

PHOENIX POWER COMPANY SAOG

UNAUDITED FINANCIAL STATEMENTS

30 September 2023

PHOENIX POWER COMPANY SAOG

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2023

	Notes	2023 RO'000	2023 US\$'000	2022 RO'000	2022 US\$'000
Operating revenue	3	130,812	340,214	123,266	320,588
Operating costs	4	(93,327)	(242,722)	(85,513)	(222,402)
Operating profit		37,485	97,492	37,753	98,186
General and administrative expenses	5	(1,094)	(2,848)	(878)	(2,284)
Finance costs	6	(9,371)	(24,370)	(10,338)	(26,887)
Finance Income	6	192	499	24	62
Profit before tax		27,212	70,773	26,561	69,077
Income tax	7	(2,063)	(5,366)	(2,308)	(6,002)
PROFIT FOR THE PERIOD		25,149	65,407	24,253	63,075
OTHER COMPREHENSIVE INCOME - /(EXPENSE) , NET OF TAX					
<i>Item that may be reclassified to profit and loss in subsequent periods:</i>					
Net movement in fair value of cash flow hedges		3,864	10,050	20,745	53,954
Income tax effect		(580)	(1,508)	(3,111)	(8,093)
OTHER COMPREHENSIVE INCOME /(EXPENSE) FOR THE PERIOD		3,284	8,542	17,634	45,861
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD		28,433	73,949	41,887	108,936
BASIC EARNINGS PER SHARE (RO/US\$)		0.017	0.04	0.017	0.04

The attached notes 1 to 22 form part of these financial statements

PHOENIX POWER COMPANY SAOG

STATEMENT OF FINANCIAL POSITION

AT 30 September 2023

	Notes	2023 RO'000	2023 US\$'000	2022 RO'000	2022 US\$'000
ASSETS					
Non-current assets					
Property, plant and equipment	8	476,330	1,238,831	488,166	1,269,612
Right to use assets	9	7,725	20,093	7,800	20,288
Derivative financial instruments	15	8,567	22,280	4,594	11,948
		<u>492,622</u>	<u>1,281,204</u>	<u>500,560</u>	<u>1,301,848</u>
Current assets					
Trade and other receivables	10	18,484	48,072	7,933	20,631
Inventories	11	11,416	29,690	11,365	29,553
Bank balances	12	37,022	96,286	20,259	52,688
Derivative financial instruments	15	-	-	1,020	2,652
		<u>66,922</u>	<u>174,048</u>	<u>40,577</u>	<u>105,524</u>
TOTAL ASSETS		<u>559,544</u>	<u>1,455,252</u>	<u>541,137</u>	<u>1,407,372</u>
EQUITY AND LIABILITIES					
Equity					
Share capital	13(a)	146,260	380,390	146,260	380,390
Legal reserve	13(c)	15,033	39,098	15,033	39,098
Cumulative changes in fair values	15	1,248	3,246	(2,036)	(5,296)
Retained earnings		<u>98,432</u>	<u>256,005</u>	<u>78,037</u>	<u>202,961</u>
Total equity		<u>260,973</u>	<u>678,739</u>	<u>237,294</u>	<u>617,153</u>
Non-current liabilities					
Interest bearing loans and borrowings	14	166,435	432,858	183,690	477,734
Fair value of derivative financial instruments	15	7,098	18,461	6,553	17,042
Provision for asset retirement obligation	16	5,312	13,817	5,120	13,317
Deferred tax liability		44,991	117,013	42,348	110,138
Finance Lease liability	18	7,823	20,345	7,931	20,626
Employees' end of service benefits	17	32	84	32	83
		<u>231,691</u>	<u>602,578</u>	<u>245,674</u>	<u>638,940</u>
Current liabilities					
Interest bearing loans and borrowings	14	35,176	91,486	34,253	89,085
Dividend payable	13(b)	-	-	3,045	7,917
Accounts payable and accruals	17	31,197	81,130	18,908	49,169
Fair value of derivative financial instruments	15	-	-	1,456	3,789
Finance lease liabilities	18	507	1,319	507	1,319
		<u>66,880</u>	<u>173,935</u>	<u>58,169</u>	<u>151,279</u>
Total liabilities		<u>298,571</u>	<u>776,513</u>	<u>303,843</u>	<u>790,219</u>
TOTAL EQUITY AND LIABILITIES		<u>559,544</u>	<u>1,455,252</u>	<u>541,137</u>	<u>1,407,372</u>
Net assets per share (RO/US\$)		<u>0.178</u>	<u>0.464</u>	<u>0.162</u>	<u>0.422</u>


Director


Director

The attached notes 1 to 22 form part of these financial statements

PHOENIX POWER COMPANY SAOG

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2023

	Note	Share capital RO'000	Legal reserve RO'000	Cumulative changes in fair values RO'000	Retained earnings RO'000	Total RO'000
Balance at 1 January 2022		146,260	12,997	(22,651)	66,293	202,899
Net profit for the period		-	-	-	24,253	24,253
Other comprehensive income / (expense)		-	-	17,634	-	17,634
Total comprehensive income / (expense)		-	-	17,634	24,253	41,887
Dividend Paid		-	-	-	(3,657)	(3,657)
Transfer legal reserve		-	-	-	-	-
Balance at 30 September 2022		146,260	12,997	(5,017)	86,889	241,129
Balance at 1 January 2023	13	146,260	15,033	(2,036)	78,037	237,294
Net profit for the period		-	-	-	25,149	25,149
Other comprehensive income / (expense)		-	-	3,284	-	3,284
Total comprehensive income / (expense)		-	-	3,284	25,149	28,433
Dividend Paid		-	-	-	(4,754)	(4,754)
Transfer legal reserve		-	-	-	-	-
Balance at 30 September 2023		146,260	15,033	1,248	98,432	260,973

The attached notes 1 to 22 form part of these financial statements

PHOENIX POWER COMPANY SAOG

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2023

	Share capital US\$ '000	Legal Reserves US\$ '000	Cumulative changes in fair value US\$ '000	Net Profit /(Loss) US\$ '000	Total US\$ '000
Balance at 1 January 2022	380,390	33,802	(58,912)	172,416	527,696
Net profit for the period	-	-	-	63,075	63,075
Other comprehensive income	-	-	45,861	-	45,861
Total comprehensive income	-	-	45,861	63,075	108,936
Dividend Paid	-	-	-	(9,510)	(9,510)
Transfer legal reserve	-	-	-	-	-
Balance on 30 September 2022	380,390	33,802	(13,051)	225,981	627,122
Balance at 1 January 2023	380,390	39,098	(5,296)	202,961	617,153
Net profit for the period	-	-	-	65,407	65,407
Other comprehensive income	-	-	8,542	-	8,542
Total comprehensive income	-	-	8,542	65,407	73,949
Dividend Paid	-	-	-	(12,363)	(12,363)
Transfer legal reserve	-	-	-	-	-
Balance at 30 September 2023	380,390	39,098	3,246	256,005	678,739

The attached notes 1 to 22 form part of these financial statements

PHOENIX POWER COMPANY SAOG

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

	Notes	2023 RO'000	2023 US\$'000	2022 RO'000	2022 US\$'000
OPERATING ACTIVITIES					
Profit before tax		27,212	70,773	26,561	69,077
Depreciation	8,9	12,105	31,482	12,089	31,440
Interest – term loans and swap settlements		8,276	21,523	9,076	23,605
Amortisation of deferred finance cost		469	1,220	541	1,406
Interest expense for lease liability		275	715	300	781
Asset retirement obligation - unwinding of discount		192	499	183	476
Accruals for employee's end of service benefits		-	1	8	20
		<u>48,529</u>	<u>126,213</u>	<u>48,758</u>	<u>126,805</u>
Working capital changes:					
Trade and other receivables		(10,551)	(27,441)	45,968	119,552
Accounts payable and accruals		9,671	25,154	(41,812)	(108,738)
Inventories		(53)	(137)	(153)	(399)
Cash generated from operating activities		<u>47,596</u>	<u>123,789</u>	<u>52,761</u>	<u>137,220</u>
Interest – term loans and swap settlements		(5,658)	(14,715)	(6,119)	(15,915)
Employees' end of service benefit paid		-	-	(24)	(62)
Net cash generated from operating activities		<u>41,938</u>	<u>109,074</u>	<u>46,618</u>	<u>121,243</u>
INVESTING ACTIVITIES					
Additions to property, plant and equipment		(70)	(183)	(14)	(36)
Investment in short term deposits		(15,342)	(39,900)	(12,304)	(32,000)
Net cash used in investing activities		<u>(15,412)</u>	<u>(40,083)</u>	<u>(12,318)</u>	<u>(32,036)</u>
FINANCING ACTIVITIES					
Dividend paid		(7,798)	(20,280)	(6,070)	(15,786)
Repayment of interest bearing loans and borrowings		(16,800)	(43,694)	(15,152)	(39,407)
Working Capital Facility		-	-	-	-
Lease payment		(507)	(1,319)	(481)	(1,252)
Net cash (used in) in financing activities		<u>(25,105)</u>	<u>(65,293)</u>	<u>(21,703)</u>	<u>(56,445)</u>
INCREASE (USED IN) IN CASH AND CASH EQUIVALENTS		<u>1,421</u>	<u>3,698</u>	<u>12,597</u>	<u>32,762</u>
Cash and cash equivalents at the beginning of the period		20,259	52,688	10,318	26,834
CASH AND CASH EQUIVALENTS AT 30 September	12	<u>21,680</u>	<u>56,386</u>	<u>22,915</u>	<u>59,596</u>

The attached notes 1 to 22 form part of these financial statements.

PHOENIX POWER COMPANY SAOG

NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2023

1 ACTIVITIES

Phoenix Power Company SAOG ("the Company") 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, 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. The IPO proceeds and the related share issue expenses pertains to the promoting shareholders

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 scheduled commercial operations date based on a tariff structure.
- ii. Natural Gas Sales Agreement (NGSA) with the Integrated Gas Company SAOC of the Government of the Sultanate of Oman (IGC) for the purchase of natural gas for fifteen years at a pre-determined price.
- iii. Usufruct Agreement with the Government of the Sultanate of Oman for grant of Usufruct rights over the plant site for Twenty Five years.
- iv. Agreement with local and international banks 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 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 Axia Power Holdings B.V; Chubu Electric Power Sur B.V; Qatar Electricity and Water Company (Q.S.C.); and Multitech LLC.

PHOENIX POWER COMPANY SAOG

NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2023

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards and relevant requirements of the Commercial Companies Law of 1974, as amended, and the Capital Market Authority of the Sultanate of Oman.

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

These financial statements are presented in US Dollars and Rial Omani (RO), rounded to the nearest thousand. The RO amounts shown in the financial statement have been translated using exchange rate of US \$ 1 = RO 0.3845 and are shown for the convenience of the reader.

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

These financials includes audited figures for 31st December 2022. These financials includes unaudited figures for 30 September 2023 are unaudited.

2.2 Accounting policies

The significant accounting policies applied by the Company in these unaudited financial statements are consistent with those applied by the Company in its financial statements as of 31 December 2022.

PHOENIX POWER COMPANY SAOG

NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2023

3 OPERATING REVENUE

	30 September 2023 RO'000	30 September 2023 US\$'000	30 September 2022 RO'000	30 September 2022 US\$'000
Capacity charges	60,013	156,081	59,555	154,890
Energy charges	70,799	184,133	63,711	165,698
	<u>130,812</u>	<u>340,214</u>	<u>123,266</u>	<u>320,588</u>

4 OPERATING COSTS

	30 September 2023 RO'000	30 September 2023 US\$'000	30 September 2022 RO'000	30 September 2022 US\$'000
Gas consumption	67,811	176,361	61,171	159,092
Depreciation (note 8-9)	12,084	31,428	12,084	31,428
Operation and maintenance cost	6,409	16,669	5,892	15,323
Contractual services maintenance cost	6,184	16,084	5,427	14,115
Insurance and other costs	777	2,020	867	2,256
Connection and license fee	62	160	72	188
	<u>93,327</u>	<u>242,722</u>	<u>85,513</u>	<u>222,402</u>

PHOENIX POWER COMPANY SAOG

NOTES TO THE FINANCIAL STATEMENTS

AT 30 SEPTEMBER 2023

5 GENERAL AND ADMINISTRATIVE EXPENSES

	30 September 2023 RO '000	30 September 2023 US \$'000	30 September 2022 RO '000	30 September 2022 US \$'000
Staff costs and other benefits	579	1,507	439	1,141
Legal and professional charges	138	360	138	358
Office related expenses	21	54	22	58
Depreciation (note 8-9)	21	55	4	11
Other expenses	335	872	275	716
	<u>1,094</u>	<u>2,848</u>	<u>878</u>	<u>2,284</u>

6 FINANCE COSTS

	30 September 2023 RO'000	30 September 2023 US\$'000	30 September 2022 RO'000	30 September 2022 US\$'000
Interest and swap settlements	8,276	21,523	9,076	23,605
Amortisation of deferred finance cost	469	1,220	541	1,406
Asset retirement obligation - unwinding of discount	192	499	183	476
Interest expense for lease liability	275	715	300	781
Debt service commission	91	237	111	288
Exchange (Gain) / loss	68	176	127	331
	<u>9,371</u>	<u>24,370</u>	<u>10,338</u>	<u>26,887</u>
FINANCE INCOME				
	30 September 2023 RO'000	30 September 2023 US\$'000	30 September 2022 RO'000	30 September 2022 US\$'000
Interest Income	(192)	(499)	(24)	(62)
	<u>(192)</u>	<u>(499)</u>	<u>(24)</u>	<u>(62)</u>

PHOENIX POWER COMPANY SAOG

NOTES TO THE FINANCIAL STATEMENTS

AT 30 SEPTEMBER 2023

7 INCOME TAX

Recognised in the income statement in the current year

	2023 RO'000	2023 US\$'000	2022 RO'000	2022 US\$'000
Deferred tax expense				
Current Year	(2,063)	(5,366)	(2,308)	(6,002)
	<u>(2,063)</u>	<u>(5,366)</u>	<u>(2,308)</u>	<u>(6,002)</u>

8 PROPERTY, PLANT AND EQUIPMENT

	Plant 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
Additions during the period	-	-	-	-	70	70
Deletion/transfer during the year	-	-	-	-	(27)	(27)
At 30 September 2023	<u>83,876</u>	<u>518,087</u>	<u>10,809</u>	<u>3,249</u>	<u>294</u>	<u>616,315</u>
Accumulated depreciation						
At 1 January 2023	16,897	104,358	5,810	806	235	128,106
Charge during the period	1,573	9,714	540	68	11	11,906
Transfer/reclassification during the year	-	-	-	-	(27)	(27)
At 30 September 2023	<u>18,470</u>	<u>114,072</u>	<u>6,350</u>	<u>874</u>	<u>219</u>	<u>139,985</u>
Net book value						
At 30 September 2023	<u>65,406</u>	<u>404,015</u>	<u>4,459</u>	<u>2,375</u>	<u>75</u>	<u>476,330</u>
At 31 December 2022	<u>66,979</u>	<u>413,729</u>	<u>4,999</u>	<u>2,443</u>	<u>16</u>	<u>488,166</u>

PHOENIX POWER COMPANY SAOG

**NOTES TO THE FINANCIAL STATEMENTS
AT 30 SEPTEMBER 2023**

8 PROPERTY, PLANT AND EQUIPMENT (continued)

	Plant building US\$'000	Plant and equipment US\$'000	Strategic spares US\$'000	Asset retirement US\$'000	Other assets US\$'000	Total US\$'000
Cost						
At 1 January 2023	218,142	1,347,432	28,113	8,450	648	1,602,785
Additions during the period	-	-	-	-	183	183
Deletion/transfer during the year	-	-	-	-	(70)	(70)
At 30 September 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 during the period	4,090	25,265	1,405	176	28	30,964
Deletion/transfer during the year	-	-	-	-	(70)	(70)
At 30 September 2023	48,032	296,683	16,507	2,277	586	364,067
Net book value						
At 30 September 2023	170,110	1,050,749	11,606	6,173	193	1,238,831
At 31 December 2022	174,200	1,076,014	13,011	6,349	38	1,269,612

PHOENIX POWER COMPANY SAOG

NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2023

9 RIGHT TO USE ASSETS

	Land Lease RO '000	Connectio n Fee RO '000	PPC Office RO '000	Total RO '000
Cost				
Opening balance	1,814	6,995	-	8,809
Additions during the period	-	-	124	124
At 30 September 2023	1,814	6,995	124	8,933
Accumulated depreciation				
Opening balance	208	801	-	1,009
Charge during the period	39	150	10	199
At 30 September 2023	247	951	10	1,208
At 30 September 2023	1,567	6,044	114	7,725
At 31 December 2022	1,606	6,194	0	7,800

9 RIGHT TO USE ASSETS

	Land Lease US\$'000	Connection Fee US\$'000	PPC Office US\$'000	Total US\$'000
Cost				
Opening balance	4,718	18,193	-	22,911
Additions during the period	-	-	323	323
At 30 September 2023	4,718	18,193	323	23,234
Accumulated depreciation				
Opening balance	540	2,083	-	2,623
Charge during the period	102	389	27	518
At 30 September 2023	642	2,472	27	3,141
Net book value				
At 30 September 2023	4,076	15,721	296	20,093
At 31 December 2022	4,178	16,110	0	20,288

PHOENIX POWER COMPANY SAOG

NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2023

10 TRADE AND OTHER RECEIVABLES

	2023 RO'000	2023 US\$'000	2022 RO'000	2022 US\$'000
Trade receivables	17,704	46,044	7,166	18,636
Other receivables	185	481	439	1,141
Prepayments	595	1,547	328	854
	<u>18,484</u>	<u>48,072</u>	<u>7,933</u>	<u>20,631</u>

11 INVENTORIES

Fuel inventory	5,503	14,312	5,433	14,130
Maintenance spares	5,913	15,378	5,932	15,423
	<u>11,416</u>	<u>29,690</u>	<u>11,365</u>	<u>29,553</u>

12 BANK BALANCES

	2023 RO'000	2023 US\$'000	2022 RO'000	2022 US\$'000
Cash and Bank balances	21,680	56,386	20,259	52,688
Short Term Deposits	15,342	39,900	-	-
	<u>37,022</u>	<u>96,286</u>	<u>20,259</u>	<u>52,688</u>

13 (a) SHARE CAPITAL

	2023 RO'000	2023 US\$'000	2022 RO'000	2022 US\$'000
Issued and fully paid up share capital	<u>146,260</u>	<u>380,390</u>	<u>146,260</u>	<u>380,390</u>

PHOENIX POWER COMPANY SAOG

NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2023

13 (b) DIVIDEND PAID, PAYABLE AND PROPOSED

Pursuant to shareholders' resolution dated 17 March 2022, the Board of Directors in their meetings held on 21 April 2022 and 26 October 2022 announced cash dividend of 2.50 baizas per share and 2.0 baizas 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 7.9 million (RO 3 million) is payable as of 31 December 2022 which was paid subsequently in January 2023.

Shareholders at the Annual General Meeting ("AGM") on 20 March 23 authorized the Board of Directors to determine and distribute cash dividend to the shareholders of the Company which will be paid in July 2023 and January 2024 for the year ended 31 December 2022, provided that the aggregate amount of such dividend shall not exceed 5.25 baizas per share.

The board of directors resolved on 19 April 2023 to distribute cash dividend of Baizas 3.25 per share, out of the retained earnings as per the audited financial statements for the financial year ended 31 December 2022 to the shareholders of the Company who are registered in the Company's shareholders' register with the Muscat Clearing & Depository Company SAOC as on 23 July 2023.

13 (c) LEGAL RESERVE

As required by the Commercial Companies Law of the Sultanate of Oman, 10% of annual profit of the Company is required to be transferred to legal reserve until the reserve is equal to one third of the issued share capital of the Company. The reserve is not available for distribution.

PHOENIX POWER COMPANY SAOG

NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2023

14 INTEREST BEARING LOANS AND BORROWINGS

	2023 RO'000	2023 US\$'000	2022 RO'000	2022 US\$'000
Secured term loan from commercial banks	59,615	155,045	64,543	167,862
Secured term loan from Japan Bank for International Cooperation	113,810	295,995	123,218	320,464
Secured term loan under NEXI facilities	29,808	77,523	32,272	83,931
	<u>203,233</u>	<u>528,563</u>	<u>220,033</u>	<u>572,257</u>
Less : Unamortised transaction costs	(1,622)	(4,219)	(2,090)	(5,438)
	<u>201,611</u>	<u>524,344</u>	<u>217,943</u>	<u>566,819</u>
Less : Current portion of loans	(35,176)	(91,486)	(34,253)	(89,085)
Non-current portion of loans	<u>166,435</u>	<u>432,858</u>	<u>183,690</u>	<u>477,734</u>

The Company had entered into secured term loan agreements in relation to the Sur IPP Project. The total amount of the term loan is US\$ 1,194 million with stand by facility of US\$ 38 million at LIBOR + applicable margin.

The Company started drawdowns in 2012. The Company has fully drawn down the facility in 2014. The loans will be repayable in instalments of several denominations, every sixth month from 28 December 2014, the final instalment will be due on 28 December 2028.

The loan agreements contain certain restrictive covenants, which include, amongst other restrictions over debt service, pattern of shareholding, payment of dividends, asset sales/transfers, amendment to significant agreements entered by the Company and creation of additional security under charge.

Reconciliation of movement of liabilities to cash flows arising from financing activities

	2023 RO'000	2023 US\$'000	2022 RO'000	2022 US\$'000
Gross loan as at 1 January	220,033	572,257	251,733	654,701
Paid during the year	<u>(16,800)</u>	<u>(43,694)</u>	<u>(31,700)</u>	<u>(82,444)</u>
Gross loan as at 31 December	<u>203,233</u>	<u>528,563</u>	<u>220,033</u>	<u>572,257</u>

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NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2023

15 DERIVATIVE FINANCIAL INSTRUMENTS

	2023 RO'000	2023 US\$'000	2022 RO'000	2022 US\$'000
Positive fair value:				
Interest rate swap agreements				
Fair value of hedged	8,567	22,280	5,614	14,600
Fair value of derivatives	8,567	22,280	5,614	14,600
Less : Income tax effect	(1,285)	(3,342)	(843)	(2,191)
	<u>7,282</u>	<u>18,938</u>	<u>4,771</u>	<u>12,409</u>

The current and noncurrent portion of fair value of derivatives is as follows:

	2023 RO'000	2023 US\$'000	2022 RO'000	2022 US\$'000
Non-current portion	8,567	22,280	4,594	11,948
Current portion	-	-	1,020	2,652
	<u>8,567</u>	<u>22,280</u>	<u>5,614</u>	<u>14,600</u>

Negative fair value:

Forward foreign exchange contracts

Fair value of hedged	7,098	18,461	8,009	20,831
Fair value of derivatives	7,098	18,461	8,009	20,831
Less : Income tax effect	(1,065)	(2,769)	(1,202)	(3,126)
	<u>6,033</u>	<u>15,692</u>	<u>6,807</u>	<u>17,705</u>

The current and noncurrent portion of fair value of derivatives is as follows:

	2023 RO'000	2023 US\$'000	2022 RO'000	2022 US\$'000
Non-current portion	7,098	18,461	6,553	17,042
Current portion	-	-	1,456	3,789
	<u>7,098</u>	<u>18,461</u>	<u>8,009</u>	<u>20,831</u>

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NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2023

16 PROVISION FOR ASSET RETIREMENT OBLIGATION

	2023 RO'000	2023 US\$'000	2022 RO'000	2022 US\$'000
As at 1 January	5,120	13,317	4,876	12,683
Unwinding of discount	192	500	244	634
As at 31 December	<u>5,312</u>	<u>13,817</u>	<u>5,120</u>	<u>13,317</u>

17 ACCOUNTS PAYABLE AND ACCRUALS

	2023 RO'000	2023 US\$'000	2022 RO'000	2022 US\$'000
Trade accounts payable	9,598	24,962	6,790	17,659
Amounts due to related parties (note 19)	2,832	7,365	3,377	8,782
Accrued expenses	18,767	48,803	8,741	22,728
	<u>31,197</u>	<u>81,130</u>	<u>18,908</u>	<u>49,169</u>

	2023 RO'000	2023 US\$'000	2022 RO'000	2022 US\$'000
As at 1 January	32	83	47	122
Charge for the year	-	1	9	23
Paid during the year	-	-	(24)	(62)
As at 31 December	<u>32</u>	<u>84</u>	<u>32</u>	<u>83</u>

18 Finance Lease liabilities

	2023 RO'000	2023 US\$'000	2022 RO'000	2022 US\$'000
Land	1,818	4,728	1,758	4,573
Connection Fee	6,512	16,936	6,680	17,372
	<u>8,330</u>	<u>21,664</u>	<u>8,438</u>	<u>21,945</u>
Non-current portion	7,823	20,345	7,931	20,626
Current portion	507	1,319	507	1,319
	<u>8,330</u>	<u>21,664</u>	<u>8,438</u>	<u>21,945</u>

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NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2023

19 RELATED PARTY TRANSACTIONS

Related parties comprise the shareholders, directors, key management personnel and business entities in which they have the ability to control or exercise significant influence in financial and operating decisions.

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 which the management considers to be comparable with those adopted for arm's length transactions with third parties. Transactions with related parties are as follows:

Due to related parties	2023	2023	2022	2022
	RO'000	US\$'000	RO'000	US\$'000
Phoenix Operation and Maintenance Company LLC (POMCo)	<u>2,832</u>	<u>7,365</u>	<u>3,377</u>	<u>8,782</u>
Income statement transactions	2023	2023	2022	2022
	RO'000	US\$'000	RO'000	US\$'000
Shareholders	<u>49</u>	<u>127</u>	<u>52</u>	<u>136</u>
Other related parties :				
Operation and Maintenance Cost (POMCo)	<u>6,409</u>	<u>16,669</u>	<u>5,892</u>	<u>15,323</u>

20 COMMITMENTS

The Company has entered into agreements for the purchase of natural gas with the Integrated Gas Company, Usufruct rights over plant site with the Government of Sultanate of Oman, long-term supply of spare parts of gas turbines with Siemens Aktiengesellschaft, maintenance service of gas turbines with Siemens Energy LLC Oman, operation and maintenance of the Sur IPP Project with Phoenix Operation and Maintenance Company LLC.

21 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 31 December 2022.

22 COMPARATIVE FIGURES

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