مسندم للطاقة
MUSANDAM POWER

ANNUAL REPORT 2023

MUSANDAM
ON

His Majesty Sultan Haitham bin Tarik

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BOARD OF DIRECTORS

Mr. Mohammed Al Ruwaidhi
Chairman

Mr. Sangmin Jee
Deputy Chairman

Ms. Najla Al Jamali
Director

Mr. Hamid A. Hamirani
Director

Mrs. Aseel Hassan
Director

BOARD OF DIRECTORS' REPORT

Dear Shareholders,

On behalf of the Board of Directors of Musandam Power Company SAOG (the "Company"), I have the pleasure to present the Annual Report of the Company for the year ended 31st December 2023.

Musandam Power Company SAOG (the "Company") was registered and incorporated as a closed joint stock company in the Sultanate of Oman on 18th November 2014. Subsequently, the Company was converted to a joint stock company ("SAOG") and was listed on the Muscat Stock Exchange ("MSX") on 5th December 2019.

The Company is engaged in the design, construction, ownership, financing, operation, and maintenance of a dual fuel power plant (the "Plant") with natural gas as the primary fuel and diesel oil as the alternative fuel with a capacity of 120 Mega Watt (MW) located in Wilayat Bukha in the Musandam Governorate, Sultanate of Oman. The Company is selling the electrical energy generated to Oman Power and Water Procurement Company SAOC (the "OPWP"). Before listing, the Company was a subsidiary of Oman Oil Facilities Development Company LLC ("OOFDC") which is owned by OQ SAOC ("OQ"), a closely held joint stock company incorporated in the Sultanate of Oman.

The Company commenced commercial operations on 17th June 2017.

Corporate Governance

The Company has a comprehensive system of internal controls in place with a clear structure, delegated authorities, and accountabilities.

During 2023, the Company continued to review key internal policies and procedures to ensure the highest standards of corporate governance and to ensure compliance with the Code of Corporate Governance and applicable circulars issued up to 31st December 2023 by the Capital Market Authority.

Operational Results

The operational performance of the plant during the year continued to exceed, with 99.9% plant reliability as against 98.00% planned (2022: 99.9%). The plant handled a high plant load of 85.55 MW during the year (2022: 80.22 MW). The total energy generated and delivered was 414,560 MWH (2022: 409,745), an increase of about 1.2% over the previous year.

The Musandam Independent Power Plant (MIPP) experienced two shutdowns, lasting approximately 1.8 hours and 4.6 hours each, on August 27, 2023, due to technical issues within the diesel fuel system. These interruptions led to a power outage in the Musandam region. Following necessary interventions, the plant returned to normal operation and successfully restored grid power. A thorough investigation and root cause analysis were conducted, resulting in the implementation of essential measures to ensure the dependable functioning of the diesel fuel system. These measures encompassed activities such as the filtration of diesel tanks, ultrasonic inspection of tanks and pipelines, and the establishment of a dynamic maintenance plan for fuel system filters. Additionally, the company is actively pursuing further initiatives, including the physical cleaning and inspection of tanks, and an evaluation of the fuel system design to identify potential enhancements. These ongoing efforts are aimed at providing an added layer of assurance regarding the reliability of the system.

The Company continued to maintain plant reliability and meet OETC load demand with a continued focus on excellence in Health, Safety, Environment, and Quality Management. The Company duly met all the stringent environmental permit conditions promulgated by the Department of Environmental Conservation. All HSE activities planned were completed and all key performance indicators were achieved.

Gas available from the Musandam Gas Plant ("MGP") is not fully sufficient to cater to Musandam IPP requirements. Ministry of Energy & Minerals (MEM) through OQ arranged to supply Dolphin Gas to compensate for the gas shortage from MGP. Due to this additional gas availability, dependency on diesel is significantly reduced and the plant in future months is expected to continue to operate mostly on Gas fuel.

Financial Results

Excellent plant availability and higher power generation have consistently driven a rise in revenue compared to the previous year. However, in 2023, the company experienced no thermal efficiency gain, attributed to its decreased reliance on fuel oil in comparison to 2022. Consequently, the gross profit has decreased by 10% compared to 2022. The overall operational profit of the company has decreased by RO 0.840 million compared to 2022, primarily due to the reduction in thermal efficiency and an increase in indirect costs. In 2023, the company reported a net profit of RO 1.945 million, reflecting a 27% decrease from the RO 2.647 million recorded in 2022.

The Company has duly met all its commitments under the facilities agreement. Oman Power and Water Procurement Company SAOC (OPWP) continues to settle all invoices raised by the Company as per the payment provisions provided within the Power Purchase Agreement (PPA). In 2023, the company received all the amount outstanding as of 2022 from Integrated Gas Company SAOC (IGC).

Finally, the Company's operational and commercial performance during 2023 has enabled it to declare and pay an aggregate dividend of 27.6 Baiza per share (with a nominal value of the share as Baiza 100 per share). This corresponds to 27.6% of the paid-up capital of the Company. The dividends for the year are aligned with the information disclosed in the IPO Prospectus and Business Plan for the year 2023.

The share price of the Company stood at 310 Baizas per share on 31st December 2023.

Corporate Social Responsibility

The company has actively fulfilled its societal responsibilities in Musandam, demonstrating efficiency and commitment. In accordance with the directive from the Capital Market Authority, the company allocated R.O 4,000 of its CSR budget to the Oman Charity Organization (OCO).

Additionally, the company played a vital role in supporting families with limited income during the Holy month of Ramadhan. A dedicated campaign team visited families in Bukha to provide food donations, particularly targeting social security families.

In the realm of education, the company initiated two CSR activities. The first involved a donation to a school in Bukha for the construction of a grass playground. The second initiative included collaboration with a training institute to provide first-aid training for key individuals within the General Directorate of Education in Musandam. These endeavors underscore the company's commitment to making a positive impact in the community.

Medium-term & Outlook

The Company continuously endeavors to identify and implement areas of improvement in plant operations. All reasonable measures are being taken by the management to maintain commendable operational performance during the year 2023. Any change in the power supply and demand landscape in the Sultanate has a limited impact on the financial performance of the Company since its profitability is mainly derived from the plant's availability and reliability and the fact that the plant is performing in the isolated grid.

The Company and its Operation & Maintenance Contractor are making all efforts to steadily increase Omanisation while ensuring the smooth and reliable operation of the plant. Currently, the Company is on track to meet the Omanisation commitment made to the Authority for Public Services Regulation and the Ministry of Labour. The company has achieved 93% (2022: 93%) of Omanisation at the end of the year 2023.

The Oman Power and Water Procurement Company SAOC (OPWP) has achieved a significant milestone in the implementation of the Oman electricity market which is the Middle East's first electricity spot market. This market will provide a new era of efficient and economical-offered prices for the forecasted demand. The electricity market will initially be implemented in the Main Interconnected System across the northern part of Oman, with prospects to expand to cover other regions over time. The Company's Power Purchase Agreement with OPWP expires in 2032. Accordingly, the spot market will have no impact on the revenue stream of the Company until the expiry of the Power Purchase Agreement.

In 2024, the company is optimistic about the challenges related to natural gas availability, a significant contrast from the issues faced up until 2022. Collaborative efforts with the government, which have proven effective, contributed to a more stable situation. Significantly, in November 2022, MEM through OQ arranged Dolphin Gas to counteract the gas shortage from MGP. This strategic initiative not only addressed the immediate challenge but also resulted in a notable reduction in diesel dependency. During the year 2023, the plant predominantly operated with 94% on gas fuel, with only 6% utilizing diesel. The company expects this positive trend to persist in 2024, despite occasional reliance on diesel prompted by inconsistent gas supply, the company maintains a high level of confidence in the plant's reliability.

Conclusion

On behalf of the Board of Directors, I wish to express gratitude to OPWP, the Authority for Public Services Regulation, the Capital Market Authority, and other governmental and non-governmental bodies for their guidance and support. I would also like to thank all personnel associated with the operation of Musandam Independent Power Plant and the staff of the Company for their hard work and dedication, and also to those others such as our contractors, whose expertise has assisted us in achieving these commendable results.

Finally, it's my honor and also on behalf of the shareholders, board members, and employees of the Company to express to His Majesty Sultan Haitham bin Tarik our best greetings and sincere wishes and praying to Allah the Almighty to grant him success in achieving goodness for our beloved country, its people and the whole humanity. We pledge loyalty and allegiance to serving the nation under his wise leadership.

Mohammed Al Ruwaidhi
Chairperson

Abu Timam
Grant Thornton

أبو تمام
محاسبون قانونيون

Abu Timam
Chartered Certified Accountants

بيت التين
الدور الخامس والسادس
بالمبنى رقم ٣٢٨٣، مربع المرحلة الثانية
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Agreed-Upon Procedures Report on the Code of Corporate Governance

To the Board of Directors of Musandam 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 Musandam 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 the Company, 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.

Abu Timam
Grant Thornton

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 Standards)* (IESBA Code).

Our firm applies International Standard on Quality Management (ISQM) 1, *Quality Control 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 12 November 2023, on the Board of Directors' Corporate Governance Report.

	Procedures	Findings
1	We obtained 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.

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

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

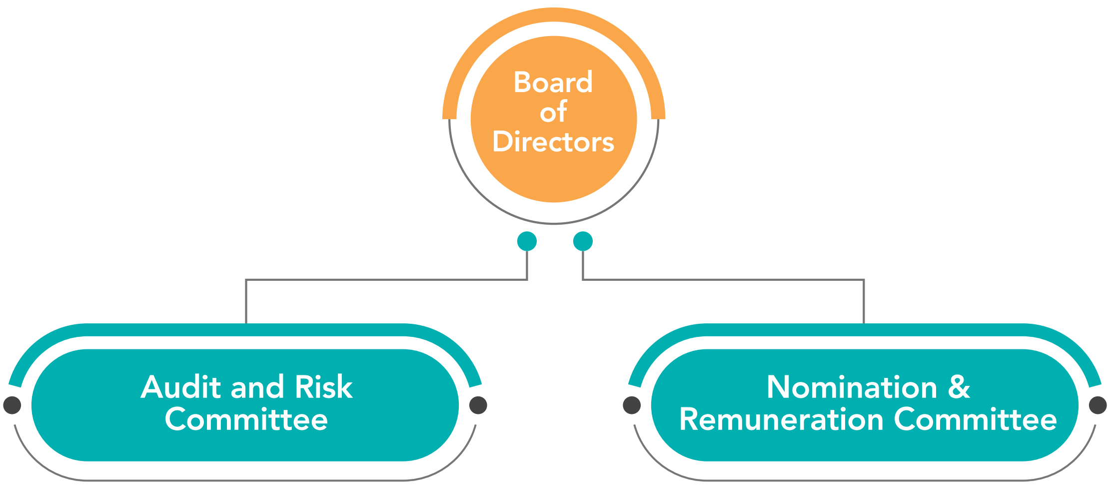
CORPORATE GOVERNANCE REPORT

The Board of Directors (the "Board") of Musandam Power Company SAOG (the "Company") hereby presents their Corporate Governance Report for the year ended 31st December 2023 in compliance with the requirement of the Code of Corporate Governance applicable to the Public Joint Stock Companies (the "Code"), clarifications and notifications issued by Capital Market Authority (the "CMA") up to 31st December 2023.

Company's philosophy and principles of Corporate Governance

The Company's philosophy is to adhere to the Code issued by the CMA to fulfill all the requirements of the highest standard of Corporate Governance and is aimed to support the Board of Directors and the management of the Company in the efficient conduct of the business. The Company has adopted the principles of good Corporate Governance and has implemented all guidelines issued by the CMA. The Company is committed to placing effective Corporate Governance assuring the shareholders that there is a well-performing management in place that supports the highest standards towards transparency, accountability, continuous improvement of business processes, disclosure, displaying the highest ethical standards, observing compliance with laws, permits and regulations and business propriety to enhance long term shareholders value and the interest of all stakeholders. Towards this, the Company has established and put in place detailed functional policies, procedures, financial authority limits, clear roles and responsibilities of the Board and Management and systems to ensure fair and timely release of material information about the Company to the stakeholders as well as supports Management to take decisions about Company's obligation and affairs. The Board also sets key performance indicator targets every year and evaluates the Company's performance progressively.

The Company has the following two committees of the Board which are fully operational in line with the provisions of the Code:



In compliance with the CMA rules and guidelines on disclosure, the Company's Statutory Auditors, Abu Timam Grant Thornton, have issued a separate Report on the Company's Governance Report for the year ended 31st December 2023.

Board of Directors

In compliance with the Company's Articles of Association, the Board comprises five (5) non-executive directors. During the elections conducted at the AGM on 10th March 2022, Mr. Mohammed Al Ruwaidhi (Non–Independent), Ms. Najla Al Jamali (Non – Independent), Mr. Hamid Hamirani (Independent), Mr. Sangmin Jee (Non – Independent) & Mrs. Aseel Hassan (Independent) joined the Board as newly elected members.

a) Composition, positions, and attendance of Directors in the year 2023:

All directors are non-executive in accordance with the requirements of the Code.

During the year, the composition of the Board is as follows:

(i) The Board composition for the year 2023 remained the same as last year. Mr. Mohammed Al Ruwaidhi is the Chairperson of the Board, Mr. Sanjmin Jee is the Vice-Chairperson of the Board, and Ms. Najla Al Jamali, Mr. Hamid Hamirani, and Mrs. Aseel Hassan are the members of the Board.

Category of Directors		Attendance								
		Board Meetings 2023								AGM
Board Members as of Dec 31, 2023		9 Jan	7 Feb	9 Mar	30 Apr	27 Jul	29 Oct	11 Dec	Total	6th March 2023
Mr. Mohammed Al Ruwaidhi (Chairperson)	Non-independent	√	√	√	√	√	√	√	7	√
Mr. Sangmin Jee (Deputy Chairperson)	Non-independent	√	√	√	√	√	P	√	6	√
Ms. Najla Al Jamali	Non-independent	√	√	P	√	√	√	√	6	√
Mr. Hamid Hamirani	Independent	√	√	√	√	√	√	√	7	√
Mrs. Aseel Hassan	Independent	√	√	√	√	√	√	√	7	√

√: attend, x: absent, N/A: not in seat, P: attend by proxy.

b) Directors holding directorship/chairmanship in other joint stock companies in Oman as of December 31, 2023

Name of Director	Name of Companies and Position Held
Mr. Hamid Hamirani	• Baraka Sharewater Company SAOC, Chairperson

The profile of Directors and Key Executive Officers is included as an Annexure to the Corporate Governance Report.

Audit Committee

a) Brief description of terms of reference

The primary role of the Audit and Risk Committee is to provide independent assistance to the Board in fulfilling their oversight responsibility to the shareholders, potential shareholders, the investment community, and other stakeholders relating to:

(i) Considering the name of the auditor in the context of their independence (particularly with reference to any other non-audit services), fee and terms of engagement, and recommending the auditors to the board for appointment.

(ii) Reviewing the audit plan and results of the audit firms and the results of the audit process as to whether or not the auditors have had full access to all relevant documents to perform their job.

(iii) Implementing appropriate systems to check financial fraud and ensure the fairness of financial statements.

(iv) Oversight of the internal audit function through an approved audit plan, considering the reports of the internal auditor, ensuring the internal auditor has full access to the relevant documents, and reviewing the efficiency of the internal audit function regularly.

(v) Oversight of the adequacy of the internal control systems.

(vi) Oversight of financial statements in general including the review and integrity of annual and quarterly financial statements before issue, qualifications contained in draft financial statements, and discussions of accounting principles therein and changes in accounting standards adopted by the Company.

(vii) Serving as a channel of communication for the Board with the external and internal auditors.

(viii) Reviewing and ensuring the effectiveness of risk management policies.

(ix) Reviewing proposed related party transactions and making suitable recommendations to the Board.

(x) Proposing wages and remunerations and financial and in-kind benefits for the employees of the internal audit unit.

Consistent with this function, the Audit and Risk Committee encourages continuous improvement of and promotes adherence to, the Company's policies, procedures, and practices for corporate accountability, transparency, and integrity.

In fulfilling its role, it is the responsibility of the Audit and Risk Committee to maintain free and open communication with the external auditors, the internal auditor, and the management of the Company and to determine that all parties are aware of their responsibilities.

b) Composition, position, and attendance in the year 2023:

The Audit and Risk Committee is comprised of a majority of independent directors as required by the Code. Below is the composition of this Committee and the number of meetings held and attendance for the year 2023.

The Audit Committee composition for the year 2023 remained the same as last year. Mr. Hamid Hamirani is the Chairperson of the Audit Committee. Ms. Najla Al Jamali and Mrs. Aseel Hassan are members of the Audit Committee.

Name of Committee Members	Position	Attendance					
		5-Feb	27-Apr	25-Jul	26-Oct	28-Nov	Total
Mr. Hamid Hamirani	Chairperson	√	√	√	√	√	5
Ms. Najla Al Jamali	Member	√	√	√	√	√	5
Mrs. Aseel Hassan	Member	√	√	√	√	√	5

√: attend, x: absent, N/A: not in seat, P: attend by proxy.

Nomination & Remuneration Committee

a) Brief description of terms of reference

The primary role of Nomination & Remuneration Committee of the Board involves:

(i) Assisting the Shareholders, while electing the Board at a general meeting in the nomination of proficient directors and the election of the most fit for the purpose.

(ii) Assisting the Board in selecting the appropriate and necessary executives for the executive management of the Company.

(iii) Assisting the Company in formulating clear, credible, and accessible policies to inform shareholders about directors' and executives' remuneration subject to the provisions of Administrative Decision No. 27/2021 on the rules of remuneration and sitting fees for directors of SAOGs.

(iv) Developing and deploying additional performance-based criteria to determine the bonus and remuneration of the chief executive officer and senior executive management of the Company.

(v) Submitting to the Board an annual plan of action.

(vi) Providing succession planning for the executive management.

(vii) Developing a succession policy or plan for the Board or at least the chairperson.

(viii) Preparing detailed job descriptions of the roles and responsibilities of directors including the chairperson.

(ix) Identifying and nominating qualified persons to act as interim directors on the Board in the event a seat becomes vacant.

(x) Nominating qualified persons to assume senior executive positions, as required, or directed by the Board.

(xi) Recommending to the Board bonus, allowances, and incentive policy for the executive management; and

(xii) Reviewing such policies periodically, considering market conditions and company performance.

b) Composition, position, and attendance in the year 2023:

The Board of the Company constituted the Nomination and Remuneration Committee comprised of 3 Board of Directors out of which one is an independent director. The composition of this Committee is given below:

The Nomination & Remuneration Committee composition for the year 2023 remained the same as last year. Ms. Najla Al Jamali is the Chairperson of the Committee. Mr. Mohammed Al Ruwaidhi and Mr. Sanjmin Jee are members of the Nomination & Remuneration Committee.

Name of Committee Members	Position	Attendance					
		06-Feb	16-Mar	18-Jul	24-Oct	28-Nov	Total
Ms. Najla Al Jamali	Chairperson	√	√	√	√	√	5
Mr. Mohammed Al Ruwaidhi	Member	√	√	√	√	√	5
Mr. Sangmin Jee	Member	P	√	√	√	√	4

√: attend, x: absent, N/A: not in seat, P: attend by proxy.

Appraisal for the performance of the Board

In accordance with the Code of Corporate Governance, the Company will appoint an independent consultant to carry out the annual appraisal of the performance of the Board during the term of the Board in 2024 to evaluate the performance of the year 2023.

The primary objective of the appraisal is to consider the composition, structure, dynamics, relationships, and performance of the Board and its Committees in accordance with the appraisal criteria approved by the shareholders.

The appraisal process is to be conducted directly between the consultant and the directors via a comprehensive questionnaire and further, interviews are to be held with some of the directors to explore and enhance the questionnaires' feedback. Subsequently, the consultant will present its report on the performance appraisal and recommendations to the Chairperson of the Board.

Process of nomination of the directors

The election of the Board is governed by the Company's Articles of Association and Corporate Governance. The Company ensures that the election of the Board is held in accordance with the Commercial Companies Law and rules issued by the Capital Market Authority.

In accordance with the requirement of the Code and the Articles of Association of the Company, the following shall be observed on the formation of the Board:

(i) Five directors are to be elected by the shareholders in a general meeting for a term of 3 years.

(ii) All directors shall be non-executive directors.

(iii) At least one-third of the directors shall be independent.

(iv) The members of the Board of Directors are elected from amongst the shareholders or non-shareholders.

(v) A director shall not be allowed to combine the positions of chief executive officer and chairperson, and no director shall be a member of the Board of more than four joint stock companies or chairperson of more than two joint stock companies. As per the Article (2) of Clause (8) of the Ministerial Decision 137/2002, as amended by Ministerial Decision 201/2016, requires that the director cannot be an employee or member of the Board of the company carrying out similar activities and whose principal place of business is in Oman.

Remuneration matters

a) Sitting fees to members of the Board and its sub-committees

As approved by the shareholders, the sitting fees of RO 550 for the Chairperson, RO 450 for the members of the Board, and RO 300 for the members of the Audit and Risk Committee and Nomination & Remuneration Committee are paid till the end of December 2023. The sitting fee is payable to the members of the Board, the Audit and Risk Committee, and the Nomination & Remuneration Committee who attend the meeting either in person or by video conference.

The sitting fees for the year 2023 paid to the directors for attending Board, Audit Committee, and Nomination & Remuneration Committee meetings amounted to RO 15,050, RO 4,200, and RO 4,000 respectively.

b) Remuneration to Board members

Following approval by the shareholders in the AGM held on 06th March 2023, the Company paid a total remuneration of RO 141,350 to the Board members in respect of the year 2022.

For the financial year 2023, the Board proposes to pay remuneration to the Board members, based on the guidelines of the Administrative Decision 27/2021 of the Capital Market Authority, for their contribution to achieving excellent operational and financial results. The remuneration of RO 51,750 has been proposed by the Board for the year ended 31st December 2023, however, the final amount of remuneration shall be decided and paid, following approval by the shareholders in the AGM scheduled to be held on 6th March 2024.

c) Other payments to directors

There was no other payment to the directors besides the sitting fees and remuneration.

d) Executive Management

The Company paid its top officers an aggregate amount of OMR 294,000 which includes salaries & allowances. The remuneration paid commensurate with their qualification, role, responsibility, and performance.

The performance-based bonus for staff members is based on the following criteria:

a. At the beginning of the year, benchmark objectives, which include among other parameters, the financial performance of the Company, Health, Safety, and Environment targets, for each staff member are set.

b. At the end of the year, the performance, and actual results against each of these objectives are evaluated and most importantly, any extraordinary contribution by the staff member leading to the Company's improved performance is duly noted and acknowledged.

c. Based on the final score and a transparent process of evaluation, a bonus is worked out and disbursed.

Employees' notice period and severance fees are specified in the standard employment contract entered into by the Company with the staff. Generally, the employment contract carries a one-month notice period. A severance fee is payable to an employee if the employee is terminated with less than the agreed notice period.

Details of non-compliance by the Company

There were no penalties from the Capital Market Authority ("CMA"), Muscat Stock Exchange ("MSX"), or any other statutory authority on any matter related to capital markets in the year 2023, and the management assuring 100% compliance with all the relevant rules & regulations.

Means of communication with the shareholders and investors

The Company communicates with the shareholders and investors mainly through the MSX website and the Company's website (www.musandampower.com) in both English and Arabic. Material information is disclosed immediately, and financial information such as initial quarterly and annual unaudited financial results, and annual reports including audited financial statements and Management Discussion & Analysis Reports are disclosed within the regulatory deadlines. The Company's executive management is also available to meet its shareholders and analysts as and when required.

Market price data

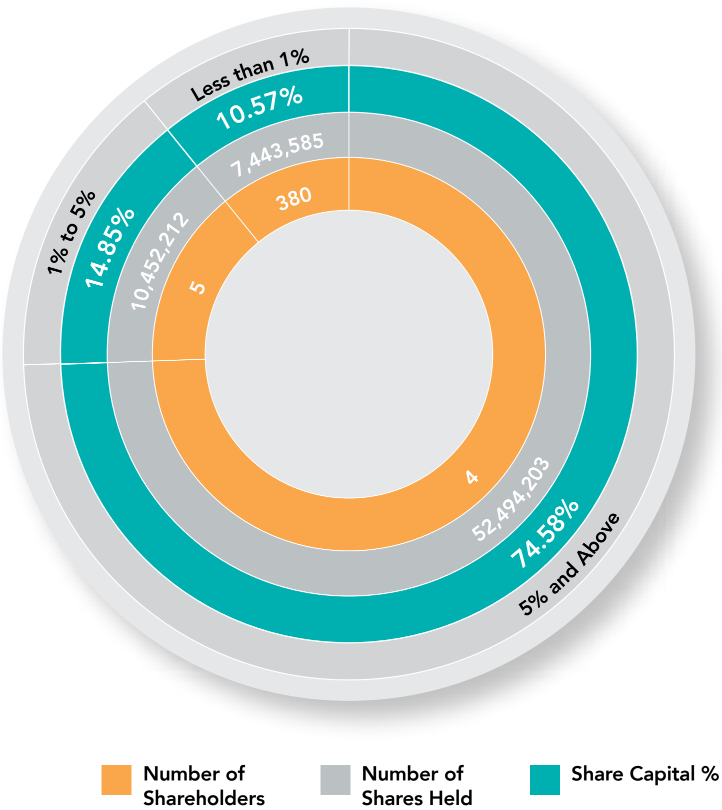
a) High/Low share price and performance comparison during each month in the year 2023:

Month	Price (Baizas per share)			MSX Service Sector Index (Monthly Closing)
	High	Low	Closing	
January	312	312	312	1,681.775
February	312	312	312	1,714.044
March	318	318	318	1,706.639
April	310	310	310	1,747.183
May	296	296	296	1,701.639
June	312	312	312	1,695.267
July	-	-	280	1,672.633
August	279	277	277	1,662.957
September	272	270	272	1,629.494
October	258	258	258	1,590.895
November	275	255	275	1,594.162
December	310	282	310	1,565.551

MSX Service Sector Index (Monthly Closing)

Price (Baizas per share)

b) Distribution of the shareholding as of December 31st, 2023:



There are no outstanding securities, or any convertible instruments issued by the Company.

Professional profile of the statutory auditor

Abu Timam Grant Thornton Oman

Abu Timam, the Oman member firm of Grant Thornton International, is headquartered in Muscat with a full-fledged branch office in Salalah. The Muscat office was established in 1995. It is one of the leading firms in Oman as evidenced by our portfolio of clients which includes many well-established companies across a broad spectrum of industries.

Abu Timam Grant Thornton is a leading accounting and consulting firm providing assurance, tax, and advisory services to privately held businesses and public interest entities. The clients not only get the benefit of local knowledge but can also access the knowledge and experience of more than 73,000 people in member firms in more than 149 markets through the global organization. This unique combination has made Abu Timam Grant Thornton the fastest-growing firm in the Sultanate of Oman. With a commitment to high standards of client services and professionalism. https://www.grantthornton.om.

The audit fee for the year 2023 was RO 9,000, for the Corporate Governance Report review RO 500, and RO 750 for the XBRL review.

Related Party Transactions

The company adopts the highest degree of transparency and clarity for Related Party Transactions. All such transactions are subject to review by the Audit & Risk committee and approval of the Board of Directors and where required, by Shareholders in the General Meeting.

The details of such transactions, where required, will be sent to every shareholder along with the notice to the general meeting covering the Related Party Transactions details. These transactions will also be disclosed in detail in the company's annual report.

The details of Related Party Transactions for the year 2023 are included within the notes of Financial Statements. All these transactions have been concluded in accordance with the governing regulations applicable at the time when they were entered and disclosed in the Financial Statements in accordance with applicable International Financial Reporting Standards. All the transactions are at 'arms-length' and do not involve any preferential terms.

Acknowledgement by the Board of Directors

- The Board of Directors accepts the responsibility for accurately preparing accounts and financial statements and confirms that the financial statements for the year 2023 have been prepared in accordance with the applicable International Financial Reporting Standards, as verified by the company's statutory auditors.
- The Board of Directors, through the Audit and Risk Committee, has reviewed the Company's system of internal controls and assures efficiency and adequacy of the internal control systems including financial management and its related operations, contractual obligations, and risk management.
- The Company has a robust business model and contractual framework as explained in detail in the financial statements and, as such, the Board of Directors confirms that they believe there are no material matters that may affect the continuation of the Company and its ability to continue its operations during the next financial year.

Chairman

Director

Brief Profiles of Directors

Name	:	**Mr. Mohammed Al Ruwaidhi, Chairperson.**
Year of Joining	:	2021
Education	:	Master of Business Administration MBA and Honor Degree B.Sc. in Process Operation.
Experience	:	Over the past 15 years, Mohammed has worked in OQ Downstream in various departments, and currently, he is holding the position of Aromatics and Energy Vice President, in charge of production, stabilization, and optimization of operations including process operations management, cost management, quality control, and human resource management. Leading multi-functions consists of 128 employees with different job profiles.

Name	:	**Mr. Sangmin Jee, Deputy Chairperson.**
Year of Joining	:	2022
Education	:	Moscow State Institute of International Relationship, Specialist of regional studies.
Experience	:	Sangmin Jee joined LX International (former LG International) 13 years ago, he held positions such as general manager and deputy general manager in various countries. He is an expert in the CIS and the Middle East and is fluent in Russian. He has experience in business development focused on large-scale petrochemical complexes and electric power projects. Sangmin Jee is currently responsible for branches in Muscat, Dubai, and Ashgabat.

Name		**Mr. Hamid A. Hamirani, Director.**
Year of Joining	:	2019
Education	:	Mr. Hamirani is a Fellow of the Chartered Association of Certified Accountants (FCCA), United Kingdom. He holds a degree in Bachelor of Commerce.

Experience	:	Hamid is a former advisor to the Minister of Finance and former independent member of Oman Investment Fund which is now part of the Oman Investment Authority. Hamid represented the Ministry of Finance on the Petroleum Development Oman Board Finance Committee, Sovereign Rating Committee, & Public Finance Management Project Team. Hamid is a Co-founder and Managing Principal of EHA Advisory, EHA supports owners and executive leadership of sovereign and long-term investment and pension funds to re-design: mandates, policies, governance framework, strategy for capacity development, portfolio resilience framework (including climate change), performance management (KPI) mechanism and transparent reporting. EHA is also an implementation partner. Hamid is also representing Food Systems for the Future at the Good Food Finance Network Secretariat. GFFN is recognized as one of the top networks influencing the global food transition. GFFN's founding members include UNEF, World Business Council for Sustainable Development, EAT International, Food Systems for the Future, and FAIRR. GFFN supporting partners include the World Bank, Rabo Banks, and Just Rural Transition. In addition to the Board of Musandam Power, Mr. Hamirani is also currently the Chairman of Baraka Sharewater Company.

Name	:	**Ms. Najla Al Jamali, Director.**
Year of Joining	:	2020
Education	:	Ms. Najla holds a Bachelor of Science degree with honors in Mathematics with Applied Mathematics/Mathematical Physics from Imperial College, London. She also attained a Master of Science degree in Financial Management from the University of London and participated in Schlumberger's leadership program at INSEAD, in France.

Experience	:	With 25 years of experience, Najla has worked in various onshore and offshore upstream Oil and Gas operational roles as well as managerial and consultancy positions in Africa, Europe, and the Middle East at reputable companies including Vale, Schlumberger Business Consulting, IHS Energy, Shell and Petroleum Development Oman (PDO). She possesses strong analytical and leadership skills with a track record in deriving and implementing strategies as well as business turnaround solutions. Najla joined Oman Oil Company in 2013 and contributed her extensive experience in helping shape the company's strategic direction to fulfill the company's objectives of maximizing value for Oman from its resources. In 2016, Najla was appointed as Acting Executive Managing Director (EMD) of Takamul Investment Company, a wholly owned subsidiary of Oman Oil Company, which manages several Oman Oil Company's Oman-based investments. In 2022, Najla was appointed Chief executive for OQ's Alternative Energy.

Name	:	**Mrs. Aseel Hassan, Director.**
Year of Joining	:	2022
Education	:	Ms. Aseel is a member of the Chartered Institute of Management Accountants (CIMA), United Kingdom. She has participated in executive leadership programs at Harvard Business School and IMD. She also holds a bachelor's degree with honors in Accounting & Finance.
Experience	:	Over the past 25 years, Aseel has worked in the public and private sector covering both the financial and oil & gas sectors. She currently holds the position of Director General - Debt Management at the Ministry of Finance. In her role as Director General, she is leading the management of government debt portfolio and led and concluded number of large funding transactions and also responsible to lead the engagement with investors and credit rating agencies. She has played an instrumental role in the leading the ongoing debt reduction program of the Government of Oman. She also oversees the government related entities funding activities as part of her role.

Brief Profiles of Key Executive Officers

The senior management team has been empowered by the Board of Directors for the day-to-day operations of the Company.

Name	:	**Mr. Murshid Al Yarubi**
Position	:	Chief Executive Officer
Year of Joining	:	2019
Education	:	Mr. Murshid is holding MSc-Eng Master in Process safety and loss prevention from the University of Sheffield UK, an MSc Master of Technology (Mtech) in Petroleum Engineering Technology at the Curtin University of Technology, BEng (Hons.) from the University of Sheffield in Systems and control engineering, HNC (Higher national certificate in Electrical/ Electronic Engineering) Wigan and Leigh College of Engineering (UK).
Experience	:	Mr. Murshid Joined PDO in 1995 and was assigned to production analysis and optimization of well production and re-commissioning of old and new facilities for other production plants e.g., GCU gas conditioning unit for (NGL) natural gas liquid. In 2000-2002 Murshid worked for the Mukheizinah project; joined the team at the construction stage till the commissioning stage of all the new facilities in Mukheizinah. 2006 to 2009 working for PDO (Upstream of Oman LNG facilities) as a Process control and Automation engineer and was involved in several projects i.e., Barik depletion compressor project design review in process control and instrumentation, Saih Rawal Depletion compressor (SRDC) project design review and HAZOP study. From 2010 to 2014 joined as an Operation Readiness & Assurance Engineer (ORA)and executed several projects, participated in project concept selections, design reviews, Hazardous and Operability study (HAZOP), HAZID, ALARP workshops, and instrumented protected function (IPF) challenges and conducted IOA initial operation assessment, review contract strategy and set the key deliverables for the project. From 2014 to 2016 he was appointed as Oil and Gas Production Coordinator -Field Operation Manager managing the biggest field in the Sultanate of Oman which produces almost 3rd of PDO production; he ensured the delivery of an integrated Production Plan (IPP) for oil, Gas and water facilities; enforcing and ensuring the compliance to national and company HSE is adhered to staff by conducting several staff engagements. Dec 2016 – 2019 OGC South Asset Manager Asset custodian for all company assets/facilities within the jurisdiction of Nimr, Salalah, Sur, and Duqm operation regions/offices. Managing all asset performance including integrity and Process safety management.

Name	:	**Mr. Abdulhameed Al Jabri**
Position	:	Finance Manager
Year of Joining	:	2017
Education	:	Mr. Al Jabri is a Fellow of the Chartered Association of Certified Accountants (FCCA), United Kingdom. He holds a degree in Bachelor of Commerce.
Experience	:	Mr. Al Jabri has over two decades of experience in the private sector in Oman, working with multiple companies in the Banking, Audit, Consultancy, Accounting, and Finance fields, with a specialization in the power and water generation sector. He has held various positions throughout his career, including senior auditor, chief accountant, and finance manager, gaining a comprehensive understanding of the complete business cycle related to the management of power and water generation businesses. In January 2017, Mr. Al Jabri joined Musandam Power as Finance Manager. Later, in 2019, an additional role was assigned to him which is the Investors' Relationship Manager. During his tenure at the company, he played a vital role in establishing several departments, developing internal company policies and procedures, and supporting the successful financial transition from the construction of the plant to its operation stage. Additionally, Mr. Al Jabri was instrumental in the company's successful IPO in 2019.

Name	:	**Mr. Sivaprasad Nandikolla**
Position	:	Technical Manager
Year of Joining	:	2020
Education	:	Diploma in Mechanical Engineering
Experience	:	Mr. Siva Prasad Nandikolla has over 29 years of experience as Technical Manager/Plant Manager/Contract Manager in Mobilization, Operations, Maintenance, and Contract Management of HFO/Crude oil/Gas/Duel Fuel-based reciprocating engine Power plants (Wartsila) up to 175 MW capacity. He worked in Sudan (Africa), South Africa, Mozambique (Africa), and Oman (Gulf) in addition to his native country India in a managerial position. He is proficient in performing power plant Operations and Technical/Contract Management with expertise in building/optimizing organization processes and systems to maximize business results. His overall experience including multinational exposure is an added advantage for the life cycle operations of power plants and performance achievements. Mr. Siva Prasad joined Musandam Power as a Technical Manager in January 2020. Before joining Musandam Power, he was Facility Manager for the MIPP working with Wartsila.

Name	:	**Ms. Nusaiba Al Maskari**
Position	:	Head of Internal Audit
Year of Joining	:	2020
Education	:	Ms. Nusaiba holds a bachelor's degree in BBA business administration majoring in finance and she is progressing to complete the CIA.
Experience	:	Ms. Nusaiba has over 15 years of experience working in the audit sector with PricewaterhouseCoopers Oman and mainly in the power and water sectors, with United Power, Sohar Power, Rusail Power, and SMN power company. In Addition, she was part of the Internal Audit team at "ENGIE," a French multinational utility company. The ENGIE Group ranks among the world's leading energy companies that operate in energy transition, electricity generation and distribution, natural gas, nuclear, renewable energy, and petroleum. ENGIE supplies electricity to 27 countries in Europe and 48 countries worldwide. In Oman, ENGIE has a direct and indirect ownership interest in 6 of the 11 contracted projects by the Oman Power & Water Procurement Co. in the Main Interconnected System. Throughout her time working with PWC, Ms. Al Maskari has held different positions as an external auditor, financial advisor, and tax consultant. She finally achieved the Head of Internal Audit position after having many years of experience in the power and water sector. Ms. Al Maskari's experience has provided her with the opportunity to develop a comprehensive knowledge of the complete business cycle related to the management of power and water generation businesses.

Name	:	**Mrs. Nahrain Al Kharusi**
Position	:	Corporate Support Manager
Year of Joining	:	2022
Education	:	Mrs. Nahrain is a certified Global Remuneration Professional (GRP) with WorldatWork, USA, and Chartered Member (MCIPD), UK. She holds a bachelor's degree in business majoring "Electronic Business & Human Resources" from Queensland University of Technology "QUT" Australia.
Experience	:	Mrs. Nahrain has over 18 years of experience in HR including people operation and strategic development. During her early career, she worked in the banking sector and later she joined the utility sector. She worked as an HR Manager in the Authority for Public Service Regulation (APSR) and later as Change Management Manager. Nahrain played a key role in HR projects related to reviewing and designing new HR Policies and Procedures, Performance Management, and Strategic Development, and was involved in designing a new Organizational Structure and building a Competency Framework.
		Mrs. Nahrain was appointed in Musandam Power as Corporate Support Manager in 2022. She is managing several departments in the company, including Human Resources, IT, Administration, and Corporate Social Responsibility. She is currently involved in developing HR policies and procedures as well as managing IT activities and CSR initiatives in Musandam.

CORPORTATE SOCIAL RESPONSIBILITY REPORT

Musandam Power Company SAOG recognizes the profound responsibility that comes with corporate citizenship. Through targeted investments in environment, education, health, sports, safety, and social welfare, we aim to create a lasting impact that goes beyond immediate assistance, contributing to the sustainable development and well-being of the region. Our CSR initiatives underscore commitment to making meaningful contributions to the community specifically in the Musandam Governorate region where our plant is located.

Corporate Social Responsibility (CSR) activities during 2023

During 2022, our commitment to environmental sustainability was evident through initiatives such as planting 130 trees along the Bukha coastal road and contributing to the beautification of Al Hil Park near Bukha.

For the year 2023, the Company continued its CSR initiative towards various activities in the region of Musandam. In the realm of education, the company initiated two CSR activities. The first involved a donation to a school in Bukha though General Directorate of Education in Musandam Governorate for the construction of a grass playground. The second initiative included collaboration with a training institute to provide first-aid training for key individuals within the General Directorate of Education in Musandam. During the holy month of Ramadhan, A dedicated campaign volunteered team visited families in Bukha to provide food donations, particularly targeting social security families. The total budget of RO 20,000 has been fully committed to these projects as detailed below.

Details of CSR Activities in 2023:

Donation to Oman Charitable Organization (OCO):

A notable 20% of our CSR budget, amounting to RO 4,000, was dedicated to the Oman Charitable Organization (OCO). This contribution, in accordance with decision no. 172/2021 issued by the Capital Market Authority aimed to empower OCO in providing targeted charitable work to deserving community groups.

Artificial Grass Playground for Bukha School in Musandam:

In alignment with our commitment to social responsibility, our company has undertaken a Corporate Social Responsibility (CSR) activity aimed at enhancing educational infrastructure. The initiative involves the construction of an artificial grass playground in a school located in Bukha, Musandam Governorate by donating RO 4,500. The collaboration with the General Directorate of Education facilitates the realization of tangible improvements to educational facilities.

Objectives:

Enhanced Educational Facilities: The primary goal is to contribute to the creation of an environment conducive to learning. The artificial grass playground not only enhances the aesthetic appeal of the school but also provides a safe and engaging space for students to participate in various physical activities, fostering a positive learning atmosphere.

Holistic Student Development: By promoting physical activity, the initiative aims to contribute to the overall well-being of students. The playground becomes a space where students can engage in recreational activities, improving their physical health and promoting a balanced lifestyle conducive to effective learning.

Community Engagement: The collaboration with local educational authorities underscores our commitment to fostering collaboration for sustainable educational growth. Through active engagement with the General Directorate of Education, we seek to build lasting partnerships that extend beyond this specific initiative, contributing to the long-term development of the education sector in Musandam.

First Aid Training for Musandam Ministry of Education Employees:

In a proactive approach to community well-being and safety, our company has invested RO 3,289 in providing comprehensive first-aid training for key individuals within the Musandam Ministry of Education. Collaborating with a reputable training institute, this initiative aims to equip education sector employees with essential first-aid skills, ensuring a prompt and effective emergency response.

Objectives:

Enhanced Emergency Response: By investing in first-aid training, our objective is to equip key individuals within the education sector with the necessary skills for prompt and effective emergency response. This not only contributes to the safety of educational facilities but also extends to the well-being of students and staff members.

Crisis Preparedness: The initiative seeks to establish a culture of safety and crisis preparedness within the education sector. Training employees in first aid fosters a sense of responsibility and preparedness, ensuring that educational institutions are well-equipped to handle emergencies and crises effectively.

Human Capital Development: Contributing to the development of human capital in the region, the first-aid training initiative goes beyond immediate safety concerns. It invests in the professional development of individuals within the education sector, enhancing their skill set and overall contribution to the community.

Ramadhan Food Distribution Campaign:

During the Holy month of Ramadhan, our company allocated RO 8,304 for a dedicated food distribution campaign in Bukha, Musandam. The campaign team visited households, providing essential food items, with a specific focus on supporting social security families.

Objectives:

Targeted Assistance: The primary objective of the Ramadhan Food Distribution Campaign was to address the unique needs of social security families during the Holy month. By specifically targeting vulnerable households, the campaign aimed to alleviate the economic challenges faced by these families during this sacred period.

Community Solidarity: The campaign sought to strengthen community bonds through targeted assistance. By actively engaging with the community and addressing specific needs, our company aimed to foster a sense of solidarity, empathy, and support among residents of Bukha.

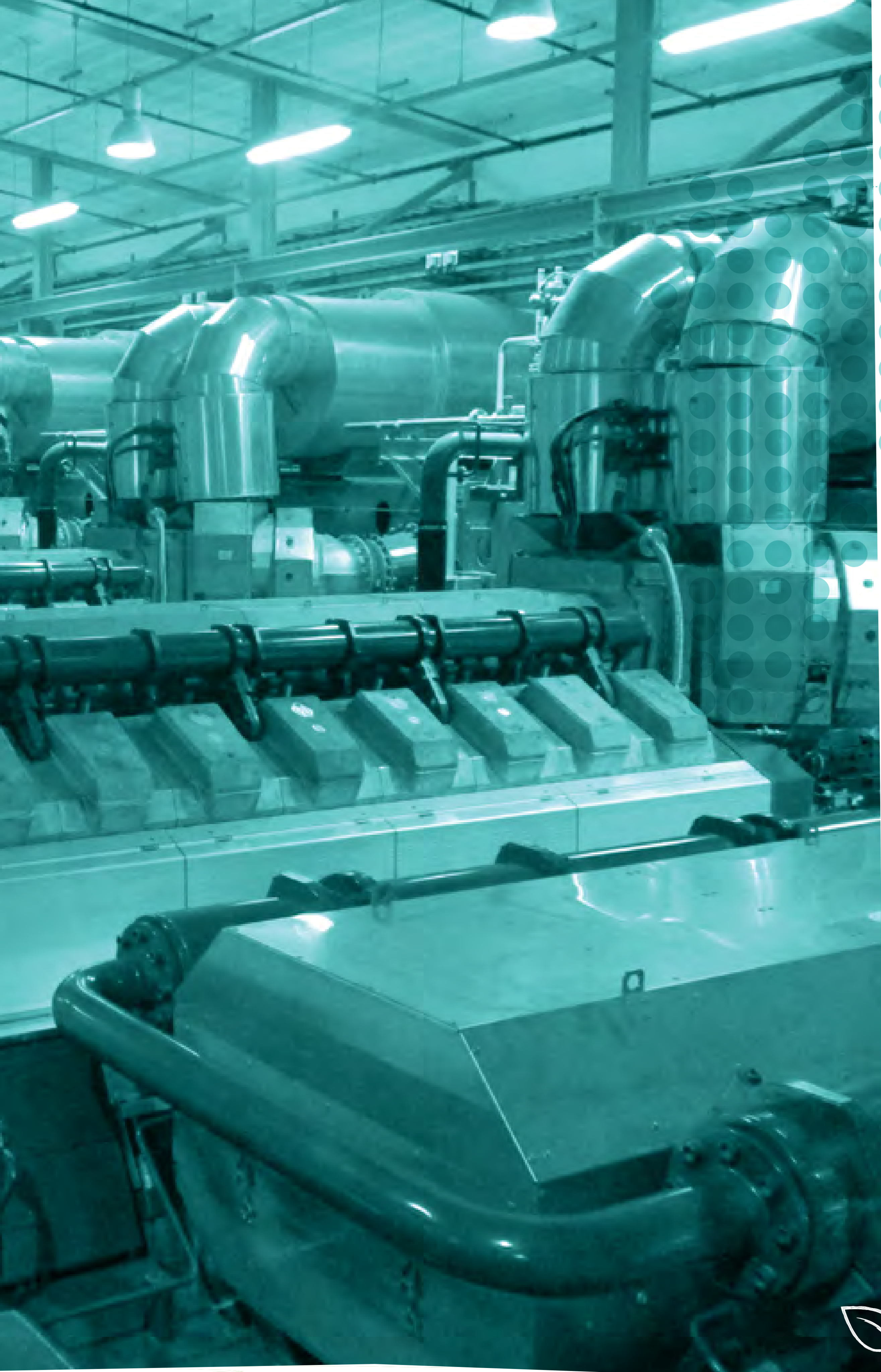
Inclusive Philanthropy: The initiative focused on addressing socio-economic disparities with a specific emphasis on inclusivity. By tailoring the assistance to the needs of social security families, the campaign aimed to promote a more inclusive form of philanthropy that directly contributes to the well-being of the most vulnerable members of the community.

Employee Development Through Community Service: Through the Ramadhan Food Distribution Campaign in Bukha, our company aimed to empower our team of volunteers, consisting of dedicated company employees. The objective was to provide them with a transformative experience, allowing them to directly engage with the community, cultivate empathy, and strengthen their sense of solidarity and this also reinforced the value of compassion and community service within our organizational culture.

Corporate Social Responsibility 2024 outlook

Musandam Power Company SAOG's CSR initiatives in 2023 transcend routine corporate obligations; they exemplify our commitment to being a positive force for change in the community. Musandam Power is poised to elevate its Corporate Social Responsibility (CSR) initiatives in 2024 by aligning with the United Nations Sustainable Development Goals (SDGs) and Environmental, Social, and Governance (ESG) principles. Recognizing the importance of global sustainability frameworks, we aim to further integrate responsible business practices into our CSR strategy for the benefit of the Musandam region

This detailed report not only fulfills societal responsibilities but also aligns with global sustainability goals. As we look ahead, our dedication to meaningful impact in the Musandam region remains steadfast, solidifying our position as a responsible corporate citizen committed to holistic community development.



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The management of Musandam Power Company SAOG (the "Company") is pleased to present its report on the Company's business structure, opportunities and challenges, operational and financial performance, risks and concerns, outlook, and other matters of importance to the shareholders.

Overview

The Company is the first independent power plant in the Musandam Governorate and its core business activity is to develop, own, and operate the Musandam Independent Power Plant (the "Plant"). The Plant comprises 15 Wärtsilä 34DF dual fuel reciprocating engines, running primarily on natural gas but capable of switching to Fuel Oil, if necessary, with a contracted power capacity of 120.7 MW and is located on a coastal site within Musandam Governorate, approximately 500km from Muscat in Oman. It has been in full commercial operation since 17th June 2017.

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 Musandam Governorate during the term of the PPA and beyond. The Plant has the capability to supply the majority of the peak demand of 133 MW (Under OPWP High Case) estimated by 2029 as per OPWP's 7-year statement (2023-2029). Natural gas is the primary fuel with Fuel Oil as backup fuel. The Company has signed a long-term NGSA with the IGC* to secure a supply of natural gas being the primary fuel over the contracted PPA period. The company has signed a call of contract with Al Maha Petroleum Products Marketing Company SAOG for the supply of Diesel as a contingency measure in the event of gas shortages or unavailability. The Plant's output is connected to the OETC grid through a 132 kV line built by RAECO and serves the Musandam Power System. Wärtsilä Muscat SPC, a 100% subsidiary of Wärtsilä Corporation ("WMU'), a leading global corporation that manufactures and services power sources and other equipment in the energy and marine markets is the EPC Contractor and O&M contractor. Further, the Company has also signed a 15-year LTSA with WMU to ensure the successful long-term operating performance of the Plant.

* Effective from 1st January 2023, vide Ministry of Energy & Minerals Ministerial decision No [19/2023] (the MEM transfer decision) and Ministerial Decision No. 248/2022 of the Minister of the Finance (the MOF decision), the MOF has established a Wholly owned Oman Government Company named Integrated Gas Company SAOC (IGC) and set the mandate to transfer all the agreements related to the gas sale, purchase, supply, transportation, and related agreements from the Ministry of Energy & Minerals (the "MEM") to the IGC per the MEM transfer decision.

Industry structure and development

In 2004, the 'Sector Law' came into force which provides the framework for the industry structure of electricity and related water in Oman. It led to the setting up of an independent regulatory agency, the Authority for Public Services Regulation (APSR), a single procurement company, Oman Power and Water Procurement Company SAOC (OPWP), and a holding company, Electricity Holding Company SAOC (EHC).

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 identifies new projects to be developed by private sector entities, to meet the future power generation and water desalination requirements of Oman.

Oman's electricity and water sector are partly government-owned and partly privatized. OPWP's portfolio of contracted power capacity comprises long-term contracts with several plants in operation.

The Company is closely following OPWP's "spot market" arrangements for the future procurement of power from independent power producers. APSR has commenced the process of generation license modification relating to the introduction of the spot market. These modifications include new license conditions concerning preparation for spot market implementation under any Spot Market Implementation Plan that may be issued by APSR from time to time.

The Company has also analyzed the long-term deployment of renewable energy sources such as solar photovoltaic (PV), and wind energy in the Musandam region. OPWP does not expect large-scale solar generation in Musandam before 2029 (Source: OPWP 7-year statement 2023-2029 issue).

Opportunities and Challenges

The Company has a well-established contractual framework ensuring stable and predictable cash flows like other IPPs in Oman with long-term power purchase agreements, ensuring cash flow protection against adverse events.

Contractual Framework

- **Power Purchase Agreement (PPA)**

The PPA was executed between the Company and Oman Power and Water Procurement Company SAOC ("OPWP") on 13th April 2015. The PPA details the terms agreed between the Company and OPWP pursuant to which Musandam Power Company shall undertake the Project.

Under the PPA, the Company 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 the Company for the total fuel demand required to produce electrical energy to be delivered in accordance with the terms of the PPA.

Subject to certain adverse events, OPWP risk events, and termination provisions contained therein, the term of the PPA commenced on 26th July 2015 and the original expiry date as per the PPA was 17th December 2031, (the date which falls 15 years after the SCOD). Due to a delay in testing by RAECO, the PPA expiry has been extended to 23rd January 2032.

- **Natural Gas Sales Agreement (NGSA)**

The NGSA was entered into between the Integrated Gas Company SAOC ("IGC") and the Company on 12th July 2015. It establishes the terms upon which the Company purchases natural gas as feedstock for the Plant from the IGC. The NGSA term is linked to the PPA term and therefore expires on 23rd January 2032 (The same date as the PPA termination date). In certain circumstances, the NGSA term will automatically be extended to reflect any extensions to the term of the PPA.

According to the NGSA, the price payable by the Company for natural gas delivered to and accepted by the Company shall be equal to the OMR equivalent of USD 3.00 per MMBTU, inclusive of all transportation costs of natural gas to the gas delivery point, and all taxes, duties and other imports applicable to the sale of natural gas to or the purchase of natural gas by the Company. The natural gas price shall be escalated on each anniversary from the day of 1st January 2016, on a compounded basis, using (i) a three percent (3%) annual rate, or (ii) the percent change in the average US Consumer Price Index for the prior calendar year, whichever is higher.

- **Electrical Connection Agreement (ECA)**

The ECA was entered into between Rural Areas Electricity Company SAOC ("RAECO" and currently known as "TANWEER"), a wholly owned Government company that commenced operations on 1st of May 2005, and the Company on 14 May 2015. The ECA sets out the terms and conditions upon and subject to which RAECO and Musandam Power have agreed that Musandam Power shall connect to the Transmission System.

Pursuant to the Business Transfer Agreement between TANWEER and OETC, TANWEER transferred certain assets and business in Musandam to OETC. Accordingly, a Novation agreement dated 27th July 2023 has been signed by MPC, TANWEER, and OETC. As per the Novation agreement, OETC is to assume responsibility for all rights and obligations assigned and transferred by TANWEER perform the ECA, and be bound by its terms in every way as if it were the original party to it in place of TANWEER.

The ECA became effective from the date of its execution and shall remain in force for an initial period of 25 years (the "Initial Term") and will continue in force beyond the expiry of the Initial Term unless and until either party terminates the ECA on twelve months prior written notice to the other, provided that no such notice shall take effect before the expiry of the Initial Term.

- **Usufruct Agreement**

The UAS was executed between the Ministry of Housing & Urban Planning ("MoH") and the Company on 9th February 2015. The UAS constitutes the usufruct agreement in relation to the Site. The UAS has a term of 25 years from the date of ratification of the UAS by the Government, subject to a further extension of 25 years at the option of the Company. The Company is under an obligation to only use the Site for the stated purpose as described in the UAS.

- **Operation and Maintenance Agreement (O&M Agreement)**

As per the O&M Agreement, Wartsila Muscat LLC will operate and maintain the Company's plant until 16 June 2025. Under the O&M agreement, the Company shall pay a fixed operating fee. The initial agreement signed on July 2015, expired on 16th June 2022 and got extended for another 3+1+1 years, and it is effective immediately after the expiry of the initial agreement.

- **Long-Term Services Agreement ("LTSA")**

The LTSA was entered into by the Company and Wärtsilä Muscat LLC ("WMU") on the 25th of November 2014 and was amended on the 24th of June 2015. It provides that the Company shall purchase parts, including strategic spares and maintenance parts, from WMU and WMU will perform certain services and 'variation work' such as upgrades and scheduled maintenance to the Plant.

The LTSA will terminate upon the earlier of the 15th anniversary of the COD or the reaching of 70,000 ERH (Engine Running Hours) on the applicable 'power unit' (each reciprocating engine unit and all ancillary components and generator equipment).

- **ESA (Electricity Supply Agreement)**

The Electrical Supply Agreement was entered into between TANWEER and the Company on 6th April 2015.

This agreement sets out the terms upon which TANWEER undertakes to supply electricity to the site for use by the Company. Under the terms of the ESA, the Company is required to pay for and install suitable metering equipment and pay the "Permitted Tariffs" for the electricity used as defined therein. The ESA also provides that TANWEER may disconnect the supply where, among other things, the Company fails to pay sums due, the installation or use of the electricity interferes with TANWEER's system, or the Company fails to comply with any condition of the ECA. Either party may terminate the agreement upon the provision of 30 days prior written notice. However, this agreement is only intended to act as a backup to complement the other power generation and emergency power generation facilities located on the Site.

- **Facilities Agreement**

The Company has entered into financing agreements with Bank Muscat SAOG, for an aggregate amount of approximately OMR 84.25 million (US$ 219.04 million) subject to the terms of the Facilities

Agreement, dated 1st July 2015. The Term Facility has a tenor of 15 years which is extendable by a period of up to 5 years with a fixed coupon of 4.6% per annum for the first 7 years and 3 months from the effective date (the First IR Date).

During the year 2022, the period of 7 years and 3 months from the effective date (the first IR date) was completed. The interest rate was revised to 5.25% per annum (a rate equal to the lower of the 5-year fixed deposit rate of the Facility Agent as of the Specified Time on the First-Rate Fixing Date + 2% per annum or 6%) until the date falling 12 years and 3 months from the effective date. Thereafter the interest rate is to be the lower of Bank Muscat 5 years deposit rate + margin of 2% or 6% with a maximum cap of 6% until the Senior Final Maturity Date.

The Facilities Agreement does not impose any mandatory cash sweep mechanism with respect to the repayment of the Facilities.

Finally, the Company continues to benefit from the extensive experience of its main shareholders in the ownership and operation of power projects in the country and worldwide.

- **Diesel Supply Contract with Al Maha Petroleum Products Marketing Company SAOG Agreement**

The company has signed a call-of-contract with Al Maha Petroleum Products Marketing Company SAOG for the supply of Diesel as a contingency measure in the event of gas shortages or unavailability. The contract will expire on 31st December 2024.

Discussion on operational performance

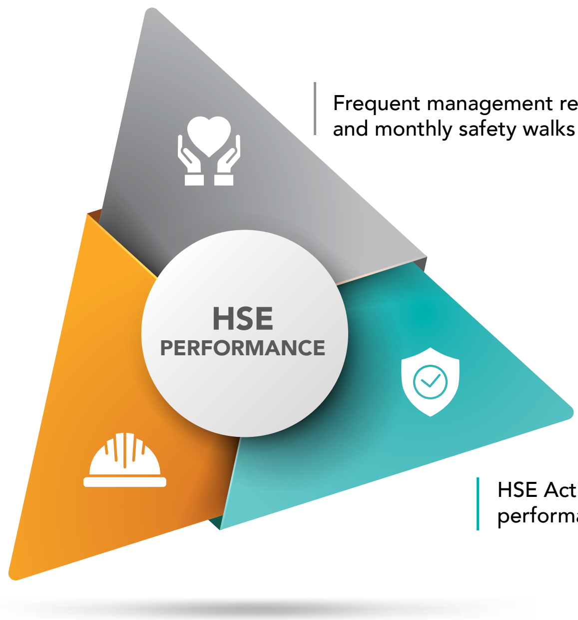
Health and Safety

Health and safety performance is given the utmost importance within the Company and encompasses Wartsila, various contractors, and sub-contractors, in order to achieve the goals, set by the top management.

The overall HSE performance in 2023 was good, with no lost time injury (LTI) during the year.

The plant operation and maintenance are managed by Wartsila. The Plant Operator holds major certifications like ISO 9001, 14001, and OHSAS 18001 as a testimony for safe and high-quality Plant operations. As part of HSE improvements, internal and external audits were successfully conducted with no major finding identified by the auditors.

Many other proactive actions, as detailed below, undertaken by the Company and Wartsila have led to such commendable accomplishment of HSE performance.



Every small incident or a near miss is taken very seriously, analyzed and actions are proactively implemented and shared with all team members.

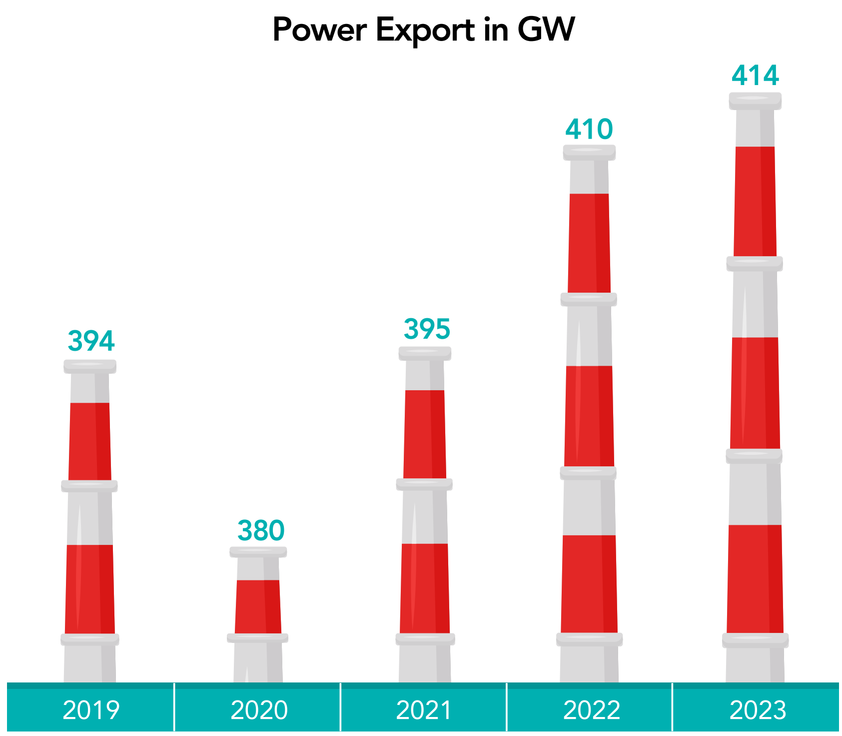
Human Resources – training and career development

Training programs at the plant are established by Wartsila. These are primarily aimed to ensure that all site employees perform their tasks most efficiently and safely. The Company and Wartsila are committed to empowering qualified Omani Nationals to acquire better-quality engineering and related skills and take up higher responsibilities in operating and maintaining the Plant. To this end, since inception, the strategy of the Company and Wartsila has been to train and develop qualified Omani staff to take up additional responsibilities in due course. The annual performance review of each employee includes an assessment of their career growth carried out. Wartsila has been successful in identifying candidates, especially young Omani graduates, with high potential to take them through a higher level of specialized training and peer guidance to develop the skills & competency to higher levels.

At the HQ level, the company sets an Individual Development Plan for every employee to empower qualified Omani Nationals to acquire better-quality related skills and take up higher responsibilities, helping them to fulfill their assigned tasks. An annual performance review of each employee includes an assessment of their career growth and is carried out. The Overall Omanisation for the company is 93%.

Net energy export and load factor

The net energy export and load have witnessed an increasing trend since the commissioning of the Plant in 2017, with a maximum of 85.55 MW plant load (the average load factor of 74%) and 414 GW power export during the year. Plant consistently fulfilling load demand from Musandam power grid throughout the year. The efficiency of the power plant is measured in terms of the amount of heat required to produce one unit of power. The plant heat rate has been well within operational guaranteed limits since commercial operation.



Capacity

The capacity of a plant is defined as the total electrical power (MW), which can be delivered by the plant at reference site conditions. The tariff structure agreed within the PPA and the Operation and Maintenance Agreement with Wartsila focuses on a fundamental feature that the profitability of the Company is mainly derived from the Plant's reliability. The reliability of the plant is its ability to deliver the declared capacity, as per the PPA.

The Capacity revenue is closely associated with Plant reliability, among other parameters like contracted capacity and indexation mechanism provided within the PPA.

Plant reliability consistently maintained well since the beginning of plant operations, achieving 99.9% reliability during the year 2023. This continuous achievement deserves kudos to the Plant operating staff.

Maintenance

Maintenance of the Plant was undertaken in accordance with the standard operations and maintenance processes recommended by the Original Equipment Manufacturers (OEM). All scheduled maintenance activities are up to date and completed on time.

Discussion on financial performance

Financial Highlights

Figures in RO millions		2023	2022	% Change
Revenues	1	**18.731**	18.474	1.39%
Gross Profit		**6.472**	7.163	(9.65) %
Finance Costs (net)		**(3.082)**	(3.027)	(1.82) %
Net Profit	2	**1.945**	2.647	(26.52) %
Net Profit before Finance costs and Tax	3	**5.362**	6.147	(12.77) %
Total Assets	4	**71.114**	96.642	(26.42) %
Capital (Paid-up)	5	**7.039**	7.039	-
Shareholders' Fund (Net Assets)	6	**11.689**	11.687	0.02%
Term Loan and WCF	7	**54.190**	60.339	(10.19) %
Number of shares outstanding at year-end	8	**70.390**	70.390	-
Ordinary Dividends	9	**1.943**	2.097	(7.34) %
Key Financial Indicators:				
Net Profit Margin	2/1	**10.38%**	14.33%	-
Return on Capital (Paid-up)	2/5	**27.63%**	37.60%	-
Return on Capital Employed	3/(6+7)	**8.14%**	8.53%	-
Debt Equity ratio	7/6	**4.636**	5.163	-
Net assets per share (Baizas)	6/8	**0.166**	0.166	-
Basic earnings per share (Baizas)	2/8	**0.028**	0.038	(26.32) %
Dividends per share (Baizas)		**27.60**	29.80	(7.34) %

Analysis of Profit & Loss

The Company's revenues slightly increased in 2023 by 1.39% in comparison with 2022 mainly due to Higher Engines Running Hours (ERH), an increase in tariff which is revised annually based on local and US indices. However, in 2023, the company experienced no thermal efficiency gain, attributed to its decreased reliance on fuel oil in comparison to 2022. Consequently, the gross profit has decreased by 10% compared to 2022.

The Net Profit of 2023 decreased by OMR 0.702 million mainly due to the decline in the thermal efficiency and increase in the indirect costs as compared to 2022. As a result, the return on capital employed and basic earnings per share have seen a decrease as compared to last year.

The share price stood at 310 Baiza per share as at 31st December 2023.

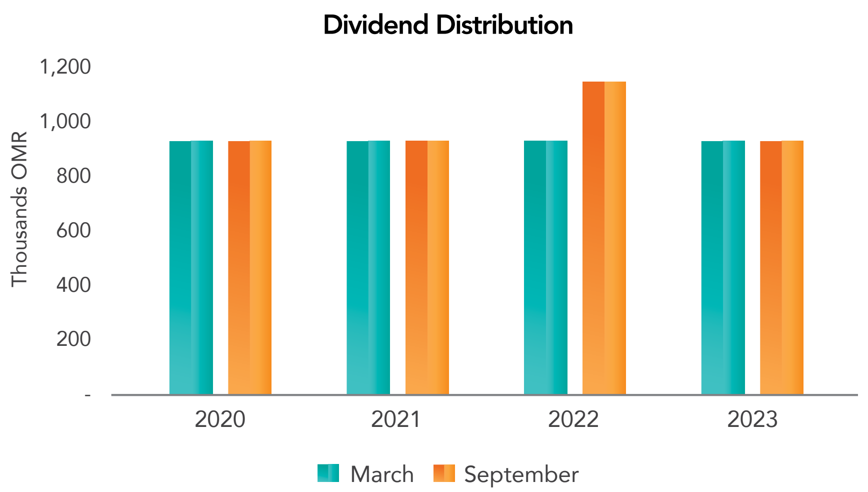
Analysis of Balance Sheet

Total non-current assets of the Company stood at RO 66.102 million as of 31st December 2023 as compared to RO 68.069 million last year mainly due to depreciation charged during the year. Trade receivables include OPWP's December 2023 invoice & IGC Fuel incremental claims from August 2023 to December 2023. Cash and cash equivalents stood at RO 0.508 million as of 31st December 2023, as compared to RO 1.522 million last year.

The Shareholder's Funds (Net Assets) stood at RO 11.689 million as of 31st December 2023 as compared to RO 11.687 million as of 31st December 2022. Term Loans (including non-current and current balances) have been reduced to RO 52.690 million as a result of scheduled loan repayments in accordance with the terms agreed within the Facilities Agreement. The Company maintains adequate provisions for asset retirement obligation to enable it to fulfill its associated contractual obligation at the end of the Plant's useful life.

Dividend Distribution

The Company's dividend policy of distributing available cash is conditional upon fulfillment of covenants agreed within the Facilities agreement, which include making adequate provisions for forecasted loan repayments and operating expenses. Consistent with the Company's policy and in accordance with Capital Market Authority regulations, the Company declared and distributed a dividend of RO 0.971 million (translating to 13.8 Baizas per share where par value of share is 100 baiza) and dividend of RO 0.971 million (translating to 13.8 Baizas per share where per par value of share is 100 baiza) in March 2023 and September 2023 respectively.



Others

In comparison with the financial performance disclosed in the IPO Prospectus, the net result of the year 2023 was lower by OMR 0.349 million. This is mainly due lower actual inflation rate applied to the capacity charges compared to assumptions made in the IPO projections. There is no plan to change the dividend policy and plan and the dividends per share will remain as projected at 27.60 Bzs/Share.

Risks and Concerns

Loss of Availability due to Machinery Breakdown

The principal risk to the Company is the plant being unavailable due to mechanical breakdown. To mitigate this risk, the Company ensures and monitors that Wartsila operates and maintains the Plant in line with the Company's policies, principles, directives, and best practices in the industry and as per maintenance schedule prescribed by the OEMs.

Loss of Availability due to Accidental Damage

Following industry best practices, the Company ensures that adequate insurance policies are in place to protect the business against any property damage and loss of income arising from accidental damage.

OPWP Payments

During the year, OPWP settled in full all invoices within the agreed credit period.

Availability of Gas

In 2024, the company is optimistic about the challenges related to natural gas availability, a significant contrast from the issues faced up until 2022. Collaborative efforts with the government, which have proven effective, contributed to a more stable situation. Significantly, in November 2022, MEM through OQ arranged Dolphin Gas to counteract the gas shortage from MGP. This strategic initiative not only addressed the immediate challenge but also resulted in a notable reduction in diesel dependency. During the year 2023, the plant predominantly operated with 94% on gas fuel, with only 6% utilizing diesel. The company expects this positive trend to persist in 2024, despite occasional reliance on diesel prompted by inconsistent gas supply.

Spot Market

OPWP has developed a wholesale electricity Spot Market through which power generators will be able to sell electricity, with OPWP as the sole purchaser. The geographical scope of the Spot Market is the Main Interconnected System (northern area of Oman). Musandam Power Grid has not been included in the Spot Market. Thus, the Company does not see any impact of the Spot Market on the Company revenues.

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 2024.

The Company conducts no other business in the Sultanate of Oman or outside and has no subsidiaries.

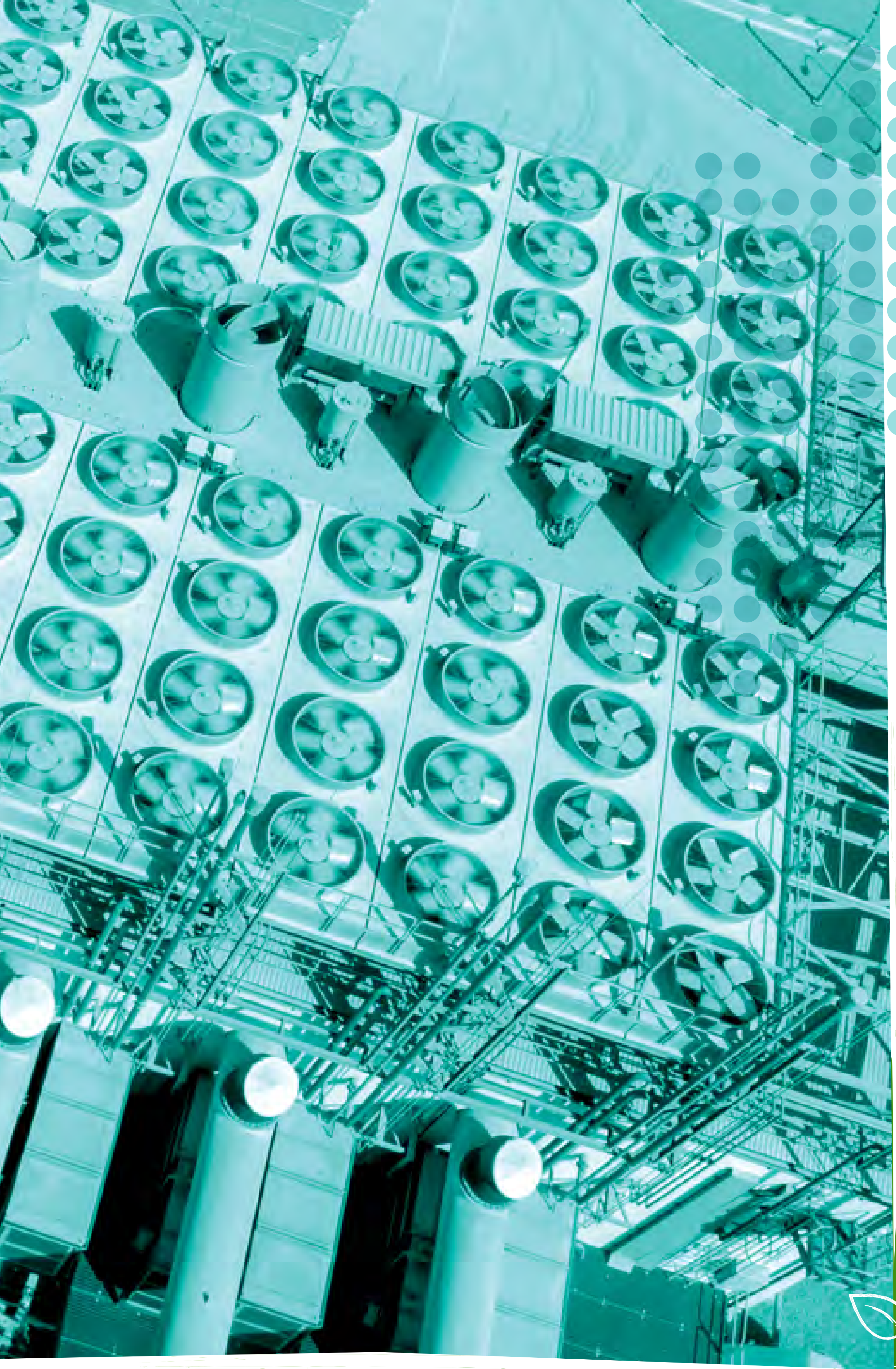
Internal control

The management is fully aware of the importance of a strong internal control system. The internal auditor's scope of work includes analysis of the business risks and review of the internal controls under the supervision of the Audit and Risk Committee of the Board. The management continues to evaluate all business processes along with related policies and procedures and also implements the recommendations of the internal auditor to further augment the overall internal controls environment of the Company.

The internal auditor executes all the functions as prescribed under the Code of Corporate Governance professionally and submits regular reports to the Audit and Risk Committee as per the approved annual internal audit plan.

Conclusion

The management acknowledges and appreciates the commitment and diligence of all the employees of the Company while assuring them of their career advancement and continued welfare.



Abu Timam
Grant Thornton

أبـو تمـام
محاسبون قانونيون

Abu Timam
Chartered Certified Accountants

بيت أتين
الدور الخامس والسادس
بالمبنى رقم٣٢٨٣، مربع المرحلة الثانية
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Tax Card No. : 13398138

Independent Auditor's Report

To the Shareholders of
Musandam Power Company SAOG
PO Box 228
PC 134
Muscat, Sultanate of Oman

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Musandam 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 a material accounting policies.

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' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in the Sultanate of Oman, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Abu Timam
Grant Thornton

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 period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
Useful life of the generation plant	
The Company operates its generation plant (the "plant") under a Power Purchase Agreement ("PPA") entered with Oman Power and Water Company SAOC ("OPWP"), which is the single buyer of power for all projects within the Sultanate of Oman. The PPA is for 15 years, expiring in June 2032 and has been determined to be an operating lease. The total cost of the plant and other associated assets was initially recognised during 2017 as plant and machinery in the financial statements of the Company with an estimated useful life of 40 years. The carrying amount of the plant and machinery and building and civil works as at 31 December 2023 was RO 65.958 million. The useful life of the plant is based on management's technical assessment of factors which are subject to judgement and accordingly contains significant estimation uncertainty. In addition, the estimated useful life that has been assumed by management is more than the term of the PPA as the plant will have an economic viability beyond the initial term of 15 years covered by the current PPA. In making its assessment of the plant's useful life, management appointed an independent expert in 2018 to prepare a cash flow model for the plant's entire expected operating life-cycle and the cash flow implications of the various options that may apply after the initial 15 year PPA. This includes consideration of a potential contract extension or the implementation of a merchant market arrangement. The valuation expert has assessed the useful life of the plant considering various factors such as the plant's operating cycles, maintenance programs, normal wear and tear and future cash flow forecasts. Management are of the view that the plant will be economically viable and will continue to operate after the PPA has expired.	In relation to the key audit matter, our procedures included the following: • Evaluating the design and implementation of controls around the estimation of useful life of the plant; • At the time the initial evaluation was performed, we evaluated the appropriateness and reasonableness of the assumptions (including checking inputs relevant to our audit used in the model and reperforming the arithmetical accuracy of the sections in the model which were relevant for audit purposes) considered by the independent valuation expert for the cash-flow forecasts pertaining to post-PPA period; • We re-assessed the relevance and appropriateness of the assumptions detailed above by making enquiries of management as to: o the current status of operations of the plant, including the future plans and utilisation of the plant after the end of the PPA; and o the Company's right to extend the land lease under a Usufruct Agreement for an additional term; • Obtained OPWP's latest seven year statement (2021-2027) published for the power sector in the Oman and Musandam region where the Company operates, which substantiates the Company's strategic position in the region; • Obtained OPWP's plans for implementation of a merchant market arrangement; • Reassessing the reasonableness of the useful life of the plant and the depreciation method used by comparing it with other power companies in the country which have operating plants with similar technology; and

Independent Auditor's Report (continued)

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
We focused on this area as a key audit matter because the estimation of the useful life of the plant impacts the measurement of accumulated depreciation. This involves application of judgments as to how the plant will be utilised post-PPA period and is a matter that is reconsidered annually by management for any changes that may affect the original assessment. Refer to notes 4 and 5 to the financial statements for further details.	• Reassessing the continuing adequacy of the disclosures in these financial statements relating to asset lives and the judgments surrounding them to determine if they are in accordance with IFRSs.

Other Information

Management is responsible for the other information. The other information comprises annual report, Board of Directors' report, Corporate governance report and Management Discussion and Analysis report but does not include the financial statements and auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do 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, 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, the relevant disclosure requirements of the Capital Market Authority and the Commercial Companies Law of the Sultanate of Oman, 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.

Independent Auditor's Report (continued)

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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 the Board 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 the those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to 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 the 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.

Independent Auditor's Report (continued)

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 relevant disclosure requirements of the Commercial Companies Law of the Sultanate of Oman, 2019, and disclosure requirements issued by the Capital Market Authority.

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

12 February 2024

Statement of financial position
as at 31 December 2023

	Notes	**31 December 2023 RO '000**	31 December 2022 RO '000
ASSETS			
Non-current assets:			
Property, plant and equipment	5	**66,102**	68,069
Current assets:			
Inventories	6	**3,204**	3,403
Trade and other receivables	7	**1,300**	23,648
Cash and bank balances	8	**508**	1,522
Total current assets		**5,012**	28,573
Total assets		**71,114**	96,642
EQUITY AND LIABILITIES			
Equity:			
Share capital	9	**7,039**	7,039
Legal reserve	10	**1,709**	1,515
Retained earnings		**2,941**	3,133
Total equity		**11,689**	11,687
Non-current liabilities:			
Senior facility loan	11(a)	**49,232**	52,590
Provision for asset retirement obligation	13	**192**	183
Lease liability	14	**97**	100
Deferred tax liability	20(c)	**4,007**	3,672
Employees' end of service benefits		**10**	3
Total non-current liabilities		**53,538**	56,548
Current liabilities:			
Senior facility loan	11(a)	**3,458**	3,249
Lease liability	14	**3**	3
Trade and other payables	12	**926**	20,655
Short term loan facility	11(b)	**1,500**	4,500
Total current liabilities		**5,887**	28,407
Total liabilities		**59,425**	84,955
Total equity and liabilities		**71,114**	96,642
Net assets per share	24	**0.166**	0.166

These financial statements on pages 6 to 45 were approved by the Board of Directors on 12 February 2024 and were signed on its behalf by:

Chairman

Director

The accompanying notes on pages 55 to 90 form an integral part of these financial statements.

The report of the Auditor is set forth on page 46.

Statement of profit or loss and other comprehensive income
for the year ended 31 December 2023

	Notes	**Year ended 31 December 2023 RO '000**	Year ended 31 December 2022 RO '000
Revenue	15	**18,731**	18,474
Operating costs	16	**(12,259)**	(11,311)
Gross profit		**6,472**	7,163
General and administrative expenses	17	**(1,110)**	(1,016)
Finance costs	18	**(3,082)**	(3,027)
Profit before tax		**2,280**	3,120
Tax expense	20(a)	**(335)**	(473)
Profit and total comprehensive income for the year		**1,945**	2,647
Basic and diluted earnings per share for the year	23	**0.028**	0.038

The accompanying notes on pages 55 to 90 form an integral part of these financial statements.

The report of the Auditor is set forth on page 46.

Statement of changes in equity
for the year ended 31 December 2023

	Share capital RO '000	Legal reserve RO '000	Retained earnings RO '000	Total RO '000
At 1 January 2022	7,039	1,250	2,848	11,137
Profit and total comprehensive income for the year	-	-	2,647	2,647
Transfer to legal reserve (note 10)	-	265	(265)	-
Dividends paid (note 27)	-	-	(2,097)	(2,097)
At 31 December 2022	**7,039**	**1,515**	**3,133**	**11,687**
At 1 January 2023	**7,039**	**1,515**	**3,133**	**11,687**
Profit and total comprehensive income for the year	**-**	**-**	**1,945**	**1,945**
Transfer to legal reserve (note 10)	**-**	**194**	**(194)**	**-**
Dividends paid (note 27)	**-**	**-**	**(1,943)**	**(1,943)**
At 31 December 2023	**7,039**	**1,709**	**2,941**	**11,689**

The accompanying notes on pages 55 to 90 form an integral part of these financial statements.

The report of the Auditor is set forth on page 46.

Statement of cash flows
for the year ended 31 December 2023

	Notes	**Year ended 31 December 2023 RO '000**	Year ended 31 December 2022 RO '000
Cash flows from operating activities:			
Profit before tax		**2,280**	3,120
Adjustments for:			
Finance costs	18	**3,075**	3,020
Provision for slow moving inventories	6	**15**	15
Provision for employees' end of service benefits		**6**	1
Finance cost on lease liability		**7**	7
Depreciation of property, plant and equipment	5	**2,007**	1,997
Operating cash flows before working capital changes		**7,390**	8,160
Inventories		**184**	(37)
Trade and other receivables		**22,348**	(4,597)
Trade and other payables		**(19,698)**	2,962
Net cash generated from operating activities		**10,224**	6,488
Cash flows from investing activities:			
Additions to property, plant and equipment	5	**(40)**	(31)
Net cash used in investing activities		**(40)**	(31)
Cash flows from financing activities:			
Proceeds from short term loan facility	11(b)	**3,500**	10,500
Repayment of short term loan facility		**(6,500)**	(8,500)
Repayment of senior facility loan		**(3,249)**	(3,620)
Repayment of lease liability		**(10)**	(10)
Dividends paid	27	**(1,943)**	(2,097)
Finance costs paid		**(2,996)**	(2,915)
Net cash used in financing activities		**(11,198)**	(6,642)
Net decrease in cash and cash equivalents		**(1,014)**	(185)
Cash and cash equivalents at the beginning of the year		**1,522**	1,707
Cash and cash equivalents at the end of the year	8	**508**	1,522

The accompanying notes on pages 55 to 90 form an integral part of these financial statements.

The report of the Auditor is set forth on page 46.

1. Nature of operations

Musandam Power Company SAOG (the "Company") is primarily engaged in the design, construction, ownership, financing, operation, and maintenance of a dual fuel power plant (the "Plant") with natural gas as the primary fuel and diesel oil as the alternative fuel with a capacity of 120 Mega Watt (MW) located in Wilayat Bukha in the Musandam Governorate, the Sultanate of Oman (the "Project"). The Company is selling the electrical energy generated to Oman Power and Water Procurement Company SAOC ("OPWP"). The Company commenced its commercial operations on 17 June 2017.

2. General information and compliance with IFRSs

The Company was registered and incorporated as a closed joint stock company in the Sultanate of Oman on 18 November 2014. The Shareholders at the Company's Extraordinary General Meeting held on 28 May 2019 approved the conversion of the Company from a Closed Joint Stock Company ("SAOC") to a Public Joint Stock Company ("SAOG") by offering its shares for public subscription. The Company was listed on the Muscat Securities Exchange ("MSX") on 5 December 2019 and became a listed public company.

The registered office of the Company is PO Box 228, PC 134, Muscat, Sultanate of Oman.

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standard Board (IASB).

Significant agreements:

The Company has entered into the following significant agreements:

- An Engineering, Procurement, and Construction ("EPC") contract with Wartsila Muscat LLC (the "EPC contractor") to carry out and complete all design, engineering, procurement, and construction of the power plant and implement the Project.
- A Long-Term Services Agreement ("LTSA") with the EPC contractor.
- A Power Purchase Agreement ("PPA') with OPWP to sell the electricity generated from the Plant.
- A Natural Gas Sales Agreement ("NGSA") with Integrated Gas Company SAOC ("IGC") ** to purchase natural gas for the Plant.
- An operation and maintenance agreement with the EPC contractor to operate and maintain the Plant.
- A diesel purchase agreement with Al Maha Petroleum Products Marketing Company SAOG.
- An electrical connection agreement with Oman Electricity Transmission Company SAOC ("OETC") for the evacuation of the electricity generated from the Plant.
- Usufruct Agreement with the Ministry of Housing and Urban Planning ("MOH") for the project site, temporary areas, and OETC substation area.
- A senior facility loan agreement with Bank Muscat SAOG as the lead banker to fund the costs of the Project.

**Effective from 1 January 2023, vide Ministry of Energy & Minerals Ministerial decision No 19/2023 (the MEM transfer decision) and Ministerial Decision No. 248/2022 of the Minister of the Finance (the MOF decision), the MOF has established a Wholly owned Oman Government Company named Integrated Gas Company SAOC and set the mandate to transfer all the agreements related to the gas sale, purchase, supply, transportation, and related agreements from the Ministry of Energy & Minerals (the "MEM") to IGC per the MEM transfer decision.

3. New or revised Standard or Interpretations

3.1 New Standards adopted as at 1 January 2023

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

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 authorization 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. Material accounting policies

4.1 Statement of compliance

The financial statements have been prepared using the measurement bases specified by IFRSs for each type of asset, liability, income, and expense. The measurement bases are more fully described in the accounting policies below.

The material accounting policies set out below have been applied consistently by the Company to all years presented in these financial statements.

4.2 Going concern assumption

Management has, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the Company's financial statements.

4.3 Presentation of financial statements

The financial statements are prepared in accordance with the IAS 1 Presentation of Financial Statements.

4.4 Foreign currency translation

Functional and presentation currency

The financial statements are presented in Rial Omani (RO) which is also the functional currency of the Company, and all values are rounded to the nearest thousands (RO '000) except where otherwise stated.

4. Material accounting policies (continued)

4.4 Foreign currency translation (continued)

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional 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 in the statement of financial position at year-end exchange rates are recognised in the statement of profit or loss and other comprehensive income within the 'other income' or 'other expense'.

In the Company's financial statements, all items and transactions of the Company with a presented currency other than the Rial Omani (the Company's presentation currency) were translated into the presentation currency. Assets and liabilities have been translated into the Rial Omani at the closing rate at the reporting date. Income and expenses have been translated into the Company's presentation currency at the average rates over the reporting period.

Non-monetary items are not retranslated at the year's end. They are measured at historic 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.

4.5 Property, plant, and equipment

Property, plant, and equipment are initially recognised at acquisition cost, including any cost directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Company. 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. Property, plant, and equipment are subsequently measured using the cost model, cost less accumulated depreciation and impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Plant and machinery	40 years
Building and civil works	40 years
Furniture and fixtures	3 years
Computer and office equipment	3 years
Motor vehicles	3 years

Capital spares are recognised in the carrying amount of the affected item of property, plant, and equipment when it is put in use. The carrying amount of the replaced item is derecognised. When it is not practical to determine the carrying amount of the replaced part, the cost of the capital spares may be used as an indication of what the cost of the replaced part was at the time it was acquired.

4. Material accounting policies (continued)

4.5 Property, plant, and equipment (continued)

Expenditure incurred to replace a component of an item of property, plant, and equipment that is capitalised if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant, and equipment. All other expenditure is recognised in the statement of profit or loss and other comprehensive income as the expense is incurred. When each major inspection is performed, its cost is recognised in the carrying amount of the property, plant, and equipment as a replacement if the recognition criteria are satisfied and the carrying amounts of the replaced components are written off to the statement of profit or loss and other comprehensive income.

An item of property, plant, and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on the derecognition of the asset, calculated as the difference between the net disposal proceeds and the carrying amount of the asset, is included in the statement of profit or loss and other comprehensive income in the period the asset is derecognised.

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

4.6 Capital work-in-progress

Capital work-in-progress is stated at cost, less impairment, if any. When commissioned, capital work-in-progress is transferred to the appropriate property, plant and equipment category and depreciated in accordance with the Company's policy.

4.7 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indications exist, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its value in use and its fair value less costs to sell. In assessing the 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. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. For the purposes of assessing impairment, assets are grouped at the lowest levels for which they are separately identifiable cash flows as cash-generating units.

4. Material accounting policies (continued)

4.8 Leases

The Company as a lessee

The Company assesses whether a contract is or contains a lease, at the inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the interest rate implicit in the lease or, if that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.
- uses a build-up approach that starts with a risk-free interest rate; and
- makes adjustments specific to the lease, e.g., term, country, currency and security.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives; and
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date.

The lease liability is presented as a separate line item in the statement of financial position. Lease payments are allocated between principal and finance cost. The finance cost is charged to the statement of profit or loss and other comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability and makes a corresponding adjustment to the related right-of-use asset whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used.
- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Company did not make any such adjustments during the periods presented.

4. Material accounting policies (continued)

4.8 Leases (continued)

Right-of-use asset

The right-of-use asset comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use asset is depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cast of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use asset is presented as a separate line item in the property, plant and equipment. The Company applies IAS 36 "Impairment of assets" to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the note 4.7.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Operating expenses" in the statement of profit or loss and other comprehensive income.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement- The Company has not used this practical expedient.

The Company as lessor

The Company has entered into a Power Purchase Agreement ("PPA") with Oman Power and Water Procurement Company SAOC ("OPWP") on take or pay arrangement for the sale of electricity generated by the Company to OPWP. PPA do not take the legal form of a lease but convey the rights to OPWP to use the Company's power generation plant in return for payments as defined in the contract. Contracts meeting these criteria are identified as either operating leases or finance leases.

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease (for capacity revenue refer revenue accounting policy). Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

When a contract includes lease and non-lease components, the Company applies IFRS 15 to allocate the consideration under the contract to each component.

4. Material accounting policies (continued)

4.9 Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Financial assets that meet the following conditions are measured subsequently at amortised cost:

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

The Company does not has any financial assets recognised at fair value through other comprehensive income and at fair value through profit or loss.

The Company's financial assets include trade and other receivables and cash and bank balances. These financial assets are measured at amortised cost.

Amortised cost and effective interest rate method

For financial instruments, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

4. Material accounting policies (continued)

4.9 Financial instruments (continued)

Amortised cost and effective interest rate method (continued)

Interest income is recognised using the effective interest method and is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

Interest income is recognised in the statement of profit or loss and other comprehensive income as a finance income.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost and trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime expected credit losses for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including the time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. The assessment of whether lifetime expected credit losses should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime expected credit losses represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month expected credit losses represents the portion of lifetime expected credit losses that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

4. Material accounting policies (continued)

4.9 Financial instruments (continued)

Impairment of financial assets (continued)

Significant increase in credit risk (continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external, if available, or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g., a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default,
- The borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there are no past due amounts.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

4. Material accounting policies (continued)

4.9 Financial instruments (continued)

Impairment of financial assets (continued)

Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the statement of profit or loss and other comprehensive income.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

4. Material accounting policies (continued)

4.9 Financial instruments (continued)

Impairment of financial assets (continued)

Measurement and recognition of expected credit losses (continued)

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime expected credit losses in the previous reporting period but determines at the current reporting date that the conditions for lifetime expected credit losses are no longer met, the Company measures the loss allowance at an amount equal to 12-month lifetime expected credit losses at the current reporting date, except for assets for which simplified approach was used.

The Company recognises an impairment gain or loss in the statement of profit or loss and other comprehensive income for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the statement of profit or loss and other comprehensive income.

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in the statement of profit or loss and other comprehensive income on the purchase, sale, issue or cancellation of the Company's own equity instruments.

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at fair value through profit or loss, the Company does not has any liabilities measured at fair value through profit or loss. Financial liabilities are measured subsequently at amortised cost using the effective interest method.

4. Material accounting policies (continued)

4.9 Financial instruments (continued)

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised as the 'other gains and losses' in the statement of profit or loss and other comprehensive income.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit or loss and other comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position if, and only if:

- there is a currently enforceable legal right to offset the recognised amounts; and
- there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

4.10 Provisions, contingent liabilities and contingent assets

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts 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 has at least announced the plans 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. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company 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.

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

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

4. Material accounting policies (continued)

4.11 Post employment benefits and short term employee benefits

The provision for employees' end of service 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 Labour Law, 2023 and the Social Security Law, 1991.

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 at prescribed rates of gross salaries.

Non-Omani employee terminal benefits

The provision for end of service benefits for non-Omani employees is made in accordance with the requirements of the Oman Labour Law of 2023, as amended. Employees are entitled to end of service benefits calculated at the rate of 30 days basic salary for each year of continuous service. This is an unfunded defined benefits retirement plan. Accrued non-Omani staff terminal benefits are payable on termination of employment.

4.12 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and at bank. Cash and cash equivalents are short term, highly liquid investments that are readily convertible to known amount of cash, which are subject to an insignificant risk of changes in value and have maturity of three months or less at the date of acquisition.

4.13 Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Taxation is provided for in accordance with Omani fiscal regulations.

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

Deferred income tax is provided, using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on laws that have been enacted at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences and carry-forward of unused tax assets and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

4. Material accounting policies (continued)

4.13 Income tax (continued)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax assets and liabilities on a net basis, or their tax assets and liabilities will be realised simultaneously.

Income tax relating to items recognised directly in equity is recognised in the statement of changes in equity and not in the statement of profit or loss and other comprehensive income.

4.14 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a 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 in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.15 Interest bearing loans and borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

4.16 Revenue

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The tariff structure under the PPA is comprised of power capacity (includes investment charge and fixed operation and maintenance charge), electrical energy and fuel charges components.

Capacity revenue

The PPA with OPWP is considered as a lease within the context of IFRS 16 and has been classified as an operating lease under IFRS 16. Under the PPA, the Company is entitled to the capacity charges for each hour during which the plant is available for power generation. Power capacity investment charge is treated as lease revenue under IFRS 16 and is recognised on a straight-line basis over the lease term. Fixed operation and maintenance charge is recognised based on the capacity made available in accordance with contractual terms stipulated in the PPA.

Other revenue from contracts with customers

Revenue is measured based on the terms specified in the contract with a customer. The Company recognizes electrical energy and fuel charges revenue when it transfers the control of a product or service to a customer i.e., when electricity is delivered, and the customer has accepted the deliveries and the control has been transferred to the customer. Energy charge and fuel charge is determined based on the fuel and variable cost of power.

4. Material accounting policies (continued)

4.16 Revenue (continued)

Other revenue from contracts with customers (continued)

No revenue is recognised if it is not probable that the Company will collect the consideration to which the Company will be entitled in exchange for the goods or services that will be transferred to customers. In evaluating whether collectability of an amount of consideration is probable, the Company considers only the customers' ability and intention to pay that amount of consideration when it is due.

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.

4.17 Asset retirement obligation

The provision for asset retirement obligation is recognised when there is a present obligation as a result of asset constructed on land under usufruct contracts with Ministry of Housing and Urban Planning, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of provision can be measured reliably. The estimated future obligations include the costs of removing the facilities and restoring the affected areas. A corresponding asset is recognised as a part of plant and machinery in property, plant and equipment and depreciated accordingly.

The provision for asset retirement obligation is a best estimate of the present value of expected costs required to settle the obligation, at the reporting date based on the current requirements of the Usufruct agreement, 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 in the statement of profit or loss and other comprehensive income as a finance cost.

4.18 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are those expenses incurred in bringing each product to its present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. As of reporting date, inventories consist of spares, diesel, and lube oil.

4.19 Directors' sitting fees and remuneration

The Board of Directors sitting fees and remuneration are calculated as per the guidelines prescribed by the CMA and these are approved by the Shareholders in the ordinary annual general meeting of the Company.

4. Material accounting policies (continued)

4.20 Dividends on ordinary shares

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Shareholders.

4.21 Earnings and net assets per share

The Company presents earnings per share ("EPS") and net assets per share for its ordinary shares. Basic EPS is calculated by dividing the net profit or loss attributable to ordinary Shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Net assets per share is calculated by dividing the net assets attributable to ordinary Shareholders of the Company by the number of ordinary shares outstanding during the year. Net assets for the purpose are defined as total equity.

4.22 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer ("CEO") who manages the Company on a day-to-day basis, as per the directives given by the Board of Directors that makes strategic decisions.

4.23 Significant management judgement in applying accounting policies and estimation uncertainty

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

Significant management judgements

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

Lease classification

The Company has entered into PPA with OPWP to generate electricity and make available the power capacity from its Plant.

Management believes that IFRIC 12 "Service Concession Arrangements" is not applicable to the arrangement as the residual interest is borne by the Company and not OPWP. The estimated useful life of the power plant of 40 years takes into account the Company's right to extend the land lease under a Usufruct Agreement for an additional term of 25 years. 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 government's future plans to deregulate the power sector in Oman.

4. Material accounting policies (continued)

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

Significant management judgements (continued)

Lease classification (continued)

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. 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 and has been classified as an operating lease since significant risks and rewards associated with the ownership of the plant lies with the Company and not with OPWP.

The primary basis for this conclusion is that the PPA is for a term of 15 years while the economic life of the power plant is estimated to be 40 years. The present value of minimum lease payments under the PPA does not substantially recover the fair value of the plant at the inception of the lease.

Fuel incremental costs

The Company and MEM have entered into NGSA, which includes a clause for reimbursement of the incremental fuel oil costs (this represents an amount by which the cost of fuel oil is more than the cost of Natural Gas). Due to the shortage of the natural gas supply, the Company has incurred additional fuel oil costs to maintain the operations of the Plant (since the commercial operation date).

The Company has recognised reimbursement of incremental fuel oil cost as allowed under NGSA and based on the correspondence with MEM and OPWP in respect of this matter. The Company has received the confirmation from OPWP that the parameters used by the Company in the calculation of the incremental fuel oil costs does not materially differ from their basis.

Estimation uncertainty

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

Useful lives and residual values of property, plant and equipment

Depreciation is charged so as to write-off the cost of assets over their estimated useful lives. The calculation of useful lives is based on management's assessment of various factors such as the operating life, the maintenance programs, and normal wear and tear using its best estimates. Management reviews its estimate of the useful lives and residual values of depreciable assets at each reporting date based on the expected utility of the assets. The carrying amounts are analysed in note 5.

4. Material accounting policies (continued)

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

Estimation uncertainty (continued)

Income tax

Uncertainties exist with respect to interpretation of the tax regulations and the amount of timing of future taxable income. Differences arising between the actual result 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 estimate, for possible consequences of the finalisation of the tax assessment of the Company. The amount of such provision is based on various factors, such as experience of previous assessment and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

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.

Provision for decommissioning costs

Management uses the best estimate of the present value of the expenditure required to settle the decommissioning obligation at the reporting date based on the current requirements. Future decommissioning costs are reviewed annually and any changes in the estimate are reflected in the present value of the decommissioning provision at each reporting date.

5. Property, plant and equipment

	Plant and machinery RO '000	Buildings and civil works RO '000	Furniture and fixtures RO '000	Computer and office equipment RO '000	Motor vehicles RO '000	Right-of-use asset RO '000	Capital work-in-progress RO '000	Total RO '000
Cost:								
At 1 January 2022	58,498	20,716	32	31	44	113	-	79,434
Additions	-	-	-	31	-	-	-	31
At 1 January 2023	58,498	20,716	32	62	44	113	-	79,465
Additions	-	-	-	16	-	-	24	40
At 31 December 2023	**58,498**	**20,716**	**32**	**78**	**44**	**113**	**24**	**79,505**
Depreciation:								
At 1 January 2022	6,771	2,523	30	16	44	15	-	9,399
Charge for the year	1,463	518	1	10	-	5	-	1,997
At 1 January 2023	8,234	3,041	31	26	44	20	-	11,396
Charge for the year	**1,463**	**518**	**1**	**19**	**-**	**6**	**-**	**2,007**
At 31 December 2023	**9,697**	**3,559**	**32**	**45**	**44**	**26**	**-**	**13,403**
Net book value:								
At 31 December 2023	**48,801**	**17,157**	**-**	**33**	**-**	**87**	**24**	**66,102**
At 31 December 2022	50,264	17,675	1	36	-	93	-	68,069

The Company's immovable assets are mortgaged against senior facility loan (note 11).

Right-of-use asset represents the land leased from Ministry of Housing and Urban Planning (note 14) on which the Company's power plant is constructed.

The depreciation charged for the year is allocated as follows:

	Year ended 31 December 2023 RO '000	Year ended 31 December 2022 RO '000
Operating costs (note 16)	**1,981**	1,981
General and administrative expenses (note 17)	**26**	16
	2,007	1,997

6. Inventories

	31 December 2023	31 December 2022
	RO '000	RO '000
Stores and spares	**1,473**	1,342
Fuel and lube oil	**1,768**	2,083
	3,241	3,425
Less: Provision for slow moving inventories	**(37)**	(22)
	3,204	3,403

Movement in the provision for slow moving inventories is as follows:

	31 December 2023	31 December 2022
	RO '000	RO '000
As at 1 January	**22**	7
Charge during the year	**15**	15
As at 31 December	**37**	22

7. Trade and other receivables

	31 December 2023	31 December 2022
	RO '000	RO '000
Trade receivables (i)	**933**	925
Other receivables (ii)	**238**	22,592
Prepaid expenses	**129**	131
	1,300	23,648

(i) The Company has only one customer, OPWP, which is included in the trade receivables balance as at the reporting date.

(ii) Other receivables include RO 125 thousand (2022: RO 22,337 thousand) receivables from Integrated Gas Company SAOC for incremental fuel oil costs due to shortage of the supply (note 19).

Note 22 includes disclosures relating to the credit risk exposures and analysis relating to the allowance for expected credit losses.

8. Cash and bank balances

	31 December 2023	31 December 2022
	RO '000	RO '000
Cash at bank	**506**	1,520
Cash in hand	**2**	2
	508	1,522

There are no restrictions on bank balances at the time of approval of the financial statements.

9. Share capital

	31 December 2023	31 December 2022
	RO '000	RO '000
Authorised share capital represents 200,000,000 shares of RO 0.1 each (2022: 200,000,000 shares of RO 0.1 each)	**20,000**	20,000
Issued and fully paid-up share capital represents 70,390,000 shares of RO 0.1 each (2022: 70,390,000 shares of RO 0.1 each)	**7,039**	7,039

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

Shareholders details

The Shareholders of the Company, who own 10% or more of the Company's share and number of shares held by them during 2023 and 2022 are as follows:

	31 December	
	Number of shares held ('000)	**Percentage of shareholding**
Oman Oil Facilities Development Company LLC	**29,564**	**42%**
LX International Corp.	**12,670**	**18%**

10. Legal reserve

In accordance with the Commercial Companies Law of Sultanate of Oman, 2019, annual appropriations of 10% of the profit for the year are made to this reserve until the accumulated balance of the reserve is equal to one-third of the Company's paid-up share capital. During the year, RO 194 thousand (2022: RO 265 thousand) is transferred to the legal reserve. The reserve is not available for distribution.

11. Borrowings

a) Senior facility loan

	31 December 2023	31 December 2022
	RO '000	RO '000
As at 31 December	**52,690**	55,839
Less: Current portion	**(3,458)**	(3,249)
Non-current portion	**49,232**	52,590

The senior facility loan is denominated in Rials Omani and carries interest rate of 5.25% per annum (2022: 5.25% per annum). The loan is to be repaid in half yearly instalments commencing on 30 June 2017, with the last instalment scheduled on 17 December 2031. The loan is subject to applicable financial covenants and DSRA requirements.

The loan is secured by:

- Legal mortgage over the Company's immovable assets (note 5).
- Pledge over shares of some of the Shareholders.
- Pledge over the project accounts.
- Assignment/charge over all of the Company's rights, titles and interest in and to the project documents, the insurances and reinsurance's, the consents and any other material agreements to which the Company is a party and other material property, asset and revenue of the Company.

b) Short term loan facility

During the year, the Company has obtained a short-term loan facility of RO 3.5 million (2022: RO 10.50 million) from a commercial bank and repaid RO 4.50 million of the outstanding balance at the year ended 2022 and RO 2.00 million repaid of the short term facility made in 2023, repaying a total of RO 6.50 million (2022: RO 8.50 million). During the year, the short-term facilities carried an interest rate of 3.75 % per annum (2022: 3.5% per annum). Net balance at the end of the year is RO 1.50 million (2022: RO 4.50 million).

11. Borrowings (continued)

c) Reconciliation of financing cash flows

A reconciliation between opening and closing balances in the statement of financial position for liabilities that result in financing cash flows is presented below:

Borrowings	**As at 1 January**	**Proceeds / (repayments) during the year**	**Non-cash changes**	**As at 31 December**
31 December 2023	**RO'000**	**RO'000**	**RO'000**	**RO'000**
Short term loan facility	**4,500**	**(3,000)**	**-**	**1,500**
Senior facility loan	**55,839**	**(3,249)**	**100**	**52,690**
	60,339	**(6,249)**	**100**	**54,190**
31 December 2022				
Short term loan facility	2,500	2,000	-	4,500
Senior facility loan	59,393	(3,620)	66	55,839
	61,893	(1,620)	66	60,339

12. Trade and other payables

	31 December 2023	31 December 2022
	RO '000	RO '000
Trade payables (i)	**10**	19,324
Accrued expenses and provisions	**916**	1,331
	926	20,655

(i) Trade payables include RO Nil (2022: RO 15,018 thousand) payable to Integrated Gas Company SAOC for supply of gas (note 19).

13. Provision for asset retirement obligation

Under the Usufruct Agreement with the Ministry of Housing and Urban Planning, the Company has an obligation to remove the plant and restore the land to its original condition. During the previous years, the Company appointed an independent external firm with relevant expertise to reassess the estimated provision for asset retirement obligation. Based on the expert's report, the provision is maintained. The movement in the provision for asset retirement obligation is as follows:

	31 December 2023	31 December 2022
	RO '000	RO '000
As at 1 January	**183**	174
Unwinding of discount	**9**	9
As at 31 December	**192**	183

14. Lease liability

	31 December 2023	31 December 2022
	RO '000	RO '000
Gross lease liability related to right-of-use asset	**175**	185
Future finance charges on finance leases	**(75)**	(82)
Present value of lease liability	**100**	103
The maturity of lease liability is as follows:		
Not later than 1 year	**3**	3
Later than 1 year	**97**	100
	100	103

15. Revenue

	Year ended 31 December 2023	Year ended 31 December 2022
	RO '000	RO '000
Revenue from contract with customer		
Capacity charges	**11,036**	11,094
Energy charges	**2,311**	2,133
Other charges	**5,384**	5,247
	18,731	18,474

16. Operating costs

	Year ended 31 December 2023	Year ended 31 December 2022
	RO '000	RO '000
Fuel cost	**5,673**	4,847
Operating and maintenance expenses	**3,882**	3,749
Depreciation expense (note 5)	**1,981**	1,981
Connection fees	**278**	278
Insurance costs	**273**	269
Other expenses	**172**	187
	12,259	11,311

17. General and administrative expenses

	Year ended 31 December 2023	Year ended 31 December 2022
	RO '000	RO '000
Staff costs	**579**	499
Office expenses	**201**	239
Directors' remuneration and sitting fees (note 19)	**225**	160
Other receivable written-off	**-**	49
Professional charges	**67**	39
Depreciation expense (note 5)	**26**	16
Other expenses	**12**	14
	1,110	1,016

18. Finance costs

	Year ended 31 December 2023	Year ended 31 December 2022
	RO '000	RO '000
Interest on senior facility loan	**2,989**	2,873
Interest on short term loan facility	**70**	130
Other finance charges	**23**	24
	3,082	3,027

19. Related party transactions and balances

Related parties comprise the Shareholders, directors, key management personnel and business entities which have the ability to control or exercise significant influence in financial and operating decisions. Terms of these transactions are approved by the Company's Board.

Government of Sultanate of Oman (the "Government") indirectly owns 42 % (2022: 42%) of the Company's shares. The Company has applied the exemptions in IAS 24 'Related Party Disclosures' related to transactions with the Government and other entities controlled, jointly controlled, or significantly influenced by the Government. In this respect, the Company has disclosed certain information, to meet the disclosure requirements of IAS 24, in this note.

19. Related party transactions and balances (continued)

Balances with related parties included in the statement of financial position are as follows:

a) Due from/to government and other state-controlled entity

	31 December 2023	31 December 2022
	RO '000	RO '000
Trade receivable due from state-controlled entity (note 7)	**933**	925
Other receivable due from government (note 7)	**125**	22,338
Due to government (note 12)	**-**	15,018

Transactions

Transactions with related parties included in the financial statements are as follows:

	Year ended 31 December 2023	Year ended 31 December 2022
	RO '000	RO '000
b) Transactions with entities related to the major shareholder		
Non-SLA support services provided by OQ Gas Network Company SAOC	**-**	59
Transfer of gas facility (GPRS) spare parts to OQ Gas Network Company SAOC	**-**	8
c) Transactions with government and state-controlled entities		
Purchase of gas from Integrated Gas Company SAOC	**4,807**	2,818
Fuel incremental cost charge to Integrated Gas Company SAOC	**699**	8,815
Revenue from Oman Power and Water Procurement Company SAOC	**18,731**	18,474
Connection charges to Rural Areas Electricity Company SAOC	**278**	278
d) Directors' remuneration and sitting fees	**225**	160
a) Key management remuneration	**294**	260

20. Taxation

The tax rate applicable to the Company is 15% (2022: 15%). For the purpose of determining the taxable result 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.

No provision for the current tax been made in these financial statements in view of cumulative taxable losses incurred by the Company as at 31 December 2023. The Company has recognized deferred tax asset on the tax losses to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilized. No deferred tax asset has been recognized on the cumulative tax losses up to 31 December 2023 in the amount of RO 3.235 million (2022: RO 4.497 million) as the Company does not expect to have sufficient taxable profits in the future years against which such tax losses will be adjusted.

The deferred tax on all temporary differences have been calculated and dealt with in the statement of profit or loss and other comprehensive income.

a) The taxation charge for the year is comprised of:

	Year ended 31 December 2023	Year ended 31 December 2022
	RO '000	RO '000
Deferred tax expense	**335**	473

b) Tax reconciliation

The following is a reconciliation of income taxes calculated on accounting profits at the applicable tax rate with the income tax expense for the year. The reconciliation of the accounting profit with the taxation charge in the financial statements is as follows:

	Year ended 31 December 2023	Year ended 31 December 2022
	RO '000	RO '000
Profit before tax	**2,280**	3,120
Taxation @ 15%	**342**	468
Add: Tax effect of:		
Change in recognised temporary differences	**14**	(26)
Tax loss carried forward for set off against future taxable net profits	**52**	(55)
Effects of adjustments made in the prior year assessments	**(73)**	86
Tax expense	**335**	473

20. Taxation (continued)

c) Deferred tax liability

	As at 1 January RO '000	Recognised during the year RO '000	As at 31 December RO '000
2023			
Taxable temporary differences			
Effect of accelerated tax depreciation	**(4,281)**	**(288)**	**(4,569)**
Right-of-use asset	**(14)**	**1**	**(13)**
Deductible temporary differences			
Provision for asset retirement	**27**	**2**	**29**
Provision for obsolete inventories	**3**	**2**	**5**
Lease liability	**15**	**-**	**15**
Tax losses	**578**	**(52)**	**526**
	(3,672)	**(335)**	**(4,007)**
2022			
Taxable temporary differences			
Effect of accelerated tax depreciation	(3,749)	(532)	(4,281)
Right-of-use asset	(16)	2	(14)
Deductible temporary differences			
Provision for assets retirement	26	1	27
Provision for obsolete inventories	-	3	3
Lease liability	17	(2)	15
Tax losses	523	55	578
	(3,199)	(473)	(3,672)

d) Tax assessment status

As of 31 December 2023, the Company's tax assessments for the period from 2014 to 2019 have been completed by the Omani taxation authorities. For the remaining years, the Management of the Company believe that additional taxes, if any in respect of open tax years, would not be significant to the Company's financial position as at 31 December 2023.

21. Commitments

Operation and maintenance commitment

As per the O&M agreement, Wartsila Muscat LLC will operate and maintain the Company's plant until 16 June 2025. Under the O&M agreement, the Company shall pay the fixed operating fee. The initial agreement signed on July 2015, was expired on 16 June 2022. The initial agreement is renewed for another 3+1+1 years, and it is effective immediately after the expiry of the initial agreement.

All fees are subject to the agreed indexation as per the O&M agreement. The minimum future payments under the O&M agreement (excluding indexation) are as follows:

21. Commitments (continued)

Operation and maintenance commitment (continued)

	31 December 2023	31 December 2022
	RO '000	RO '000
Due within one year	**1,120**	1,120
Due after one year but within five years	**513**	1,633
	1,633	2,753

As per the LTSA Agreement, Wartsila Muscat LLC will operate and maintain the Company's plant until 16 June 2032. Under the LTSA agreement, the Company shall pay the fixed operating fee.

All fees are subject to 3% indexation. The minimum future payments under the LTSA (excluding indexation) are as follows:

	31 December 2023	31 December 2022
	RO '000	RO '000
Due within one year	**438**	438
Due after one year but within five years	**1,753**	1,753
Due after five years	**1,534**	1,972
	3,725	4,163

22. Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including price risk, foreign currency risk and interest rate risk), liquidity risk and credit risk. However, the Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

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

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

Market risk

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

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

22. Financial risk management (continued)

Market risk (continued)

Price risk (continued)

As the Company has no significant exposure to investments, it does not have the risk of fluctuation in prices. The management consider that sensitivity analysis is not necessary due to the Company's limited exposure to price risk.

Foreign currency risk

Foreign exchange risk arises when transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. The Company is exposed to foreign exchange risk arising from currency exposures primarily with respect to the US Dollar. The Rial Omani is pegged to the US Dollar. Since most of the Company's foreign currency transactions are in US Dollars or other currencies linked to the US Dollar, management believes that exchange rate fluctuations would have an insignificant impact on the Company's pre-tax profit.

Interest rate risk

The Company is not exposed to interest rate risk on its borrowings as they carry fixed interest rate. At the reporting date, the interest rate risk profile of the Company's interest-bearing financial instruments was:

	31 December 2023	31 December 2022
	RO '000	RO '000
Borrowings (senior and short-term loan facilities)	**54,190**	60,339

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect statement of profit or loss and other comprehensive income.

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 trade and other receivables and cash balances held with banks.

As at reporting date, the Company's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Company due to failure to discharge an obligation by the counterparties arises from the carrying amount of the respective recognised financial assets as stated in the statement of financial position.

The Company has a significant concentration of credit risk with the Government of the Sultanate of Oman represented by the Integrated Gas Company SAOC ("IGC") and Oman Power and Water Procurement Company SAOC ("OPWP"). Under the terms of the PPA and NGSA, as disclosed in note 2, the Company's sales and fuel incremental costs are billed wholly to OPWP (indirectly wholly owned by the Government) and IGC (as disclosed in note 4.23) respectively. Therefore, the Company's credit risk on receivables from OPWP and IGC is limited.

In order to minimize credit risk, the management develops and maintains the Company's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the Company uses other publicly available financial information.

22. Financial risk management (continued)

Credit risk (continued)

The Company's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses
Performing	The counterparty has a low risk of default and does not have any past-due amounts	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Company has no realistic prospect of recovery	Amount is written off

The tables below detail the credit quality of the Company's financial assets, as well as the Company's maximum exposure to credit risk by credit risk rating agencies:

	External credit rating	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
31 December 2023			**RO'000**	**RO'000**	**RO'000**
Trade and other receivables	Ba1	Lifetime	**1,058**	**-**	**1,058**
Cash at bank	Ba1	12 months	**506**	**-**	**506**
			1,564	**-**	**1,564**
31 December 2022					
Trade and other receivables	Ba3	Lifetime	23,263	-	23,263
Cash at bank	Ba3	12 months	1,520	-	1,520
			24,783	-	24,783

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECL using the simplified approach. The expected credit losses on trade receivables are estimated using a provision matrix by reference to the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Company has not accounted for ECL against OPWP and IGC receivables because these are government and/or government-owned entities and taking into account the historical default experience and the current credit ratings of the Government, the management has assessed that there is no significant impairment loss.

22. Financial risk management (continued)

Credit risk (continued)

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are overdue two years past due. None of the trade receivables that have been written off are subject to enforcement activities.

The Company's maximum exposure to credit risk is limited to the carrying amount of the financial assets recognised at the reporting date, as summarised below:

			Past due		
	Carrying amount RO'000	Not due RO'000	Up to 90 days RO'000	Over 90 days RO'000	Total RO'000
Gross carrying amount:					
31 December 2023					
Trade and other receivables	**1,058**	**939**	**119**	**-**	**1,058**
Cash at bank	**506**	**506**	**-**	**-**	**506**
	1,564	**1,445**	**119**	**-**	**1,564**
31 December 2022					
Trade and other receivables	23,263	925	2,453	19,885	23,263
Cash at bank	1,520	1,520	-	-	1,520
	24,783	2,445	2,453	19,885	24,783

Bank balances

Balances with bank are assessed to have low credit risk of default since this bank is highly regulated by the central bank. Accordingly, the management of the Company estimates the loss allowance on balances with bank at the end of the reporting period at an amount equal to 12-month ECL. None of the balances with bank at the end of the reporting period are past due and taking into account the historical default experience and the current credit ratings of the bank, the management have assessed that there is no significant impairment, and hence have not recorded any loss allowances on these balances.

22. Financial risk management (continued)

Credit risk (continued)

Bank balances (continued)

The Company limits its credit risk with regard to bank balance deposits by only dealing with reputable bank and financial institution with strong credit ratings. The Company's bank accounts are placed with a reputed financial institution having appropriate credit rating.

Liquidity risk

The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Further, the Company maintains sufficient bank balances.

The table below summarises the maturities of the Company's undiscounted financial liabilities at the reporting date. Further, the Company maintains sufficient bank balances and having adequate working capital facilities.

	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
31 December 2023					
Trade and other payables	**926**	**-**	**-**	**-**	**926**
Senior facility loan	**-**	**6,207**	**24,326**	**38,978**	**69,511**
Short term loan facility	**1,500**	**-**	**-**	**-**	**1,500**
Lease liability	**-**	**10**	**41**	**124**	**175**
	2,426	**6,217**	**24,367**	**39,102**	**72,112**
31 December 2022					
Trade and other payables	20,655	-	-	-	20,655
Senior facility loan	-	6,164	24,560	44,951	75,675
Short term loan facility	3,500	1,000	-	-	4,500
Lease liability	-	10	41	134	185
	24,155	7,174	24,601	45,085	101,015

Categories of financial instruments

	31 December 2023 RO '000	31 December 2022 RO '000
Financial assets (at amortised cost)		
Cash and bank balances	**508**	1,522
Trade and other receivables	**1,171**	23,517
	1,679	25,039
Financial liabilities (at amortised cost)		
Senior facility loan	**52,690**	55,839
Short term loan facility	**1,500**	4,500
Lease liability	**100**	103
Trade and other payables	**926**	20,655
	55,216	81,097

Fair value of financial instruments

The fair values of financial instruments are not materially different from their carrying values.

22. Financial risk management (continued)

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to provide an adequate return to Shareholders.

The Board's policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development of the business. The capital structure of the Company comprises share capital, reserves and retained earnings. Debt comprises of loan facilities from bank, and lease liability. The Company is not subject to external imposed capital requirements except those under the Commercial Companies Law of the Sultanate of Oman.

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to Shareholders, return capital to Shareholders, issue new shares, or sell assets to reduce debt. During the year, there is no change in the capital management policy of the Company.

Gearing ratio

The gearing ratio at the end of the reporting period was as follows:

	31 December 2023	31 December 2022
	RO '000	RO '000
Debt (senior and short term loan facilities)	**54,190**	60,339
Cash and bank balances	**(508)**	(1,522)
Net debt	**53,682**	58,817
Equity	**11,689**	11,687
Net debt to equity ratio	**459%**	503%

23. Basic and diluted earnings per share

	31 December 2023	31 December 2022
Net profit attributable to ordinary Shareholders of the Company for basic and diluted earnings per share (RO '000)	**1,945**	2,647
Weighted average number of shares (in '000s)	**70,390**	70,390
Earnings per share (RO)	**0.028**	0.038

There is no difference between basic and diluted earnings per share because the Company has not issued any instruments which would have an impact on earnings per share when exercised.

24. Net assets per share

Net assets per share is calculated by dividing the net assets attributable to the ordinary Shareholders of the Company at the reporting date by the weighted average number of ordinary shares outstanding during the year.

	31 December 2023	31 December 2022
Net assets (RO in '000)	**11,689**	11,687
Number of shares outstanding at year end ('000s)	**70,390**	70,390
Net assets per share (RO)	**0.166**	0.166

25. 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, which is the CEO. The Company's operating activities are disclosed in note 1 to the financial statements. The strategic business unit offers similar services and is managed as one segment. For the strategic business unit, the CEO 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 CEO considers the business of the Company as one operating segment and monitors accordingly. The requirements of IFRS 8: Operating Segments - paragraphs 31 to 34 relating to entity wide disclosures have been covered under statements of financial position, profit or loss and other comprehensive income and also in notes to the financial statements.

26. Operating lease arrangement where the Company acts as a lessor

As disclosed in note 1 and 4 of these financial statements, the arrangement between the Company and OPWP under the PPA is covered under IFRS 16 Leases and such arrangement in substance represents an operating lease under IFRS 16 Leases. The following is the total of future minimum lease receipts expected to be received under the PPA:

	31 December 2023	31 December 2022
	RO '000	RO '000
Due within one year	**11,290**	11,170
Due after one year but within five years	**46,201**	45,768
Due after five years	**36,146**	47,869
	93,637	104,807

27. Dividends

On 8 February 2022, the Board of Directors proposed a final cash dividend for 2021 of Baisas 13.8 per share amounting to RO 0.971 million which was paid on 27 March 2022. The dividend was approved by the Shareholders in the Annual General Meeting held on 10 March 2022.

On 14 September 2022, the Board of Directors approved an interim cash dividend of Baizas 16.0 per share amounting to RO 1.126 million which was paid on 20 September 2022. The dividend was approved by the Shareholders in the Annual General Meeting held on 10 March 2022.

On 7 February 2023, the Board of Directors proposed a final cash dividend for 2022 of Baizas 13.8 per share amounting to RO 0.971 million which was paid on 21 March 2023. The dividend was approved by the shareholders in an Annual General Meeting held on 6 March 2023.

On 12 September 2023, the Board of Directors approved an interim cash dividend of Baizas 13.8 per share amounting to RO 0.971 million which was paid on 18 September 2023. The dividend was approved by the shareholders in an Annual General Meeting held on 6 March 2023.

On 12 February 2024, the Board of Directors proposed a final cash dividend for the year 2023 of Baizas 13.8 per share amounting to RO 0.971 million. The proposal shall be presented to the annual general meeting on 6 March 2024 for approval.

28. Comparative figures

Comparative figures for the previous year have been reclassified/re-arranged wherever necessary to conform with the presentation in the current year's financial statements.

29. Approval of the financial statements

The financial statements were approved by the Board of Directors and authorised to issue on 12 February 2024.