

PHOENIX POWER COMPANY SAOG

**UNAUDITED
FINANCIAL STATEMENTS**

30 JUNE 2023

PHOENIX POWER COMPANY SAOG

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2023

	Notes	2023 RO'000	2023 US\$'000	2022 RO'000	2022 US\$'000
Operating revenue	3	75,431	196,181	71,768	186,653
Operating costs	4	(56,936)	(148,080)	(52,980)	(137,788)
(Loss) / Operating profit		18,495	48,101	18,788	48,865
General and administrative expenses	5	(710)	(1,845)	(578)	(1,504)
Finance costs	6	(6,375)	(16,579)	(7,139)	(18,568)
Finance Income	6	114	297	7	17
Loss before tax		11,524	29,974	11,078	28,810
Income tax	7	(1,376)	(3,578)	(1,539)	(4,002)
LOSS FOR THE PERIOD		10,148	26,396	9,539	24,808
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		1,724	4,485	15,145	39,388
Income tax effect		(259)	(673)	(2,271)	(5,908)
OTHER COMPREHENSIVE INCOME /(EXPENSE) FOR THE PERIOD		1,465	3,812	12,874	33,480
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD		11,613	30,208	22,413	58,288
BASIC EARNINGS PER SHARE (RO/US\$)		0.007	0.02	0.007	0.02

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

PHOENIX POWER COMPANY SAOG

STATEMENT OF FINANCIAL POSITION

AT 30 June 2023

	Notes	2023 RO'000	2023 US\$'000	2022 RO'000	2022 US\$'000
ASSETS					
Non-current assets					
Property, plant and equipment	8	480,292	1,249,132	488,166	1,269,612
Right to use assets	9	7,674	19,961	7,800	20,288
Derivative financial instruments	15	4,504	11,713	4,594	11,948
		<u>492,470</u>	<u>1,280,806</u>	<u>500,560</u>	<u>1,301,848</u>
Current assets					
Trade and other receivables	10	21,307	55,415	7,933	20,631
Inventories	11	11,380	29,596	11,365	29,553
Bank balances	12	23,997	62,411	20,259	52,688
Derivative financial instruments	15	1,738	4,524	1,020	2,652
		<u>58,422</u>	<u>151,946</u>	<u>40,577</u>	<u>105,524</u>
TOTAL ASSETS		<u>550,892</u>	<u>1,432,752</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	(571)	(1,484)	(2,036)	(5,296)
Retained earnings		83,431	216,994	78,037	202,961
Total equity		<u>244,153</u>	<u>634,998</u>	<u>237,294</u>	<u>617,153</u>
Non-current liabilities					
Interest bearing loans and borrowings	14	166,286	432,470	183,690	477,734
Fair value of derivative financial instruments	15	5,501	14,307	6,553	17,042
Provision for asset retirement obligation	16	5,248	13,650	5,120	13,317
Deferred tax liability		43,983	114,389	42,348	110,138
Finance Lease liability	18	7,608	19,788	7,931	20,626
Employees' end of service benefits	17	32	82	32	83
		<u>228,658</u>	<u>594,686</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)	4,754	12,363	3,045	7,917
Accounts payable and accruals	17	26,432	68,736	18,908	49,169
Fair value of derivative financial instruments	15	1,412	3,676	1,456	3,789
Finance lease liabilities	18	507	1,319	507	1,319
Short term borrowing		9,800	25,488	-	-
		<u>78,081</u>	<u>203,068</u>	<u>58,169</u>	<u>151,279</u>
Total liabilities		<u>306,739</u>	<u>797,754</u>	<u>303,843</u>	<u>790,219</u>
TOTAL EQUITY AND LIABILITIES		<u>550,892</u>	<u>1,432,752</u>	<u>541,137</u>	<u>1,407,372</u>
Net assets per share (RO/US\$)		<u>0.167</u>	<u>0.434</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 JUNE 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
Loss for the period		-	-	-	9 539	9,539
Other comprehensive income / (expense)		-	-	12,874	-	12,874
Total comprehensive income / (expense)		-	-	12,874	9 539	22,413
Dividend Paid		-	-	-	-	-
Dividend Payable		-	-	-	(3,657)	(3,657)
Transfer legal reserve		-	-	-	-	-
Balance at 30 June 2022		146,260	12,997	(9,777)	72,175	221,655
Balance at 1 January 2023	13	146,260	15,033	(2,036)	78,037	237,294
Loss for the period		-	-	-	10,148	10,148
Other comprehensive income / (expense)		-	-	1,465	-	1,465
Total comprehensive income / (expense)		-	-	1,465	10,148	11,613
Dividend Paid		-	-	-	-	-
Dividend Payable		-	-	-	(4,754)	(4,754)
Transfer legal reserve		-	-	-	-	-
Balance at 30 June 2023		146,260	15,033	(571)	83,431	244,153

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 JUNE 2023**

	<i>Share capital US\$ '000</i>	<i>Legal Reserves US\$ '000</i>	<i>Cumulative changes in fair value US\$ '000</i>	<i>Net Profit /(Loss) US\$ '000</i>	<i>Total US\$ '000</i>
Balance at 1 January 2022	380,390	33,802	(58,912)	172,416	527,696
Net profit for the period	-	-	-	24,808	24,808
<i>Other comprehensive income</i>	-	-	33,480	-	33,480
Total comprehensive income	-	-	33,480	24,808	58,288
Dividend Paid	-	-	-	-	-
Dividend Payable	-	-	-	(9,510)	(9,510)
Transfer legal reserve	-	-	-	-	-
Balance on 30 June 2022	<u>380,390</u>	<u>33,802</u>	<u>(25,432)</u>	<u>187,714</u>	<u>576,474</u>
Balance at 1 January 2023	380,390	39,098	(5,296)	202,961	617,153
Net profit for the period	-	-	-	26,396	26,396
<i>Other comprehensive income</i>	-	-	3,812	-	3,812
Total comprehensive income	-	-	3,812	26,396	30,208
Dividend Paid	-	-	-	-	-
Dividend Payable	-	-	-	(12,363)	(12,363)
Transfer legal reserve	-	-	-	-	-
Balance at 30 June 2023	<u>380,390</u>	<u>39,098</u>	<u>(1,484)</u>	<u>216,994</u>	<u>634,998</u>

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 JUNE 2023

	Notes	2023 RO'000	2023 US\$'000	2022 RO'000	2022 US\$'000
OPERATING ACTIVITIES					
Profit before tax		11,524	29,974	11,078	28,810
Depreciation	8,9	8,061	20,965	8,058	20,958
Interest – term loans and swap settlements		5,620	14,617	6,115	15,903
Amortisation of deferred finance cost		320	831	366	953
Interest expense for lease liability		185	482	200	521
Asset retirement obligation - unwinding of discount		128	333	122	317
Accruals for employee's end of service benefits		-	(1)	7	17
		<u>25,838</u>	<u>67,201</u>	<u>25,946</u>	<u>67,479</u>
Working capital changes:					
Trade and other receivables		(13,373)	(34,784)	41,950	109,103
Accounts payable and accruals		7,560	19,664	(41,585)	(108,149)
Inventories		(17)	(43)	(58)	(151)
Cash generated from operating activities		<u>20,008</u>	<u>52,038</u>	<u>26,253</u>	<u>68,282</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>14,350</u>	<u>37,323</u>	<u>20,110</u>	<u>52,305</u>
INVESTING ACTIVITIES					
Additions to property, plant and equipment		(61)	(158)	(2)	(6)
Investment in short term deposits		-	-	-	-
Net cash used in investing activities		<u>(61)</u>	<u>(158)</u>	<u>(2)</u>	<u>(6)</u>
FINANCING ACTIVITIES					
Increase in share capital		-	-	-	-
Dividend paid		(3,044)	(7,917)	(2,413)	(6,276)
Repayment of interest bearing loans and borrowings		(16,800)	(43,694)	(15,152)	(39,407)
Working Capital Facility		9,800	25,488	11,900	30,949
Lease payment		(507)	(1,319)	(481)	(1,252)
Net cash (used in) in financing activities		<u>(10,551)</u>	<u>(27,442)</u>	<u>(6,146)</u>	<u>(15,986)</u>
INCREASE (USED IN) IN CASH AND CASH EQUIVALENTS		<u>3,738</u>	<u>9,723</u>	<u>13,962</u>	<u>36,313</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 June	12	<u>23,997</u>	<u>62,411</u>	<u>24,280</u>	<u>63,147</u>

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

PHOENIX POWER COMPANY SAOG

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 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.

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 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 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 JUNE 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 June 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 at and for the year ended 31 December 2022.

PHOENIX POWER COMPANY SAOG

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2023

3 OPERATING REVENUE

	30 JUNE 2023 RO'000	30 JUNE 2023 US\$'000	30 JUNE 2022 RO'000	30 JUNE 2022 US\$'000
Capacity charges	33,691	87,624	33,444	86,980
Energy charges	41,740	108,557	38,324	99,673
	<u>75,431</u>	<u>196,181</u>	<u>71,768</u>	<u>186,653</u>

4 OPERATING COSTS

	30 JUNE 2023 RO'000	30 JUNE 2023 US\$'000	30 JUNE 2022 RO'000	30 JUNE 2022 US\$'000
Gas consumption	39,896	103,762	36,752	95,583
Depreciation (note 8-9)	8,056	20,952	8,056	20,952
Operation and maintenance cost	4,677	12,163	4,283	11,138
Contractual services maintenance cost	3,727	9,694	3,221	8,376
Insurance and other costs	536	1,394	620	1,613
Connection and license fee	44	115	48	126
	<u>56,936</u>	<u>148,080</u>	<u>52,980</u>	<u>137,788</u>

PHOENIX POWER COMPANY SAOG

NOTES TO THE FINANCIAL STATEMENTS

AT 30 JUNE 2023

5 GENERAL AND ADMINISTRATIVE EXPENSES

	30 JUNE 2023 RO '000	30 JUNE 2023 US \$'000	30 JUNE 2022 RO '000	30 JUNE 2022 US \$'000
Staff costs and other benefits	376	978	292	760
Legal and professional charges	95	246	90	234
Office related expenses	20	51	15	40
Depreciation (note 8-9)	5	14	2	5
Other expenses	214	556	179	465
	<u>710</u>	<u>1,845</u>	<u>578</u>	<u>1,504</u>

6 FINANCE COSTS

	30 JUNE 2023 RO'000	30 JUNE 2023 US\$'000	30 JUNE 2022 RO'000	30 JUNE 2022 US\$'000
Interest and swap settlements	5,620	14,617	6,115	15,903
Amortisation of deferred finance cost	320	831	366	953
Asset retirement obligation - unwinding of discount	128	333	122	317
Interest expense for lease liability	185	482	200	521
Debt service commission	52	135	89	231
Exchange (Gain) / loss	70	181	247	643
	<u>6,375</u>	<u>16,579</u>	<u>7,139</u>	<u>18,568</u>

FINANCE INCOME

	30 JUNE 2023 RO'000	30 JUNE 2023 US\$'000	30 JUNE 2022 RO'000	30 JUNE 2022 US\$'000
Interest Income	(114)	(297)	(7)	(17)
	<u>(114)</u>	<u>(297)</u>	<u>(7)</u>	<u>(17)</u>

PHOENIX POWER COMPANY SAOG

NOTES TO THE FINANCIAL STATEMENTS

AT 30 JUNE 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	(1,376)	(3,578)	(646)	(1,680)
Current Year	<u>(1,376)</u>	<u>(3,578)</u>	<u>(646)</u>	<u>(1,680)</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	-	-	-	-	61	61
Deletion/transfer during the year	-	-	-	-	(27)	(27)
At 30 June 2023	<u>83,876</u>	<u>518,087</u>	<u>10,809</u>	<u>3,249</u>	<u>285</u>	<u>616,306</u>
Accumulated depreciation						
At 1 January 2023	16,897	104,358	5,810	806	235	128,106
Charge during the period	1,049	6,476	360	45	5	7,935
Transfer/reclassification during the year	-	-	-	-	(27)	(27)
At 30 June 2023	<u>17,946</u>	<u>110,834</u>	<u>6,170</u>	<u>851</u>	<u>213</u>	<u>136,014</u>
Net book value						
At 30 June 2023	<u>65,930</u>	<u>407,253</u>	<u>4,639</u>	<u>2,398</u>	<u>72</u>	<u>480,292</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 JUNE 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	637	1,602,774
Additions during the period	-	-	-	-	158	158
Deletion/transfer during the year	-	-	-	-	(70)	(70)
At 30 June 2023	218,142	1,347,432	28,113	8,450	736	1,602,873
Accumulated depreciation						
At 1 January 2023	43,942	271,418	15,102	2,101	610	333,173
Charge during the period	2,727	16,843	937	118	13	20,638
Deletion/transfer during the year	-	-	-	-	(70)	(70)
At 30 June 2023	46,669	288,261	16,039	2,219	553	353,741
Net book value						
At 30 June 2023	171,473	1,059,171	12,074	6,231	183	1,249,132
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 JUNE 2023

9 RIGHT TO USE ASSETS

	Land Lease RO '000	Connection Fee RO '000	Total RO '000
Cost			
Opening balance	1,814	6,995	8,809
Additions during the period	-	-	-
At 30 June 2023	<u>1,814</u>	<u>6,995</u>	<u>8,809</u>
Accumulated depreciation			
Opening balance	208	801	1,009
Charge during the period	26	100	126
At 30 June 2023	<u>234</u>	<u>901</u>	<u>1,135</u>
At 30 June 2023	<u>1,580</u>	<u>6,094</u>	<u>7,674</u>
At 31 December 2022	<u>1,606</u>	<u>6,194</u>	<u>7,800</u>

9 RIGHT TO USE ASSETS

	Land Lease US\$'000	Connection Fee US\$'000	Total US\$'000
Cost			
Opening balance	4,718	18,193	22,911
Additions during the period	-	-	-
At 30 June 2023	<u>4,718</u>	<u>18,193</u>	<u>22,911</u>
Accumulated depreciation			
Opening balance	540	2,083	2,623
Charge during the period	68	259	327
At 30 June 2023	<u>608</u>	<u>2,342</u>	<u>2,950</u>
Net book value			
At 30 June 2023	<u>4,110</u>	<u>15,851</u>	<u>19,961</u>
At 31 December 2022	<u>4,178</u>	<u>16,110</u>	<u>20,288</u>

PHOENIX POWER COMPANY SAOG

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2023

10 TRADE AND OTHER RECEIVABLES

	2023 RO'000	2023 US\$'000	2022 RO'000	2022 US\$'000
Trade receivables	21,086	54,839	7,166	18,636
Other receivables	85	222	439	1,141
Prepayments	136	354	328	854
	<u>21,307</u>	<u>55,415</u>	<u>7,933</u>	<u>20,631</u>

11 INVENTORIES

Fuel inventory	5,513	14,338	5,433	14,130
Maintenance spares	5,867	15,528	5,932	15,423
	<u>11,380</u>	<u>29,596</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	23,997	62,411	20,259	52,688
Short Term Deposits	-	-	-	-
	<u>23,997</u>	<u>62,411</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	146,260	380,390	146,260	380,390

PHOENIX POWER COMPANY SAOG

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 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.

In prior year, pursuant to shareholders' 22 March 2021, the Board of Directors in their meetings held on 1 July 2021 and 25 October 2021 announced cash dividend of 2.50 baizas per share and 1.65 baizas per share, respectively for the year ended 31 December 2020. Accordingly, dividend amounting to USD 14.8 million (RO 5.7 million) was paid in July 2021 and USD 6.3 million (RO 2.4 million) is payable as of 31 December 2021 which is paid during the year.

Subject to approval of the shareholders at the Annual General Meeting ("AGM"), the Board of Directors in their meeting held on 20 February 2023 proposed a 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.

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 JUNE 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>528,956</u>	<u>220,033</u>	<u>572,257</u>
Less : Unamortised transaction costs	(1,771)	(4,607)	(2,090)	(5,438)
	<u>201,462</u>	<u>523,956</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>166,286</u>	<u>432,470</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 JUNE 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	6,243	16,237	5,614	14,600
Fair value of derivatives	<u>6,243</u>	<u>16,237</u>	<u>5,614</u>	<u>14,600</u>
Less : Income tax effect	(937)	(2,436)	(843)	(2,191)
	<u>5,306</u>	<u>13,801</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	4,504	11,713	4,594	11,948
Current portion	<u>1,738</u>	<u>4,524</u>	<u>1,020</u>	<u>2,652</u>
	<u>6,242</u>	<u>16,237</u>	<u>5,614</u>	<u>14,600</u>

Negative fair value:

Forward foreign exchange contracts				
Fair value of hedged	6,914	17,983	8,009	20,831
Fair value of derivatives	<u>6,914</u>	<u>17,983</u>	<u>8,009</u>	<u>20,831</u>
Less : Income tax effect	(1,037)	(2,697)	(1,202)	(3,126)
	<u>5,877</u>	<u>15,286</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	5,501	14,307	6,553	17,042
Current portion	<u>1,412</u>	<u>3,676</u>	<u>1,456</u>	<u>3,789</u>
	<u>6,913</u>	<u>17,983</u>	<u>8,009</u>	<u>20,831</u>

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NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 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	128	333	244	634
As at 31 December	<u>5,248</u>	<u>13,650</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	8,715	22,667	6,790	17,659
Amounts due to related parties (note 19)	2,039	5,304	3,377	8,782
Accrued expenses	15,678	40,765	8,741	22,728
	<u>26,432</u>	<u>68,736</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>82</u>	<u>32</u>	<u>83</u>

18 Finance Lease liabilities

	2023 RO'000	2023 US\$'000	2022 RO'000	2022 US\$'000
Land	1,682	4,375	1,758	4,573
Connection Fee	6,433	16,732	6,680	17,372
	<u>8,115</u>	<u>21,107</u>	<u>8,438</u>	<u>21,945</u>
Non-current portion	7,608	19,788	7,931	20,626
Current portion	507	1,319	507	1,319
	<u>8,115</u>	<u>21,107</u>	<u>8,438</u>	<u>21,945</u>

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NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 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 consider 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>2,039</u>	<u>5,304</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>32</u>	<u>82</u>	<u>35</u>	<u>91</u>
Other related parties :				
Operation and Maintenance Cost (POMCo)	<u>4,677</u>	<u>12,163</u>	<u>4,283</u>	<u>11,138</u>

20 COMMITMENTS

The Company has entered into agreements for purchase of natural gas with the Ministry of Oil and Gas, 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 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.