD'000**	RO'000	USD'000
Trade receivables (Note 13)	**8,178**	**21,270**	7,166	18,636
Short term deposits (Note 15)	**7,306**	**19,000**	-	-
Cash at bank (Note 16)	**12,700**	**33,029**	20,259	52,688
Other receivables	**200**	**519**	439	1,141
	28,384	**73,818**	27,864	72,465

Age analysis of trade receivables as at 31 December was:

	31 December 2023 RO'000 Trade receivables	**31 December 2023 USD'000 Expected credit losses**	31 December 2022 RO'000 Trade receivables	31 December 2022 USD'000 Expected credit losses
Not past due	**8,178**	**-**	7,166	-
Past due 0 < 3 months	**-**	**-**	-	-
Past due > 3 months	**-**	**-**	-	-
	8,178	**-**	7,166	-
Nominal value in USD '000	**21,270**	**-**	18,636	-

Phoenix
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Phoenix Power Company (SAOG)

30 Financial risk management (continued)

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

(b) Credit risk (continued)

		31 December 2023	**31 December 2023**	31 December 2022	31 December 2022
Description	**Ratings**	**RO'000**	**USD'000**	RO'000	USD'000
Cash at bank	Ba2 & A1	**12,700**	**33,029**	20,259	52,688

(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 maintains sufficient and approved bank credit limits to meet its obligations as they fall due for payment and is therefore not subjected to significant liquidity risk. The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

	Less than 3 months	**3 to 12 months**	**1 to 5 years**	**More than 5 years**	**Total**
	RO'000	**RO'000**	**RO'000**	RO'000	**RO'000**
2023					
Trade payable	5,626	-	-	-	**5,626**
Amounts due to a related party	3,220	-	-	-	**3,220**
Interest bearing loans and borrowings	-	44,878	166,605	-	**211,483**
Lease liabilities	529	-	2,099	13,162	**15,790**
Dividend payable	2,925	-	-	-	**2,925**
	12,300	**44,878**	**168,704**	**13,162**	**239,044**

	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
	RO'000	RO'000	RO'000	RO'000	RO'000
2022					
Trade payable	6,790	-	-	-	6,790
Amounts due to a related party	3,377	-	-	-	3,377
Interest bearing loans and borrowings	-	44,720	173,030	38,453	256,203
Lease liabilities	507	-	2,029	13,669	16,205
Dividend payable	3,045	-	-	-	3,045
	13,719	44,720	175,059	52,122	285,620

30 Financial risk management (continued)

(c) Liquidity risk (continued)

	Less than 3 months USD'000	3 to 12 months USD'000	1 to 5 years USD'000	More than 5 years USD'000	Total USD'000
2023					
Trade and other payables	14,633	-	-	-	**14,633**
Amounts due to a related party	8,374	-	-	-	**8,374**
Interest bearing loans and borrowings	-	1,16,718	4,33,303	-	**5,50,021**
Lease liabilities	1,375	-	5,458	34,231	**41,064**
Dividend payable	7,608	-	-	-	**7,608**
	31,990	**1,16,718**	**4,38,761**	**34,231**	**6,21,700**

	Less than 3 months RO'000	3 to 12 months RO'000	1 to 5 years RO'000	More than 5 years RO'000	Total RO'000
2022					
Trade and other payables	40,387	-	-	-	40,387
Amounts due to a related party	8,782	-	-	-	8,782
Interest bearing loans and borrowings	-	1,16,306	4,50,012	1,00,009	6,66,327
Lease liabilities	1,319	-	5,278	35,551	42,148
Dividend payable	7,917	-	-	-	7,917
	58,405	1,16,306	4,55,290	1,35,560	7,65,561

(d) Capital risk management

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

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year ended 31 December 2023.

The Company monitors capital using a gearing ratio, which is debt (interest bearing loans and borrowings) divided by total equity.

	31 December 2023 RO'000	**31 December 2023 USD'000**	31 December 2022 RO'000	31 December 2022 USD'000
Debt (Interest bearing loans and borrowings - Note 20)	**185,779**	**483,171**	220,033	572,257
Less: Short term deposits (Note 15)	**(7,306)**	**(19,000)**	-	-
Less: Cash and cash equivalents (Note 16)	**(12,700)**	**(33,031)**	(20,259)	(52,688)
Net debt	**165,773**	**431,140**	199,774	519,569
Equity before hedging reserve	**253,575**	**659,494**	239,330	622,449
Net Debt to equity ratio	**65%**	**65%**	83%	83%

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

31 Fair value of financial instruments

Financial instruments comprise of financial assets, financial liabilities and derivatives.

Financial assets consist of cash and bank balances and trade and other receivables (excluding prepayments). Financial liabilities consist of interest bearing loans and borrowings and trade and other payables (excluding VAT). Derivatives consist of interest rate swap arrangements and forward foreign exchange currency contracts.

The fair values of financial instruments are not materially different from their carrying values. The derivatives are fair valued using level 2 technique with reference to broker/dealer price quotation.

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

Measurement of fair values

Type	Valuation technique
Derivative instrument (level 2)	Market comparison technique: fair value is calculated by the respective financial institutions

Embedded derivatives

The following agreements contain embedded derivatives:

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

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

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

32 Financial assets and liabilities

	31 December 2023 RO'000	**31 December 2023 USD'000**	31 December 2022 RO'000	31 December 2022 USD'000
Financial assets				
At amortised cost				
Trade and other receivables (excluding prepayments)	**8,378**	**21,789**	7,605	19,777
Short term deposits	**7,306**	**19,000**	-	-
Cash and cash equivalents	**12,700**	**33,031**	20,259	52,688
Financial assets at fair value				
Derivative financial instruments	**3,484**	**9,061**	5,614	14,600
	31,868	**82,881**	33,478	87,065

32 Financial assets and liabilities (continued)

	31 December 2023	31 December 2023	31 December 2022	31 December 2022
Financial assets	**RO'000**	**USD'000**	RO'000	USD'000
Financial liabilities at amortised cost				
Interest-bearing liabilities				
Interest bearing loans and borrowings	**184,302**	**479,330**	217,943	566,819
Lease liabilities	**8,402**	**21,853**	8,438	21,945
Dividend payable	**2,925**	**7,608**	3,045	7,917
Trade payable and accruals (excluding VAT)	**17,356**	**45,141**	16,832	43,769
Financial liabilities at fair value				
Derivative financial instruments	**6,083**	**15,821**	8,009	20,831
	219,068	**569,753**	254,267	661,281

33 Comparative figures

Certain comparative figures have been reclassified where necessary to conform to the current year presentation.

Following reclassification has been made in these financial statements.

Derivative instrument (level 2)	The Company disclosed an amount of USD 6.25 million (RO 2.4 million) as non-current capital spares balances in the financial statement of 2022. However as the nature of capital spares is consumables, this has now been reclassified as current asset under inventories.