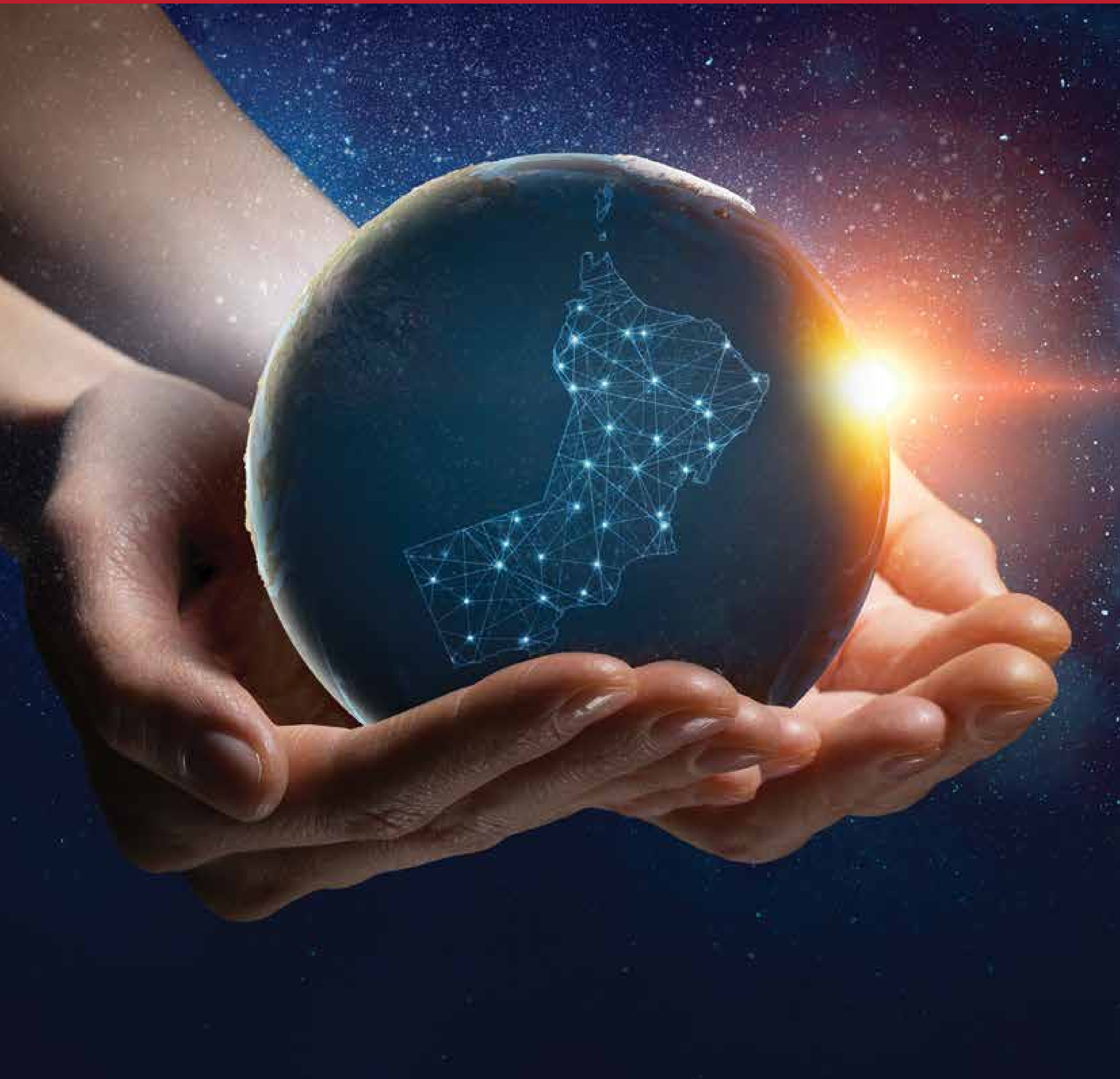
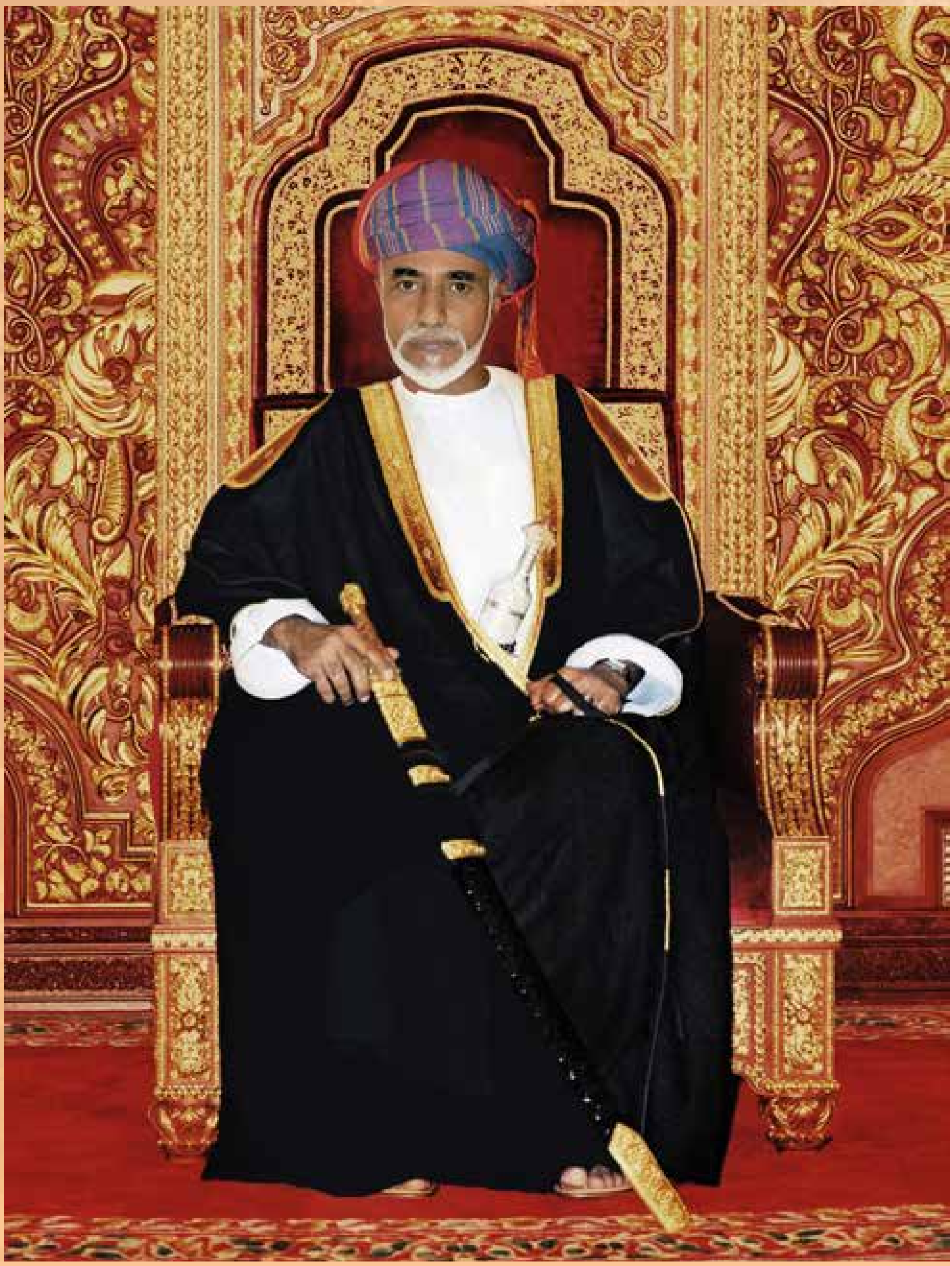
ANNUAL REPORT **2020**



ENERGISING OMAN'S FUTURE

السوادي للطاقة
AL SUWADI POWER



HIS MAJESTY
SULTAN QABOOS BIN SAID
MAY HIS SOUL REST IN PEACE

HIS MAJESTY
SULTAN HAITHAM BIN TARIK

السوادي للطاقة
AL SUWADI POWER

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BOARD OF DIRECTORS AND KEY EXECUTIVE OFFICERS

Board of Directors	Position	Representing
Mr. Charles Paul Dexter	Chairperson	Kahrabel FZE
Mr. Ravinder Soin	Deputy Chairperson	
Mr. Mahmood Hamed Al Gharibi	Director	Public Authority for Social Insurance
Ms. Ashok Kumar Saproo	Director	
Mr. Bipin Dharamsey Nensey	Director	
Mr. Jurgen De Vyt	Director	
Ms. Maria Del Carmen Vidal	Director	
Mr. Muneer Abdullah Al-Balushi	Director	Civil Service Employees Pension Fund
Ms. Sameena Hasan Nagarwala	Director	Ministry of Defence Pension Fund
Mr. Makoto Imabayashi	Director	Sojitz Global Investment B.V.
Mr. Yoshitetsu Fujisawa	Director	SEP International Netherlands B.V.

Key Executive Officers	Position
Mr. Navneet Kasbekar	Chief Executive Officer
Mr. Preetam Saraf	Chief Financial Officer

BOARD OF DIRECTORS' REPORT

Dear Shareholders,

On behalf of the Board of Directors of Al Suwadi Power Company SAOG (the "Company"), I have the pleasure to present the Annual Report of the Company for the year ended 31 December 2020.

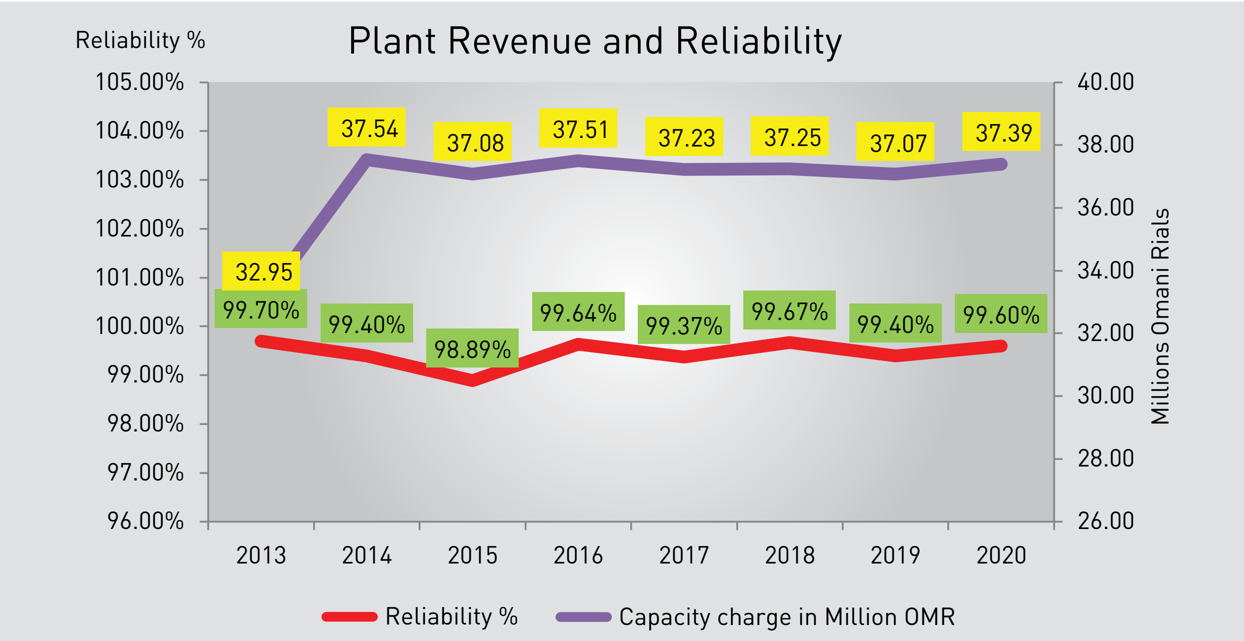
Corporate Governance

The Company has complied with the Code of Corporate Governance and applicable circulars issued from time to time by the Capital Market Authority (CMA).

Operational Results

The operational performance of the plant during the year was excellent except for one jelly fish attack at the plant in June 2020 that caused major plant outage. However, unlike last year there was no damage to the plant and the full plant operations were restarted within a short time. The incidence was notified to Oman Power and Water Procurement (OPWP) as Force Majeure event, a clause agreed within the Power Purchase Agreement (PPA) to which, OPWP has agreed. This has enabled the Company to avoid forced outage penalty for the relative period of plant outage and further as compensation, the PPA now stands extended by 25.913 hours. Presently, with the assistance of two international firms of expert consultants in plant sea water intake facility, necessary stage wise actions have been initiated to ensure the plant is protected from future massive jelly fish attacks.

Excellent plant availability of 99.6% during the year has translated into robust growth in capacity revenue. Additionally, the reliability and fuel efficiency of the plant to OPWP, as compared to other gas-fired power plants, continues to place it at the higher end of the merit order list for dispatch and, as such, the plant continues to be dispatched at a high plant load. The following graph depicting the capacity revenue and reliability over the past years is an indication of the Company's importance in the Oman's power grid:



The Company continues to experience thermal inefficiency at high generation levels as also at high plant load operating configurations that are inherently unfavorable and together, these lead to heat rate loss. Consequently, the Company did not fully recover the fuel gas cost expended to generate power. The Company employed an internationally reputed firm of experts to address this issue as also engaged Siemens, the original equipment supplier, to find a solution. Siemens installed Performance Advisor, a state-of-the-art technology, to investigate the subject. No cost efficient and technically viable solution has yet been found out or recommended by either of the two expert agencies. Currently, the heat rate loss issue remains a major challenge for the Company without a redress.

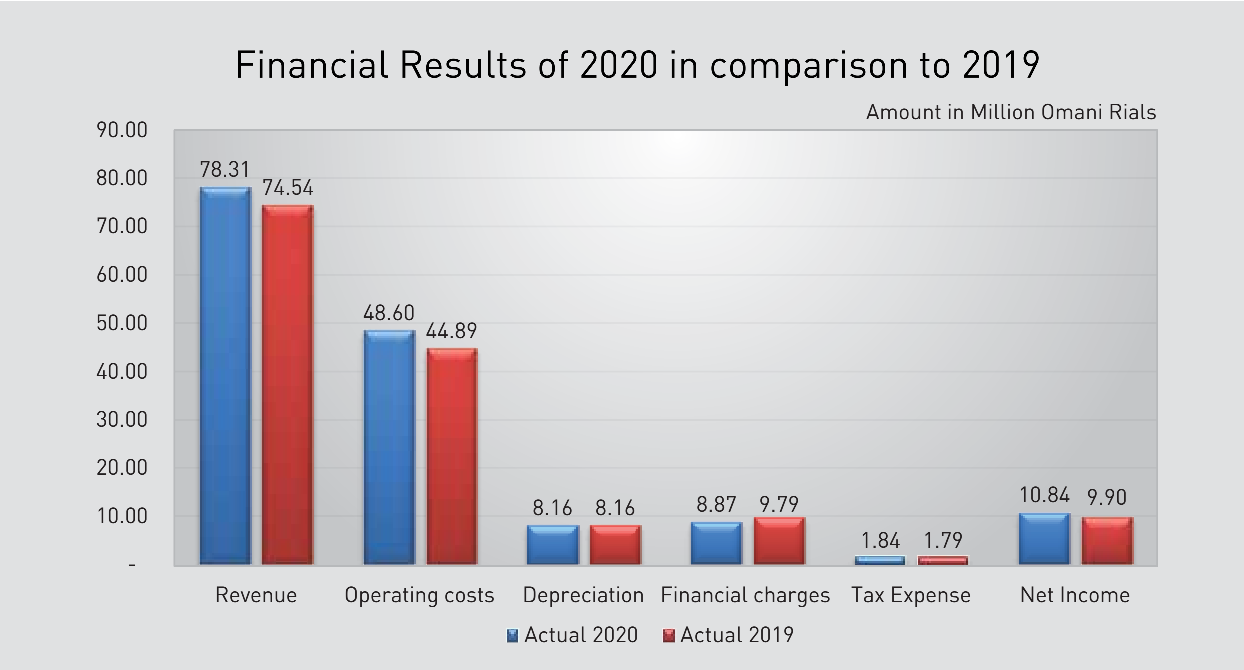
Minor inspections on gas turbines were concluded and no major issues were observed. All other operating kits were serviced as per the agreed annual maintenance program. Consistent level of high plant availability is a testament of efficient and timely plant upkeep and periodic maintenance as per the equipment suppliers' manual and condition-based monitoring.

During the persisting COVID-19 pandemic, with the valiant support of STOMO's essential operational staff (some of them in the picture given below who braved the lock-down situation and agreed to a shift duty of 14-days with a quarantined plant stay), the Plant operated seamlessly and fully supported Oman's power grid. Currently, the operations are on a 12-hour shift, strictly as per Oman's COVID-19 precautionary rules and Engie approved COVID-19 guidelines.

The plant operated for 3,469 days without any lost time accident. This was the result of sustained focus on excellence in Health, Safety, Environment and Quality Management at the plant. For this excellent performance, we acknowledge the efforts of the dedicated and diligent team of STOMO, our Operation and Maintenance Contractor.

The Company duly met all the stringent environment permit conditions promulgated by Ministry of Environment and Climate Affairs. The cyber security for the plant has also been strengthened in association with STOMO. The Company has strived to adhere to the cyber security regulations issued by the Authority for Electricity Regulation.

Financial Results



The net financial results for 2020 were 9.40% higher than 2019 in spite of revenue loss arising from the unfortunate jelly fish attack. High heat rate loss suffered by the plant has restricted the Company's ability to minimize Operating costs. Nevertheless, all other operating costs were closely monitored. On a positive note, the reduced finance cost on account of scheduled repayment of project loans principally contributed to the higher net profit.

The monthly fuel charge invoiced by the Company to OPWP is pass-through income and when received, is finally paid to the gas supplier, Ministry of Energy and Minerals (MEM). The Company had withheld all gas invoice settlement to MEM since May 2019 as OPWP had not settled Company's gas charge invoices since May 2019. Although there has not been any financial or cash flow impact on the Company, the Company persistently followed up this matter with the concerned authorities for an early settlement. This issue has been successfully concluded through fuel charge settlement agreements signed between the Company, OPWP and the MEM consequent to which the Company's receivables and payables as at December 2019 have been set off with no unfair consequences to any stake holder. Similar agreements as regards the fuel charge invoices for the year 2020 are expected to be concluded soon.

The Company has duly met all its commitments under the term loan agreement.

Finally, the Company has declared and paid dividend of 6.5 Baizas per share in 2020.

The share price stood at 51 Baizas per share at the close of 2020.

Corporate Social Responsibility

The Company takes its role as a responsible corporate citizen seriously. During the year the Company worked with three other companies in the power sector to install a solar power facility at the Government school at the Wilayat of Al Kamil Al Wafi. Further, the Company also supported the Government of Oman's effort to fight the COVID 19 pandemic by donating RO 20,000. The total amount spent on CSR activities during the year 2020 was RO 35,000.

As CSR initiative during 2021, it is proposed to undertake public utility projects in the Wilayat of Barka and to support the Primary Health Clinic at Barka with critically required medical equipment.

Medium term Outlook

OPWP launched the Spot Market project in 2015. The trial run of spot market operation is expected to begin by April 2021 and is expected to go live after six months, i.e., by October 2021. The Company is taking all the necessary actions to fully comply with Spot Market Rules promulgated by the Authority for Public Services Regulation (erstwhile Authority for Electricity Regulation) and participate in the process. However, all costs incurred by the Company for participating in the spot market process will be claimed from OPWP under the Change of Law protection agreed within the PPA. The Company's Power Purchase Agreement (PPA) with OPWP expires in 2028. Consequently, as the Company's tariff is already agreed in the PPA, the spot market will have no impact on the revenue stream of our Company until the expiry of the PPA.

Value Added Tax is proposed to be introduced in Oman from April 2021. The Company is making necessary efforts to fully comply with the law. Any financial impact on the Company arising from the introduction of VAT will be claimed from OPWP under the Change of Law protection agreed within the PPA.

The Company continuously endeavors to identify and implement areas of improvement in plant operations. All reasonable measures have been taken by the management to ensure that we maintain excellent plant's operational performance in the coming years. Any change in the power supply and demand landscape in the Sultanate that might arise due to Spot Market or new capacities added to the Oman's grid will have limited impact on the financial performance of the Company since its profitability is mainly derived from plant's availability and reliability.

The Company and STOMO have strived to steadily increase the Omanisation in the staff members while ensuring smooth and reliable operation of the plant.

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 Al Suwadi 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 excellent results.

Finally, on behalf of the Board of Directors, I heartily extend our best wishes to His Majesty Sultan Haitham Bin Tariq Bin Taimur Al Said. We thank the Government of Oman for creating an environment that allows us to participate effectively in the growth of the Sultanate's economy. We commit our efforts to the building of a strong Oman.

Charles Paul Dexter
Chairperson

PROFILE OF MAJOR SHAREHOLDERS

Kahrabel FZE

Kahrabel FZE oversees and manages the development, construction and operation of the electricity and water production business of ENGIE group in MENA region. It is an entity 100% owned by International Power S.A., which is ultimately owned indirectly by ENGIE group. Engie is a global reference in low-carbon energy and services, aiming to be the world leader in the zero carbon transition "as a service" for its customers. As of 2019, Engie had 171,100 employees, and revenues of 60 billion Euros. The Group is listed on the Paris and Brussels stock exchanges (ENGI) and is represented in the main financial indices (CAC 40, DJ Euro Stoxx 50, Euronext 100, FTSE Eurotop 100, MSCI Europe) and non-financial indices (DJSI World, DJSI Europe and Euronext Vigeo Eiris - World 120, Eurozone 120, Europe 120, France 20, CAC 40 Governance).

Middle East Investment LLC

Middle East Investment LLC is a subsidiary of Suhail Bahwan Group, which is one of the foremost & most reputed business house in the Sultanate of Oman.

Middle East Investment LLC is mainly engaged in investment & trading in quoted & un-quoted equity and debt securities.

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

Sojitz Global Investment B.V.

Sojitz Global Investment B.V. (SGI) is a wholly owned subsidiary of Sojitz, which is an investment and trading corporation based in Tokyo, Japan, and listed on the Tokyo Stock Exchange.

Sojitz employs more than 19,000 people worldwide (as of September 2020) and achieved revenues of JPY 1.8 trillion in the fiscal year ended in March 2020 (IFRS basis).

Sojitz was established through the merger of Nichimen Corporation (established in 1892) and Nissho Iwai Corporation (established in 1896) in 2004. Sojitz conducts its operations in around 50 countries through over 400 consolidated subsidiaries and affiliated companies in Japan and overseas. Sojitz's business activities are wide-ranging, covering machinery, energy and metal, chemicals and consumer lifestyle. Sojitz's strength lies not only in developing financial schemes, but also in conducting accurate analysis of markets through its overseas networks and determining the commercial viability of businesses using accumulated expertise in various fields. Sojitz has used these skills to pursue opportunities in IPP businesses as a developer, investor, finance arranger and/or project coordinator. Sojitz has been involved in IPP projects worldwide including Oman, Saudi Arabia, USA, Indonesia, Vietnam, Mexico, Sri Lanka and Japan.

Specifically in the Gulf region, Sojitz has long been actively involved in power and water business including EPC projects such as Ghubrah Phase 1, 2, 3/4 and 5 and IPP projects such as PP11 IPP (1,729 MW) in Saudi Arabia and Barka-3 (744 MW, CCGT) / Sohar-2 (744MW, CCGT) in Oman.

Further information about Sojitz is available at: ttp://www.sojitz.com/en/

SEP International Netherlands B.V. (SEPI)

SEPI is a wholly owned subsidiary of Shikoku Electric Power Co., Inc. (Yonden) for investing to and managing IPP/IWPP projects outside Japan, which holds shares in Barka-3 IPP (744MW, GTCC) & Sohar-2 IPP (744MW, GTCC) in Oman, Ras Laffan C IWPP (2,730MW, GTCC & 63MIGD) in Qatar, Huatacondo IPP (98MW, Photovoltaic) in Chile, Yunlin IPP (640MW, Offshore Wind) in Taiwan and Ahlone IPP (121MW, GTCC) in Myanmar.

Huatacondo IPP, 98MW Photovoltaic power project in Chile, achieved COD in 2019 and sells electricity in electricity market.

In 2019, Yonden committed new investments of Yunlin IPP (640MW Offshore wind project in Taiwan) which is now being constructed, targeting COD in 2021 and Ahlone IPP (121MW GTCC project in Myanmar) which is now under operation from 2013.

Yonden, listed on the Tokyo Stock Exchange, is an electric power utility and carries out the integrated process of generating, transmitting, distributing, and selling electricity to approx. 4 million people in Shikoku region, Japan. Yonden employs approx. 2,400 people and has achieved consolidated operating revenues of USD 7.1 billion from the electricity sales of 29.9 billion kWh in the fiscal year ended March 31, 2020. Since its establishment in 1951, Yonden has contributed to regional development through the stable supply of low-cost, high-quality electricity by establishing a balanced energy mix that combines nuclear, coal, oil, gas, hydro, and solar power, totaling approx. 5,435MW (net and gross) in generating capacity at 63 power stations.

Especially in the thermal power field, over 400 engineers engage in engineering, construction, operation and maintenance of thermal power plants whose generating capacity is approximately 3,391MW with their comprehensive experiences, skills and know-how obtained for more than 60 years. Yonden owns two GTCC units (296MW and 289MW at its Sakaide Power Station).

Further information about Yonden is available at: http://www.yonden.co.jp/english/index.html

Public Authority for Social Insurance (PASI)

PASI is a public authority established in Oman enjoying administrative and financial independence pursuant to Royal Decree 72/91 issued on 2nd July 1991. PASI manages a defined benefit pension scheme for Omani nationals employed in the private sector through prudent, wise and long-term investment strategies. Currently the scheme members exceed 203,000 active participants.

PASI invests actively in the local and international capital markets. Locally, PASI has been a pioneer in participating in power, utility companies and major real estate projects. Internationally, PASI's investments cover both traditional (such as fixed income and equities) and alternative assets (such as private equity, infrastructure & real estate).

Further information about PASI is available at: www.pasi.gov.om

Civil Service Employees Pension Fund (CSEPF)

The Civil Service Employees Pension Fund (CSEPF) was established simultaneously with the introduction of the Law of Pensions and End of Service Benefits for Omani Nationals employed in the Government sector in the beginning of 1986.

The Fund is an independent government unit which has a juristic personality, an administrative and financial independence.

Further information about CSEPF is available at: www.Civilpension.gov.om

Ministry of Defence Pension Fund (MODPF)

The Ministry of Defence Pension Fund is a public legal entity in the Sultanate of Oman duly organized under, and registered pursuant to, Sultani Decree 87/93 issued on 29th December 1993. The Ministry of Defence Pension Fund is one of the largest pension funds in Oman and is a major investor in the local capital markets, both in equities and bonds. It is also a major participant in project investments and Real Estate investments. The Fund is represented on the boards of several prominent Corporates in Oman.

CORPORATE SOCIAL RESPONSIBILITY REPORT

Among the various social responsibility related initiatives pursued by the Company, it has a major focus in respect of community development in the Wilayat of Barka, the Wilayat in which the Company's Plant is located. The Company takes its role as a responsible corporate citizen seriously. Health, education, environment, sports and assisting other socially important initiatives are major spheres of our social responsibility programme.

Corporate Social Responsibility (CSR) activities during 2020

The last annual general meeting of the Company held in June 2020 approved the Company's proposal for the following CSR activities:

1. Support the government of Oman in its efforts to fight COVID 19 pandemic
2. To install solar power facility at a government school at Al Kamil

Support to the Government of Oman during the Covid 19 pandemic

The Government of Oman has valiantly fought the pandemic situation arising from COVID 19. The Company supported the government efforts by funding critical medical and other essential supplies to primary health clinic at Barka run by the Ministry of Health and further, donated cash to the Fund set up by the government to deal with the dire situation. The total amount disbursed was RO 20,000.

Solar power initiative

Picture of roof-top PV solar panel project installed at the Al Qutaiba government school at Al Kamil and a solar training kit, a prototype of the project, for training students.

Al Suwadi Power Company SAOG in joint and active cooperation with SMN Power Holding Company SAOG, Al Batinah Power Company SAOG and Al Kamil Power Company SAOG successfully installed and commissioned PV solar system at Al Qutaiba School of Ministry of Education at Al Kamil.

This solar PV project was realized in the framework of our corporate social responsibility programs and had 3 main objectives:

1. To provide clean, renewable energy, free of charge to this school;
2. To create awareness for clean, renewable energy under the students and to teach them how solar energy works; &
3. To develop young, Omani SME's in the important sector of renewable energy production for the Sultanate.

We are proud that these 3 objectives have been achieved. The solar PV system will generate more than 250 MWh per year, powering the school with a total installed capacity of 150 kWp, covering nearly 760m², making it a sustainable and green solution for power requirement of the school. The school has received solar training kits to educate all students about solar PV energy.

The share of the total project cost contributed by us amounted to RO 15,000.

Totally, RO 35,000 was spent towards the CSR activity of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The management of Al Suwadi 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.

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) erstwhile Authority for Electricity Regulation (AER), a single procurement company, Oman Power and Water Procurement Company SAOC (OPWP).

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, in order to meet the future power generation and water desalination requirements of Oman.

The Oman's electricity and water sector is partly government-owned and partly privatized. OPWP's portfolio of contracted power capacity on fuel gas comprises of long-term contracts with eleven plants in operation.

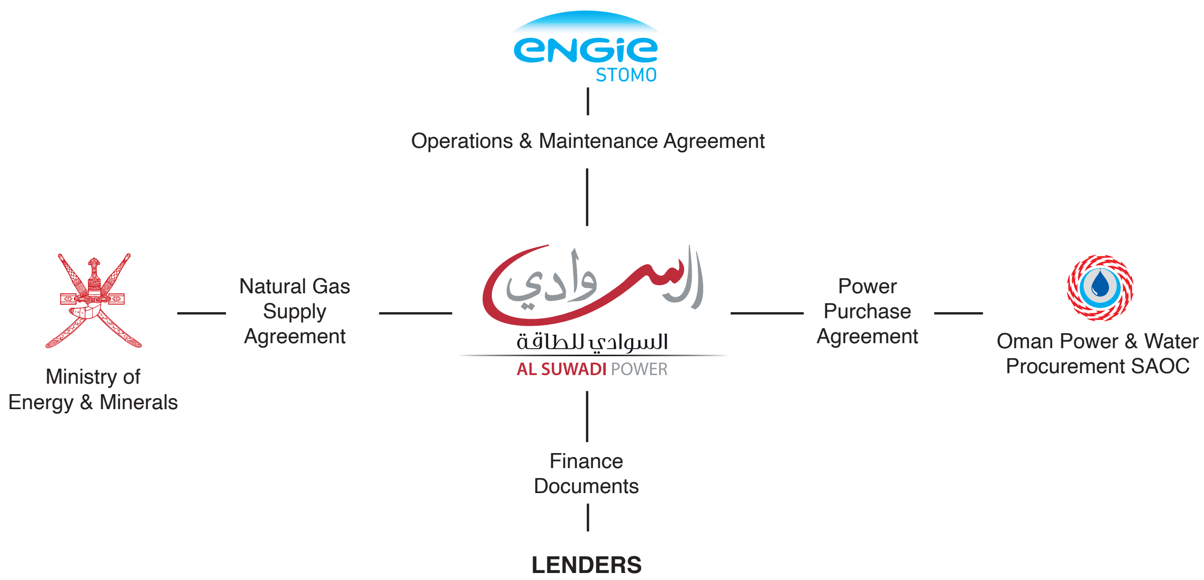
The Company is closely following OPWP's "spot market" arrangements for the future procurement of power from independent power producers. The generation license has been modified by APSR to include obligations related to the spot market and the Company has made every effort to ensure its due compliance. The preparations are progressing well to ensure the company is able to participate in the spot market activities when market trials are expected to begin in April 2021.

Although the Company has a Power Purchase Agreement (PPA) with OPWP which expires in 2028, the spot market regulations will require the Company to participate, on a daily basis, in the 'spot market' process, albeit with no risk to its revenue arrangements agreed within the existing PPA. With the proposed arrangement, OPWP is aiming to enhance dispatch efficiency by increasing transparency, achieving fuel efficiency, efficient asset utilization and clarity in respect of post PPA term revenue opportunities for generators thereby enhancing transparency of the treatment of expiring PPAs.

Opportunities and Challenges

The Company has a well-established contractual framework ensuring stable and predictable cash flows.

Contractual Framework



The Power Purchase Agreement (PPA) with OPWP is resilient to potential increase in gas prices and power demand until 2028. OPWP is the sole purchaser of all electricity output from the power plant ("the Plant") and the Company is fully dependent on timely payments by OPWP.

The Natural Gas Sales Agreement (NGSA) executed with the Ministry of Energy and Minerals (MEM) (erstwhile Ministry of Oil and Gas) secures the availability of fuel (natural gas) back to back with the PPA term. Effective January 2015, the gas price of US$3/MMBtu with an annual escalation clause of 3% was notified by the MEM and for the year 2020 it was fixed at US$ 3.48/MMBtu. However, as the gas cost is pass-through element under the PPA until 2028, the Company has no adverse financial impact from annual increase in the gas price.

The Company has entered into financing agreements with a consortium of international banks and export credit agencies. The future interest rates volatility is adequately hedged by entering into interest rate swap agreements thus improving the predictability of cash flows available to distribute dividends to shareholders.

The technological risk is considered low as the Plant uses proven technology from renowned international suppliers (mainly Siemens).

Suez-Tractebel Operation and Maintenance Oman LLC (STOMO) is contracted to operate and maintain the Plant for the term of the PPA. STOMO is an experienced and skilled operator with competent O&M expertise in Oman thus largely mitigating the operational risk. The operations and maintenance standards of the Plant are based on international best practices, in accordance with ENGIE's policies and principles which in turn are derived from its experience in operating numerous power generation plants worldwide.

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

Discussion on operational performance

Health and Safety

Health and safety performance is given utmost importance within the Company and also encompasses STOMO, various contractors and sub-contractors, in order to achieve the goal set by the top management: zero harm and zero environmental incidents.

The overall HSE performance in 2020 was excellent with no lost time accident (LTA) reported. The Company takes pride to inform that the Plant has completed 3469 days without an LTA.

The Plant operator invoked its Business Continuity Plan in March 2020 due to the unprecedented spread of COVID-19 pandemic in the country. For a few months, the essential operating staff were confined to plant site in split groups to mitigate the risk of infection to all staff. After necessary safety measures were put in place and risk mitigated, the confinement restrictions were eased out. The Oman Supreme Committee guidelines have been strictly enforced to manage the pandemic situation.

The plant operation and maintenance is managed by STOMO. The Plant holds major certifications like ISO 14001:2015 (Environment Management System) and ISO 45001:2018 (Occupational Health & Safety) awarded by recognized external auditors. NEBOSH and IOSH trainings have been imparted to the staff.

Many other proactive actions, as detailed below, undertaken by the Company and STOMO have led to such excellent accomplishment of HSE objectives:

- Frequent management reviews and safety walks
- Introduction of proactive key performance indicators (KPI)
- Introduction of the behavioral based program called "fresh eyes"
- Implementation of INTELEX – a safety incidents management system
- Behavioral Attitude Recommendation Standards (BARS) is a corporate initiative for enhancing behavioral safety introduced by Engie as part of wider loss control and risk management approach.
- Bi-annual Management Safety Moments

Every small incident or a near miss is taken very seriously, analyzed and actions are proactively implemented and shared internally and with the Board members so as to benefit from their experience and network to ensure best practice. Two near miss incidents were noticed and reported during the year which have thence been thoroughly investigated and necessary corrective and preventive actions have been implemented by the O&M team.

Human Resources – training and career development

Training values at the plant are established by the STOMO. These are primarily aimed to ensure that the employees perform tasks in the most efficient and safe manner. The Company and STOMO are committed to empower 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 STOMO has been to train and develop qualified Omani staff to take up additional responsibilities in the due course. Annual performance review of each employee includes assessment of their career growth. STOMO has been successful in identifying candidates, especially young Omani graduates, with high potentials to take them through a higher level of specialized training and peer guidance to scale the echelons of senior management, reaching the highest position in a power company. We are proud that the entire plant management, technical and skilled support activity is ably performed by Omani nationals.

The Company too has established processes and has implemented its human resource policy that maps career graph for young Omani Nationals to achieve their potentials and grow professionally and take up senior positions.

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 (RSC). The tariff structure agreed within the PPA and the operating cost structure within the Operation and Maintenance Agreement (OMA) with STOMO focuses on a fundamental feature that the profitability of the Company is mainly derived from Plant's reliability. The reliability of the plant is its ability to deliver the declared capacity, as per the PPA. Increase in power generation has no impact on the Company's profits, except for the cost/revenue impact from thermal efficiency.

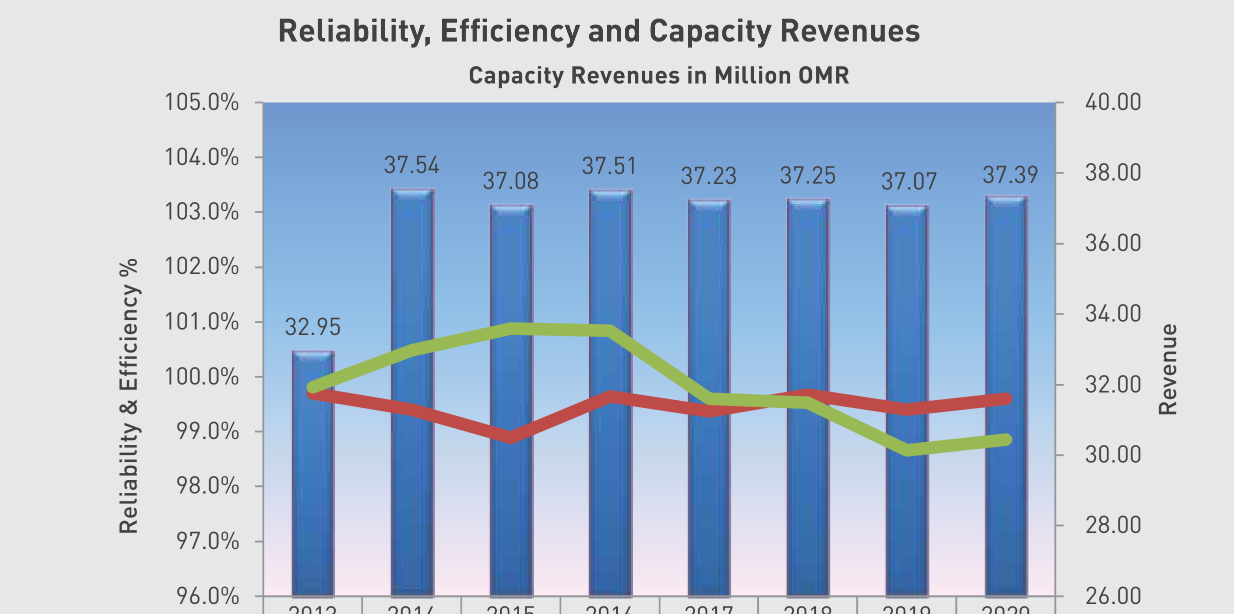
The Capacity revenue is closely associated with Plant's reliability, among other parameters like contracted capacity and indexation mechanism provided within the PPA.

Net energy export, capacity revenue, reliability and thermal efficiency

The level of plant's reliability over the years has been robust. The plant has seen consistent growth in energy export and consequent increase in capacity revenue.

The plants reliability at 99.6% during 2020 has been excellent and has greatly contributed to a higher revenue and consequently a better net result.

The thermal efficiency of the power plant is measured in terms of the amount of heat required to produce one unit of power. However, the decline in the thermal efficiency over the past years is a matter of concern. The plant suffers thermal inefficiencies, i.e., heat rate loss, when it operates at very high plant load and at plant's unfavorable operating configurations. During 2020 the plant mainly operated at such unfavorable loads and configurations and consequently suffered heat rate loss. The following graph shows the excellent reliability the plant has achieved and the consequent commendable capacity revenue that the plant has earned. and further, compares the same with the thermal efficiency over the period since the plant's inception:

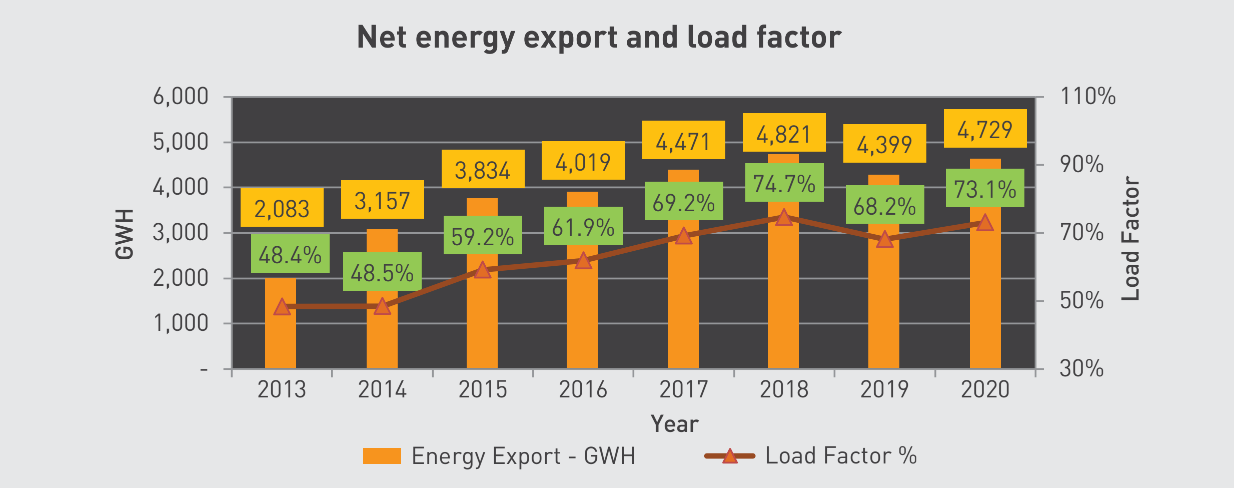


	2013	2014	2015	2016	2017	2018	2019	2020
Revenue	32.95	37.54	37.08	37.51	37.23	37.25	37.07	37.39
Reliability %	99.7%	99.4%	98.9%	99.6%	99.4%	99.7%	99.4%	99.6%
Efficiency %	99.8%	100.5%	100.9%	100.8%	99.6%	99.5%	98.7%	98.9%

Revenue Reliability % Efficiency %

The Company employed an internationally reputed firm of experts to address the issue of heat rate loss as also engaged Siemens, the original equipment supplier, to find a solution. Siemens installed Performance Advisor, a state of the arts technology, to investigate the subject. No cost efficient and technically viable solution was discovered or recommended by either of the two. Hence, the heat rate loss issue remains a major challenge for the Company. However, the Company has not ceased its efforts, with the assistance of the equipment manufacturer, Siemens, to resolve this important factor in the Plant's operation.

Net export of 4,729 GWh power was achieved during the year at an average plant load of 73.1%. The following graph shows the annual Energy Export and Load Factor since the plant's inception:



With no major planned inspection of the turbines undertaken in 2020, that requires extended plant shut down for maintenance, the plant was able to export considerably higher energy in 2020 as compared to the year 2019. The Plant's reliability and fuel efficiency in power generation places it high in merit among the power plants in Oman and consequently it is dispatched at a high plant load.

Maintenance

Maintenance of the Plant by the O&M operator, STOMO, was undertaken in accordance with the standard operations and maintenance processes recommended by the Original Equipment Manufacturers (OEM) and on condition-based monitoring as per best industry practices. Minor inspection work of GT 12 in March 2020 and that of GT 11 in December 2020 was accomplished by Siemens and no major issues were identified. Plant blackout and black-start test was successfully demonstrated to OETC, the load dispatcher and OPWP.

Warranty Claims

Only a few warranty items (4 no's) remain open with EPC Contractor and the warranty bond is valid until 31st December 2021. A roadmap for closure of the open warranty claims has been agreed with the EPC Contractor.

Discussion on financial performance

Financial Highlights

Figures in RO millions		2020	2019	% change
Revenues	1	**78.305**	74.54	5.05%
Gross Profit		**22.363**	22.28	0.37%
Finance Costs (net)		**-8.865**	-9.79	9.45%
Net Profit	2	**10.84**	9.9	9.44%
Net Profit before Finance costs	3	**19.70**	19.69	0.07%
Total Assets	4	**302.71**	297.2	1.85%
Capital (Paid-up)	5	**71.44**	71.44	0.00%
Shareholders' Fund (before hedging reserve)	6	**101.48**	95.29	6.50%
Term Loans ^	7	**135.64**	152.66	11.15%
Weighted average number of shares (millions)	8	**714.41**	714.41	0.00%
Ordinary Dividends	9	**4.64**	5.00	-7.12%

Key Financial Indicators:				
Net Profit Margin	2/1	**13.8%**	13.3%	n/a
Return on Capital (Paid-up)	2/5	**15.2%**	13.9%	n/a
Return on Capital Employed	3/(6+7)	**8.3%**	7.9%	n/a
Debt Equity ratio	7:6	**57:43**	62:38	n/a
Net assets per share (Baizas)	6/8	**142.05**	133.38	6.50%
Basic earnings per share (Baizas)	2/8	**15.17**	13.86	9.47%
Dividends per share (Baizas)	9/8	**6.50**	7.00	-7.12%

^ Excluding unamortised transaction cost

Analysis of Profit & Loss

The net financial results for 2020 were 9.4% higher than 2019 in spite of unfortunate loss of revenue arising from jelly fish event and the heat rate loss suffered by the plant. Revenue for 2020 was higher as compared to 2019, mainly due to higher power generation, better tariff indexation and lower unplanned outages. Operating costs were higher mainly due to increase in plant load factor and annual escalation in gas prices and higher indexation in O&M fees.

General and administrative expenses were well controlled but have increased as compared to 2019 mainly due to amount contributed under the CSR initiative to support Government of Oman's effort to fight the COVID 19 pandemic.

Steady reduction in the finance cost due to scheduled loan repayments and lower amortization of deferred finance costs has contributed to significant improvement in the net profit compared to year 2019. Consequently, the net profit margin, the return on capital employed and basic earnings per share have seen decent improvement as compared to last year.

Finally, the Company has declared and paid dividend of 6.50 Baizas per share in 2020.

The share price stood at 51 Baizas per share at the close of year 2020.

Tax Matters

The tax returns of the company for the years 2014-2016 were accepted in toto by the tax authorities and accordingly the tax assessments for the years 2014-2016 were concluded. The tax assessments for the years 2017 onwards are expected to be taken up in 2021.

Analysis of Balance Sheet

Total Assets of the Company stood at RO 302.71 million as at December 2020 as compared to RO 297.20 million last year mainly due to increase in Trade receivables partly offset by depreciation charge for the year. Trade Receivables include monthly invoices relating to the gas consumption since January 2020. As explained earlier, the gas consumption invoiced by the Company to OPWP is pass-through income and when received, is finally paid to the gas supplier, Ministry of Energy and Minerals (MEM). The Company has finally been successful in concluding fuel charge settlement agreements between the Company, OPWP and the MEM consequent to which the Company's receivables and payables as at December 2019 have been set off. Similar agreements as regards the gas charge invoices for the year 2020 are under finalization. Other than this, OPWP has settled all monthly invoices for 2020.

Short term deposit stood at RO 0.69 million as at December 2020, as compared to RO 1.23 million in last year; in line with debt service funding agreed in the Finance Documents.

Cash and cash equivalents were adequate at RO 0.27 million as at December 2020, as compared to RO 0.29 million in 2019.

The Shareholders Funds (before hedging reserve) stood at RO 101.48 million as at December 2020 as compared to RO 95.29 million as at December 2019. Term Loans (including non-current and current balances) have reduced to RO 135.64 million as a result of scheduled loan repayments in accordance with the terms agreed within the Finance Documents. Consequently, the Debt-Equity ratio has seen decent improvement as compared to the last year.

The Company maintains adequate provision for asset retirement obligation to enable it to fulfill its associated contractual obligation at the end of Plant's useful life.

As explained above, pending the fuel charge settlement agreements with OPWP and MEM as regards the setting off of the gas consumption invoices for the year 2020, the trade and other payables as at December 2020 have seen an increase.

Dividend Distribution

The Company's dividend policy of distributing available cash is conditional upon fulfillment of covenants agreed within the Finance Documents 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 dividend of RO 4.64 million (translating to 6.5 Baizas per share) during the year 2020 (paid out of the audited retained earnings for the year ended 31 December 2019).

Risks and Concerns

Loss of Availability due to Mechanical Breakdown

The principal risk to the Company is the Plant being unavailable due to mechanical breakdown. In order to mitigate this risk, the Company ensures and monitors that STOMO 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

In accordance with 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

As explained above, the Company had withheld all gas invoice settlement to MEM since May 2019 as these were not settled by OPWP. Although there has not been any major financial or cash flow impact on the Company, the Company persistently followed up this matter with the concerned authorities. The Company has finally been successful in concluding fuel charge settlement agreements between the Company, OPWP and the MEM consequent to which the Company's receivables and payables as at December 2019 have been set off with no unfair consequences to any stake holder. Similar agreements as regards the gas charge invoices for the year 2020 are under finalization.

Outlook

As per the Finance Documents, a cash sweep prepayment of the loan (commercial tranche only) will apply on 100% of the available cash flow starting from the twentieth repayment date, i.e., April 2023, and will subsist until the loan is fully repaid. In case the Company is able to refinance/amend the loan conditions before the commencement of the cash sweep, dividend distributions during the Cash Sweep Period may be possible to the shareholders subject to free cash availability. The Company's efforts in this regard in 2019 have not been successful. Since then the Company has been constantly following the international financial market and has been looking out for any opportunity to once again launch the re-financing process. However, the COVID 19 pandemic during 2020 bring in uncertainty and disturbing the international financial market and added to this, the fall in oil prices and the resultant credit rating issue with the Oman's economy has not allowed the Company to address this issue. The success of refinancing exercise will mainly depend on the prevailing global financial markets conditions.

The management is optimistic about the future of the Company. Recognizing that the long-term sustainability of the Company's financial results depends upon its efficient operational base, the management will continue to focus on ensuring high levels of Plant availability and improving fuel efficiency whilst closely controlling operational and overhead costs.

Two major developments in the power sector and Oman's economy that are presently being successfully addressed by the Company are Spot Market process launched by OPWP and introduction of VAT in April 2021. The Company has made necessary arrangements to deal with these and is confident their due adherence. Importantly, as the PPA with OPWP expires only in 2028, the Company's revenue until then will have no impact. Further, as both events fall in the category and are defined as Buyer's Risk in the PPA, the Change of Law provision agreed within the PPA has been invoked that will protect the Company from any unexpected cost impact arising from these events.

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

Internal control systems and their adequacy

The management is fully aware of the importance of a strong internal control system. The Company has a full time in-house internal auditor whose engagement complies with the CMA Regulations. The internal auditor's assignment includes analysis of the business risks and review of the internal controls under the supervision of the Audit 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 in a professional manner and submits regular reports to the Audit Committee as per the approved annual internal audit plan.

Gratitude and 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.

CORPORATE GOVERNANCE REPORT

EY
Building a better working world

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C.R. No. 1224013
PR No. HMH/15/2015; HMA/9/2015

REPORT OF FACTUAL FINDING

TO THE SHAREHOLDERS OF AL SUWADI POWER COMPANY SAOG

We have performed the procedures agreed with you pursuant to the Capital Market Authority's (CMA) circular no. E/4/2015, dated 22 July 2015, with respect to the Board of Directors' corporate governance report of AL SUWADI POWER COMPANY SAOG (the "Company") as at and for the year ended 31 December 2020 and its application of the corporate governance practices in accordance with amendments to CMA Code of Corporate Governance issued under circular no. E/10/2016 dated 1 December 2016 (collectively the "Code"). Our engagement was undertaken in accordance with the International Standard on Related Services applicable to agreed-upon procedures engagements. The procedures were performed solely to assist you in evaluating the extent of the Company's compliance with the Code as issued by the CMA and are summarised as follows:

1) We obtained the corporate governance report (the "report") issued by the Board of Directors and checked that the report of the Company includes as a minimum, all items suggested by the CMA to be covered by the report as detailed in the Annexure 3 of the Code by comparing the report with such suggested content in Annexure 3; and

2) We obtained the details regarding areas of non-compliance with the Code identified by the Company's Board of Directors for the year ended 31 December 2020. The Company's Board of Directors has not identified any areas of non-compliance with the Code.

We have no exceptions to report in respect of the procedures performed.

Because the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance on the corporate governance report.

Had we performed additional procedures or had we performed an audit or review of the corporate governance report in accordance with International Standards on Auditing or International Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose. This report relates only to the accompanying corporate governance report of the Company to be included in its annual report for the year ended 31 December 2020 and does not extend to any financial statements of Al Suwadi Power Company SAOG, taken as a whole.

Ernst & Young LLC

17 February 2021
Muscat

إرنست ويونغ ش م م
س.ت: ١٢٢٤٠١٣
ص.ب: ١٧٥٠ روي - ١١٢ ، سلطنة عمان
ERNST & YOUNG LLC
C.R. No. 1224013
P.O. Box 1750 - P.C. 112, Sultanate of Oman

CORPORATE GOVERNANCE REPORT

The Board of Directors (the "Board") of Al Suwadi Power Company SAOG (the "Company") hereby presents its Corporate Governance Report for the year ended 31 December 2020 in accordance with the Code of Corporate Governance of Public Listed Companies (the "Code"), clarifications and notifications issued by Capital Market Authority (the "CMA") from time to time.

Company's philosophy

The Company follows the principles of good Corporate Governance and has implemented all guidelines issued by the CMA. Effective Corporate Governance assures the shareholders that there is a well performing management in place which 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 with the aim of enhancing long term shareholders value and the interest of all stakeholders. Towards this, the Company has put in place effective policies, procedures and systems to ensure fair and timely release of material information about the Company to the stakeholders.

An Audit Committee and a Nomination & Remuneration Committee are fully operational in line with the provisions of the Code. The Company is being managed with due diligence and care, and in the best interest of all shareholders.

In accordance with the CMA rules and guidelines on disclosure, the Company's Statutory Auditors, Ernst and Young, have issued a separate Report on the Company's Governance Report for the year ended 31 December 2020.

Board of Directors

In compliance with the Company's Articles of Association, the Board is constituted of 11 directors. During the Annual General Meeting (the "AGM") of the shareholders of the Company held on 20 March 2019, the current Board of Directors was elected for a term of 3 years.

a) a) Composition, category and attendance of Directors in the year 2020:

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

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

1. Mr. Yasushi Asano representing Sojitz Global Investment B.V was replaced with Mr. Makoto Imabayashi in July 2020.
2. Mr. Ali Taqi Al Lawati representing Public Authority for Social Insurance (PASI) was replaced with Mr. Mahmood Hamed Al Gharibi in October 2020.

Details of the Board of Directors meetings held during 2020 and the attendance of the members:

	Name of Directors	Category of Directors ^	Attendance						
			Board Meetings						AGM
			19 Feb	22 Apr	14 May	22 Jul	27 Oct	Total	4 Jun
Incumbent as of Dec 31, 2020	Mr. Charles Paul Dexter (Chairperson)	Non-independent & Nominee Director	Proxy	√	√	√	√	5	√
	Ravinder Soin (Deputy Chairperson)	Independent	√	√	√	√	√	5	√
	Mrs. Sameena Hasan Nagarwala	Non-independent & Nominee Director	Proxy	√	√	√	√	5	√
	Mr. Ashok Kumar Saproo	Independent	√	√	√	√	√	5	√
	Mr. Mahmood Hamed Al Gharibi	Non-independent & Nominee Director	n/a	n/a	n/a	n/a	√	1	n/a
	Mr. Bipin Dharamsey Nensey	Independent	√	√	√	√	√	5	√
	Mr. Jurgen De Vyt	Non-independent	√	√	√	√	√	5	√
	Mr. Yoshitetsu Fujisawa	Non-independent & Nominee Director	√	√	√	√	√	5	√
	Ms. Maria Del Carmen Vidal	Non-independent	√	√	√	Proxy	√	5	√
	Mr. Muneer Al-Balushi	Non-independent & Nominee Director	√	√	√	√	√	5	√
	Mr. Makoto Imabayashi	Non-independent & Nominee Director	n/a	n/a	n/a	n/a	√	2	n/a
Retired/ Resigned	Mr. Ali Taqi Ibrahim Al-Lawati	Non-independent & Nominee Director	√	√	√	√	n/a	4	√
	Mr. Yasushi Asano	Non-independent & Nominee Director	√	√	√	n/a	n/a	3	√

^ The category of incumbent directors is based on elections held during the AGMs of 20 March 2019.

√ : attend, x : absent, n/a : not in seat

All nominee directors are representatives of equity investors.

b) Directors holding directorship/chairmanship in other joint stock companies in Oman as of December 31, 2020

Name of Director	Name of Companies and Position Held
Mr. Bipin Dharamsey Nensey	• Muscat Insurance Company SAOG – Deputy Chairman • Sohar International Bank SAOG - Director
Mr. Ravinder Soin	• Oman Ceramics Company SAOG- Director of the Board / Member of Audit Committee • Myan Gulf Oman Desalination Company SAOC-Director
Mr. Mahmood Hamed Al Gharibi	• Al Mutawer Hotels & Resorts S.A.O.C- Director

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 function of Audit 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) The integrity of the Company's financial statements and accounting and financial reporting processes;

(ii) The effectiveness of the Company's risk management and internal control systems;

(iii) The performance of the Company's internal audit function;

(iv) The qualifications and independence of the external auditors; and

(v) The Company's compliance with ethical, legal and regulatory requirements.

Consistent with this function, the Audit Committee encourages continuous improvement of, and promote 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 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 2020

The Audit Committee is comprised of majority of independent directors as required by the Code. There was no change in the composition of the Audit Committee during the year 2020.

Details of the Audit Committee meetings held during 2020 and the attendance of the members.

Name of Committee Members	Position	Attendance				
		18 Feb	21 Apr	21 Jul	26 Oct	Total
Mr. Bipin Dharamsey Nensey	Chairperson	Proxy	√	√	√	4
Mr. Ravinder Soin	Member	√	√	√	√	4
Mr. Yoshitetsu Fujisawa	Member	√	√	√	√	4

√ : attend

Nomination & Remuneration Committee

a) Brief description of terms of reference

The primary function of Nomination & Remuneration Committee of the Board is to:

(i) Assist the general meeting in the nomination of proficient and high caliber directors;

(ii) Prepare job descriptions of the directors including the Chairperson of the Board;

(iii) Develop succession plan for the Board or at least the Chairperson and executive management; and

(iv) Propose proper remuneration and incentives policy to attract competent executive management.

The Committee meets at least twice a year.

b) Composition, position and attendance in 2020

There was no change in the composition of the Nomination and Remuneration Committee during the year 2020.

Details of the Nomination and Remuneration Committee meetings held during 2020 and the attendance of the members:

Name of NRC Members	Position	Attendance		
		18 Feb	26 Oct	Total
Mr. Jurgen De Vyt	Chairperson	√	√	2
Mr. Yoshitetsu Fujisawa	Member	√	√	2
Mr. Ashok Kumar Saproo	Member	√	√	2

√ : attend

Appraisal of the performance of the Board

During the Annual General Meeting of the Company held on 20 March 2019, the Shareholders agreed to conduct performance appraisal of the newly elected Board of Directors once during its 3 years' term.

The primary objective of the appraisal will be 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 of the performance of the current Board will be conducted in the year 2021.

Process of nomination of the directors

The election of the Board is governed by the Company's Articles of Association. The Company ensures that the election of the Board is held in accordance with the Commercial Companies Law as notified by Royal Decree no 18/2019 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) Eleven directors to be elected by the shareholders in 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) The juristic person shall not be represented by more than one representative on the Board;

Process of nomination of the directors *(Continued)*

(vi) 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. Pursuant to Article 203 of the Commercial Companies Law, a member of the board of directors shall not participate in the management of any other Company which carries out similar business.

Remuneration matters

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

As approved by the shareholders, the sitting fees of RO 400 for the members of the Board and RO 200 for the members of the Audit Committee and Nomination & Remuneration Committee is paid. The sitting fee is payable to the members of the Board, the Audit Committee and the Nomination & Remuneration Committee who attend the meeting either in person or by video conference. The sitting fee is also paid in case a juristic person, in the absence of its nominated Board member, delegates another representative to attend the Board meeting.

The sitting fees for the year 2020 paid to the directors for attending Board, Audit Committee and Nomination & Remuneration Committee meetings amounted to RO 21,600 and RO 2,200 and RO 1,200 respectively

b) Remuneration to Board members

Following approval by the shareholders in the AGM held on 4th June 2020, the Company paid total remuneration of RO 15,200 to the Board members in respect of the year 2019.

For the year 2020, the Board proposes to similarly pay remuneration to the Board members, equal to actual sitting fees paid during the year 2020, for their contribution in achieving excellent operational and financial results. The proposed remuneration of RO 21,600 has been accrued in the financial statements for year ended 31 December 2020, however, the same shall be paid provided it is approved by the shareholders in the AGM scheduled to be held on 14 March 2021.

c) Other payments to directors

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

d) Top 5 officers

The Company paid to its top 5 officers an aggregate amount of RO 310,043 which includes secondment fee, salaries, allowances, performance-based bonuses and other benefits. 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, 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 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 one month notice period. Severance fee is payable to an employee if the employee is terminated with less than agreed notice period.

Details of non-compliance by the Company

There were no penalties imposed on the Company by the Capital Market Authority ("CMA"), Muscat Securities Market ("MSM") or any other statutory authority on any matter related to capital markets in the year 2020.

Means of communication with the shareholders and investors

The Company communicates with the shareholders and investors mainly through the MSM website and the Company's website (www.alsuwadipower.com) in both English and Arabic. Material information is disclosed immediately, and financial information such as initial quarterly and annual un-audited financial results, un-audited interim financial statements, and annual report including audited financial statements and Management Discussion & Analysis Report are disclosed within the regulatory deadlines. The Company's executive management is also available to meet its shareholders and analysts as and when required. To comply with the requirements of MSM of appointing an Investors Relation Officer (IRO), the Company has appointed its CFO as the IRO.

Market price data

a) High/Low share price and performance comparison during each month in year 2020:

Month	Price (Baizas)				MSM Index (Service sector)	
	High	Low	Closing	Change from 1 January 2020	Closing	Change from 1 January 2020
January	63	58	60	1.69%	1936.19	2.09%
February	66	60	61	3.39%	1919.54	1.21%
March	63	50	51	-13.56%	1688.02	-11.00%
April	61	49	59	0%	1697.42	-10.50%
May	61	53	55	-6.78%	1612.81	-14.96%
June	58	51	51	-13.56%	1566.77	-17.39%
July	55	52	53	-10.17%	1538.51	-18.88%
August	57	54	55	-6.78%	1579.00	-16.74%
September	56	53	54	-8.47%	1563.89	-17.54%
October	56	53	55	-6.78%	1609.75	-15.12%
November	56	54	56	-5.08%	1600.79	-15.60%
December	57	50	51	-13.56%	1591.82	-16.07%

b) Distribution of the shareholding as of December 31, 2020:

Category	Number of shareholders	Number of shares held	Share capital %
5% and above	7	586,455,528	82.09%
1% to 5%	2	25,113,572	3.52%
Less than 1 %	2,736	102,837,240	14.39%
Total	**2,745**	**714,406,340**	**100.00%**

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

Professional profile of the statutory auditor

The shareholders of the Company appointed Ernst and Young (EY) as the Company's auditors for the year 2020. EY is a global leader in assurance, tax, transaction and advisory services. EY is committed to doing its part in building a better working world. The insights and quality services which EY delivers help build trust and confidence in the capital markets and in economies the world over.

The MENA practice of EY has been operating in the region since 1923 and employs over 7,000 professionals. EY has been operating in Oman since 1974 and is a leading professional services firm in the country. EY MENA forms part of EY's EMEIA practice, with over 4,720 partners and approximately 127,444 professionals. Globally, EY operates in more than 150 countries and employs 334,012 professionals in 700 offices. Please visit ey.com for more information about EY. During the year 2020, an amount of RO 10,450 was accrued in the financial statements for services rendered to the Company by EY (RO 9,700 for audit and RO 750 for other services).

Acknowledgement by the Board of Directors

1. The Board of Directors accepts the responsibility for accurately preparing accounts and financial statements and confirms that the financial statements for the year 2020 have been prepared in accordance with the applicable International Financial Reporting Standards.
2. The Board of Directors, through the Audit 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, obligation management and risk management.
3. The Company has 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 which may affect the continuation of the Company and its ability to continue its operations during the next financial year.

Chairperson

Director

Brief Profiles of Directors

Name	:	Mr. Charles Paul Dexter
Year of Joining	:	2016
Education	:	BSc (Hons) Architecture, Construction, Planning and Environmental Studies from University College London and a Charted Management Accountant (ACMA CGMA)
Experience	:	Mr. Dexter has experience in the power and steel industries in accountancy and financial management, risk control and risk management. He joined International Power plc in 1997, which became part of the ENGIE Group in 2011. Mr. Dexter has experience of coal, gas, and hydro generation, and district heating, and has worked in merchant, emerging merchant, and contracted electricity markets in the UK, Central Europe, and the Middle East. Mr. Dexter is currently Chief Financial Officer, Middle East, Southern & Central Asia, Turkey and Africa.

Name	:	Mr. Ravinder Soin
Year of Joining	:	2018
Education	:	Fellow Member of the Institute of Chartered Accountants of India & Associate Member of the Institute of Cost Accountants of India
Experience	:	Mr. Ravinder has 28 Years of professional experience in manufacturing, trading, fabrication, real estate & other service industries. He is presently the Head-Credit & Collection of Suhail Bahwan Group. During his 22 years with Suhail Bahwan Group, he has worked closely on various policy matters, establishing & strengthening controls, facilitating investment & business decisions. His areas of specialization are risk assessment & management, finance, costing, taxation, auditing, budgeting, management reporting & investment analysis.

Name	:	Mr. Mahmood Hamed Al-Gharibi
Year of Joining	:	2020
Education	:	Bachelor Degree in Finance from Sultan Qaboos University.
Experience	:	Mr. Al Gharibi has over 12 years of experience in the field of Finance and Investment Operations. Mr. Mahmood Al Gharibi is currently working as a Senior Investment Accountant at the Investment Department of The Public Authority for Social Insurance.

Name		Mr. Ashok Kumar Saproo
Year of Joining	:	2018
Education	:	Bachelor's Degree (Honours) in Civil Engineering from Birla Institute of Technology & Science, Pilani (India)
Experience	:	Mr. Saproo has more than 39 years of experience in Construction Industry and Real Estate Development. He is very senior level professional and has successfully handled large size township real estate development projects; state of art Commercial building, Hotels and Mall projects; specialized projects like IT parks/ Warehouses/ Automated car parks; Interiors for Offices/ High end offices/ Villas etc from concept to completion. He has joined Suhail Bahwan Group in the year 2012 and is currently heading Projects & Interior Design Department. Prior to joining Suhail Bahwan Group, he has worked with reputed companies like Hyundai Engg and Construction company, Xansa India Limited, Reliance Industries Ltd, Unitech Ltd, Prestige estates Projects ltd at senior level for design development and project execution.

Name		Mr. Bipin Dharamsey Nensey
Year of Joining	:	2018
Education	:	Bachelor's Degree in Commerce from Mumbai University (India) 1977. Management Executive Certification from Indian School of Business (ISB) Hyderabad (India) in the Year 2003
Experience	:	Mr. Nensey is a Director of Sohar International Bank SAOG since 2018. He served as a Director of Oman International Bank from 1999 to 2002 and as Deputy Chairman of Oman International Bank (HSBC Bank Oman) from 2002-2012. Mr. Nensey serves as Deputy Chairman of Muscat Insurance Company SAOG since 2015 and as a Director of Dharamsey Nensey since 1977.

Name	:	Mr. Makoto Imabayashi
Year of Joining	:	2020
Education	:	BA Faculty of Engineering, Kyoto University, Japan
Experience	:	Mr. Imabayashi has over 20 years of experience in the energy and nuclear industry. He is currently General Manager and CEO of Sojitz Generation DMCC, which is located at Dubai U.A.E and responsible for development of new IPP/IWP/IWPPs project and also management of overseas asset portfolios in the Middle East and Africa.

Name	:	Mr. Yoshitetsu Fujisawa
Year of Joining	:	2019
Education	:	Bachelor degree in Engineering from Keio University, Japan
Experience	:	Mr. Fujisawa is Deputy General Manager of SEP International Netherlands B.V. (DMCC Branch) – Dubai. In this position, he is responsible for new development and asset management of IPP/IWPP projects in Europe, the Middle East and Africa. Mr. Fujisawa started his career in YONDEN in 1999 as an electrical engineer of Power Distribution Department and has been involved in operation, maintenance, design, policy making and budget management, etc. related to distribution facilities in Japan for more than 4 years. He has been engaged in international activities of Shikoku Electric Power Co., Inc. (Yonden), parent company of SEP International Netherlands B.V., for more than 15 years, out of which he worked for technical consultation of approx. 100 projects developed by Yonden and asset management of IPP/IWPP projects in the world.

Name	:	Mr Jurgen De Vyt
Year of Joining	:	2019
Education	:	Master's degree in Business Administration (Executive Management) from the Vlerick Leuven Ghent Management School and a Master's degree in Electrical Engineering.
Experience	:	Mr. De Vyt joined Al Dur power and water and Al Ezzel power company in Bahrain as CEO in 2019. Since he joined the ENGIE group in 1991, he has been in charge of multicultural teams responsible for the realization of projects in Europe and Northern Africa. Between 2003 and 2006, Mr. De Vyt was Project Director for the Sonatrach Gazoduc renovation project in Algeria. From 2007 to 2008, he was in charge of business development for renewable energy projects in Belgium and from 2008 till 2013, Mr. De Vyt worked on a new 800MW power plant in northern Germany, responsible for organizational and technical matters. Moving to Oman in 2013, he was in charge of Al Batinah Power Company until 2017 and SMN Power Holding between 2017 and 2019.

Name	:	Mrs. Maria del Carmen Vidal Martínez
Year of Joining	:	2019
Education	:	Ms. Sc. Industrial Engineering, Escuela Técnica Superior de Ingenieros Industriales, Madrid, Spain.
Experience	:	Mrs. Vidal has a diversified experience in automotive, construction and energy industries. On the later she has been with ENGIE in MESCAT since 2009, where she is the Chief Procurement Officer, responsible for the Procurement synergies and performance, working closely with technical and financial departments of all the entities. She leads the synergies of the Procurement community. Mrs. Vidal has worked in several countries in Europe and for the last 15 years in the Middle East.

Name	:	Mr. Muneer Abdullah Khamis Al-Balushi
Year of Joining	:	2019
Education	:	Bachelor degree (HONS) in Accounting in 2008 Higher National Diploma (HND) in Accounting in 2004.
Experience	:	Mr. Muneer has more than 12 years' experience in collection contribution and pension in Civil Service Employee Pension Fund. Mr. Muneer held below mentioned positions: Director of Civil Service Employee Pension Fund – Al Batinah South Governorate department (from 2017 till date). Head of the Unified Law of Social Insurance in Contribution department (from 2012 to 2016). Contributions specialist in Contribution department (from 2008 to 2011). Accounts assistant in Mezoon travel LLC. Al Zawawi group (from 2006 to 2008).

Name	:	Ms. Sameena Hasan Nagarwala
Year of Joining	:	2019
Education	:	B.Com MBA CFA
Experience	:	Ms. Sameena is a senior risk professional with more than 20 years of experience in the region. She is well versed with different asset classes and investments due to her diverse experience of working with a family office, asset management company, bank and pension fund. She started her career as an equity analyst and is well versed with the regional and international markets. At the bank she was part of the asset management team doing buy side research and also led several corporate banking transactions. Currently at the pension fund she leads the risk performance and compliance function. She has a Master's of Business Administration from Institute of Technology and Management and is a Chartered Financial Analyst (CFA)

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. Navneet Kasbekar
Position	:	Chief Executive Officer
Year of Joining	:	2015
Education	:	Commerce Graduate and Member Institute of Chartered Accountants of India
Experience	:	Mr. Kasbekar has been in the power industry for over 20 years having earlier worked in Al Kamil Power company SAOG since January 2001. He joined Al Kamil Power Company SAOG as Finance Director and was actively associated in the setting up of the power project and installing systems and procedures in the organisation. He was promoted to the position of CEO in the year 2006. He has 43 years of work experience out of which over 30 years has been in general managerial position in varied fields like trading, real estate, hospitality and printing.

Name	:	Mr. Preetam Saraf
Position	:	Chief Financial Officer
Year of Joining	:	2019
Education	:	Member of Institute of Chartered Accountants of India with post graduate diploma (equivalent to MBA) in Finance and a Bachelor degree in Commerce.
Experience	:	Mr Saraf has more than 22 years of professional experience including 13 years in power sector. He started his career with Indian Oil dealing in oil refinery sector where he spent 6 years. Before joining Al Suwadi Power Company, he was working for 11 years with Tata Power, the largest integrated power utility in India, and was actively associated in setting up of greenfield power projects and installing systems and procedures in the organisation. He worked with Tata Power in various capacities including site-finance head of their power plants, coal mines, and in the last assignment as Head Subsidiaries Finance and Performance analysis.

AUDITED FINANCIAL STATEMENTS

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Ernst & Young LLC
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Sultanate of Oman

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C.R. No. 1224013
PR No. HMH/15/2015; HMA/9/2015

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AL SUWADI POWER COMPANY SAOG

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Al Suwadi Power Company SAOG (the "Company"), which comprise the statement of financial position as at 31 December 2020, statement of profit or loss, statement of 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 summary of significant 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 2020 and its financial performance and 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 - 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.

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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AL SUWADI POWER COMPANY SAOG (CONTINUED)

Report on the audit of the financial statements (continued)

Key audit matters (continued)

Key audit matters	*How our audit addressed the key audit matters*
Allowance for expected credit losses The Company is required to regularly assess the recoverability of its trade receivables. The recoverability of trade receivables was significant to our audit due to the value of amounts aged greater than the credit terms extended to customers coupled with the higher degree of estimation uncertainty due to the economic impacts of COVID-19. The key areas of judgment include: - Expected credit losses ("ECL") must reflect information about past events, current conditions and forecasts of future conditions, as well as the time value of money. - The effects of COVID-19 global pandemic impacting the management's determination of the ECL as it required the application of unusually high level of judgment and estimation uncertainty, which may materially change the estimates in future periods. The accounting policy for determining the allowance for expected credit losses is set out in note 3.3 to the financial statements. The Company's disclosures are included in note 10 and 19(b) to the financial statement, which outlines the details regarding aging of trade receivables and the credit risk.	Our audit procedures for obtaining sufficient appropriate audit evidence over the carrying value of trade receivables, we: - Tested the aging of trade receivables for a sample of customer transactions; - Evaluated receipts after year-end to determine any remaining exposure at the date of the financial statements; - Examined the Company's assessment of the customers' financial circumstances and their ability to repay the debt; - Evaluated the completeness, accuracy and relevance of data used in the expected credit loss model and checked the mathematic accuracy of the calculations; - Evaluated the completeness, accuracy and relevance of data used in the expected credit loss model and independently recomputed the Company's ECL by calculating the probability of default based on Company's data, applying appropriate LGD, latest macro-economic variables and probability weighted outcomes, especially in view of COVID-19 pandemic; - Considered the customers' historical payment patterns along with relevant macroeconomic information; - Assessed the appropriateness of the Company's provisioning policy applied which included assessing whether the calculation was in accordance with IFRS 9 and comparing the Company's provisioning rates against historical collection data; and - Assessed the adequacy and appropriateness of the disclosures in the financial statements.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AL SUWADI POWER COMPANY SAOG (CONTINUED)

Report on the audit of the financial statements (continued)

Key audit matters (continued)

Hedge accounting The Company uses derivative financial instruments to hedge interest rate and foreign currency exposure on term loans and future cash flows in accordance with the policies approved by the Board. Rules on accounting for derivative instruments are complex and hedge accounting requirements, including documentation, can be complicated. Lack of compliance with documentation requirements, hedge effectiveness rules, and probability criteria could lead to statement of comprehensive income volatility. The accounting policy relating to derivative financial instruments are set out in note 3 to the financial statements.	Our audit procedures in this area included the following: - We examined the nature of the hedge relationships that were entered into and whether these were in line with the Company's strategy. For the derivatives outstanding at the reporting date, we assessed their valuation, completeness and existence through obtaining external confirmations and their fair value through performing our own independent re-calculations; - We involved our specialists for assessing the Company's hedge accounting and for testing hedge effectiveness; - We assessed the adequacy of disclosure relating to hedge accounting. Details regarding market risk, liquidity risk and the derivative instruments are set out in notes 19(a), 19(c) and 15 to the financial statements.

Other information included in the Company's 2020 Annual Report

Those charged with governance and management are responsible for the other information. Other information consists of the information included in the Company's 2020 Annual Report other than the financial statements and our auditor's report thereon. We obtained the following information prior to the date of our auditor's report, and we expect to obtain the published 2020 Annual Report after the date of our auditor's report:

- Chairman's report
- Corporate governance report
- Management discussion and analysis

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
AL SUWADI POWER COMPANY SAOG (CONTINUED)

Report on the audit of the financial statements (continued)

Other information included in the Company's 2020 Annual Report(continued)

If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Those charged with governance are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the relevant requirements of the Commercial Companies Law, as amended, and the Capital Market Authority ("the CMA") of the Sultanate of Oman, and for such internal control as those charged with governance 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, those charged with governance are 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 those charged with governance either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
AL SUWADI POWER COMPANY SAOG (CONTINUED)

Report on the audit of the financial statements (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

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

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

We also provide those charged with governance with a statement that we have complied with prelevant 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 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.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AL SUWADI POWER COMPANY SAOG (CONTINUED)

Report on the audit of the financial statements (continued)

Report on other legal and regulatory requirements

In our opinion, the financial statements comply, in all material respects, with the relevant requirements of the Commercial Companies Law, as amended, and CMA of the Sultanate of Oman.

Ernst & Young LLC

ERNST & YOUNG LLC
C.R. No. 1224013

Mohamed Bin Mufti AlQurashi
17 February 2021
Muscat

STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2020

	Notes	2020 RO'000	2020 USD'000	2019 RO'000	2019 USD'000
Revenues		**78,305**	**203,655**	74,538	193,856
Direct costs	4	**(55,942)**	**(145,494)**	(52,254)	(135,904)
GROSS PROFIT		**22,363**	**58,161**	22,284	57,952
General and administrative expenses	5	**(818)**	**(2,127)**	(794)	(2,065)
PROFIT BEFORE INTEREST AND TAX		**21,545**	**56,034**	21,490	55,887
Finance costs - net	6	**(8,865)**	**(23,056)**	(9,793)	(25,467)
PROFIT BEFORE TAX		**12,680**	**32,978**	11,697	30,420
Tax expense	7	**(1,842)**	**(4,791)**	(1,793)	(4,663)
NET PROFIT FOR THE YEAR		**10,838**	**28,187**	9,904	25,757
Earnings per share					
Basic earnings per share (Baizas / cents)	23	**15.17**	**39.46**	**13.86**	**36.05**

The attached notes 1 to 24 form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	**2020 RO'000**	**2020 USD'000**	2019 RO'000	2019 USD'000
NET PROFIT FOR THE YEAR		**10,838**	**28,187**	9,904	25,757
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):					
Items that will be reclassified to profit or loss:					
Cash flow hedges - effective portion of changes in fair value (net of tax)	15	**(2,568)**	**(6,679)**	(3,863)	(10,048)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**8,270**	**21,508**	6,041	15,709

The attached notes 1 to 24 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

At 31 December 2020

	Notes	2020 RO'000	2020 USD'000	2019 RO'000	2019 USD'000
ASSETS					
Non-current assets					
Property,plant and equipment	8	**257,207**	**668,937**	265,151	689,600
Right-of-use assets	9 a)	**1,083**	**2,815**	1,229	3,195
Capital spares		**610**	**1,586**	594	1,544
		258,900	**673,338**	266,974	694,339
Current assets					
Inventory		**1,867**	**4,856**	1,854	4,822
Trade and other receivables	10	**40,987**	**106,600**	26,843	69,816
Short term deposit	11	**692**	**1,800**	1,233	3,206
Cash and cash equivalents	12	**267**	**695**	291	756
		43,813	**113,951**	30,221	78,600
TOTAL ASSETS		**302,713**	**787,289**	297,195	772,939
EQUITY AND LIABILITIES					
Equity					
Share capital	14 a	**71,441**	**185,801**	71,441	185,801
Legal reserve	14 b	**7,451**	**19,378**	6,367	16,559
Retained earnings		**22,587**	**58,747**	17,477	45,455
Equity before hedging reserve		**101,479**	**263,926**	95,285	247,815
Hedging reserve	15	**(9,721)**	**(25,283)**	(7,153)	(18,604)
Equity		**91,758**	**238,643**	88,132	229,211
LIABILITIES					
Non-current liabilities					
Term loans	16 (a)	**115,468**	**300,307**	131,587	342,228
Lease liabilities	9 b)	**1,095**	**2,848**	1,221	3,176
Derivative instruments	15	**11,436**	**29,744**	8,415	21,887
Deferred tax liability	7	**21,480**	**55,870**	20,092	52,257
Asset retirement obligation	13	**310**	**807**	288	750
End of service benefits		**-**	**-**	8	22
		149,789	**389,576**	161,611	420,320
Current liabilities					
Trade and other payables	17	**41,835**	**108,795**	27,767	72,211
Lease liabilities - current	9 b)	**126**	**328**	118	308
Short term borrowing	16 (b)	**2,120**	**5,513**	2,550	6,632
Term loans - current	16 (a)	**17,085**	**44,434**	17,017	44,257
		61,166	**159,070**	47,452	123,408
Total liabilities		**210,955**	**548,646**	209,063	543,728
TOTAL EQUITY AND LIABILITIES		**302,713**	**787,289**	297,195	772,939
Net assets per share (Baizas / cents) - adjusted	22	**142.05**	**369.43**	133.38	346.88

The financial statements were authorised for issue and approved by the Board of Directors on 17 February 2021 and were signed on their behalf by:

Chairperson

Director

The attached notes 1 to 24 form part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	Notes	2020 RO'000	2020 USD'000	2019 RO'000	2019 USD'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		**12,680**	**32,978**	11,697	30,420
Adjustments for:					
Depreciation	4 & 5	**8,165**	**21,234**	8,154	21,209
Finance costs (net)	6	**8,865**	**23,056**	9,793	25,467
Gain on sale of property, plant and equipments		**(1)**	**(2)**	-	-
Accrual for end of service benefits		**-**	**-**	1	3
Cash from operations before working capital changes		**29,709**	**77,266**	29,645	77,099
Working capital changes:					
Inventory		**(13)**	**(33)**	(42)	(108)
Trade and other receivables		**(14,149)**	**(36,796)**	(21,223)	(55,198)
Trade and other payables		**14,157**	**36,816**	18,916	49,191
Cash generated from operating activities		**29,704**	**77,253**	27,296	70,984
End of service benefits paid		**(8)**	**(22)**	-	-
Net cash flows generated from operating activities		**29,696**	**77,231**	27,296	70,984
CASH FLOWS FROM INVESTING ACTIVITIES:					
Acquisition of property, plant and equipment	8	**(76)**	**(195)**	(145)	(376)
Proceeds from sale of property, plant and equipments		**2**	**6**	-	-
Net cash flows used in investing activities		**(74)**	**(189)**	(145)	(376)
CASH FLOW FROM FINANCING ACTIVITIES					
				-	-
Repayment of term loans	16 (a)	**(17,018)**	**(44,259)**	(15,968)	(41,531)
Finance costs paid		**(7,909)**	**(20,569)**	(8,912)	(23,180)
(Repayment) / proceeds of short term borrowing - net	16 (b)	**(430)**	**(1,119)**	1,550	4,031
Short term deposit - net movement		**541**	**1,406**	228	594
Lease payments	9 (b)	**(196)**	**(511)**	(108)	(278)
Interest received		**10**	**25**	77	204
Dividends paid	14 (c)	**(4,644)**	**(12,076)**	(5,001)	(13,005)
Net cash flows used in financing activities		**(29,646)**	**(77,103)**	(28,134)	(73,165)
Net changes in cash and cash equivalents		**(24)**	**(61)**	(983)	(2,557)
Cash and cash equivalents at 1 January	12	**291**	**756**	1,274	3,313
Cash and cash equivalents at 31 December	12	**267**	**695**	291	756

The attached notes 1 to 24 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Notes	Share capital RO'000	Legal reserve RO'000	Retained earnings RO'000	Hedging reserve RO'000	Total RO'000
Balance at 1 January 2019		71,441	5,377	13,564	(3,290)	87,092
Comprehensive income for the year						
Net profit for the year		-	-	9,904	-	9,904
Other comprehensive income, net of income tax						
Cash flow hedges - effective portion of changes in fair value		-	-	-	(3,863)	(3,863)
Total comprehensive income		-	-	9,904	(3,863)	6,041
Transfer to legal reserve		-	990	(990)	-	-
Transaction with owners of the Company						
Dividend	14 (c)	-	-	(5,001)	-	(5,001)
Total transaction with owners of the Company		-	-	(5,001)	-	(5,001)
Balance at 31 December 2019		71,441	6,367	17,477	(7,153)	88,132
Comprehensive income for the year						
Net profit for the year		**-**	**-**	**10,838**	**-**	**10,838**
Other comprehensive income, net of income tax						
Cash flow hedges - effective portion of changes in fair value		**-**	**-**	**-**	**(2,568)**	**(2,568)**
Total comprehensive income		**-**	**-**	**10,838**	**(2,568)**	**8,270**
Transfer to legal reserve		**-**	**1,084**	**(1,084)**	**-**	**-**
Transaction with owners of the Company						
Dividend	14 (c)	**-**	**-**	**(4,644)**	**-**	**(4,644)**
Total transaction with owners of the Company		**-**	**-**	**(4,644)**	**-**	**(4,644)**
Balance at 31 December 2020		**71,441**	**7,451**	**22,587**	**(9,721)**	**91,758**

The attached notes 1 to 24 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY *(continued)*

For the year ended 31 December 2020

	Notes	Share capital USD'000	Legal reserve USD'000	Retained earnings USD'000	Hedging reserve USD'000	Total USD'000
Balance at 1 January 2019		185,801	13,984	35,278	(8,556)	226,507
Comprehensive income for the year						
Net profit for the year		-	-	25,757	-	25,757
Other comprehensive income, net of income tax						
Cash flow hedges - effective portion of changes in fair value		-	-	-	(10,048)	(10,048)
Total comprehensive income		-	-	25,757	(10,048)	15,709
Transfer to legal reserve		-	2,575	(2,575)	-	-
Transaction with owners of the Company						
Dividend	14 (c)	-	-	(13,005)	-	(13,005)
Total transaction with owners of the Company		-	-	(13,005)	-	(13,005)
Balance at 31 December 2019		185,801	16,559	45,455	(18,604)	229,211
Comprehensive income for the year						
Net profit for the year		**-**	**-**	**28,187**	**-**	**28,187**
Other comprehensive income, net of income tax						
Cash flow hedges - effective portion of changes in fair value		**-**	**-**	**-**	**(6,679)**	**(6,679)**
Total comprehensive income		**-**	**-**	**28,187**	**(6,679)**	**21,508**
Transfer to legal reserve		**-**	**2,819**	**(2,819)**	**-**	**-**
Transaction with owners of the Company						
Dividend	14 (c)	**-**	**-**	**(12,076)**	**-**	**(12,076)**
Total transaction with owners of the Company		**-**	**-**	**(12,076)**	**-**	**(12,076)**
Balance at 31 December 2020		**185,801**	**19,378**	**58,747**	**(25,283)**	**238,643**

The attached notes 1 to 24 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2020

1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

Al Suwadi Power Company (the "Company") was registered as a closed Omani Joint Stock company ("SAOC") on 2 August 2010 under the Commercial Companies Law of Oman. Subsequently, the Company was converted to a Public Joint Stock Company ("SAOG") and was listed on the Muscat Securities Market on 23 June 2014.

The Company's objectives are to develop, finance, design, construct, operate, maintain, insure and own a power generating facility (the Barka 3 Power Plant with a capacity of about 750MW), and associated gas interconnection facilities and other relevant infrastructure; to make available the demonstrated power capacity; and to sell the electrical energy generated to Oman Power and Water Procurement Company SAOC. Accordingly, the Plant is considered and managed as one reportable segment. Commercial Operation of the Plant was achieved by the Company on 4 April 2013.

2 SIGNIFICANT AGREEMENTS

Project documents

(i) Power Purchase Agreement ("PPA") dated 10 August 2010 with OPWP for a period of 15 years from the scheduled Commercial Operation Date ("COD").

(ii) Natural Gas Sales Agreement ("NGSA") dated 31 August 2010 with the Ministry of Energy & Minerals (MEM) [erstwhile Ministry of Oil and Gas ("MOG")] for the purchase of natural gas for a period of 15 years from the scheduled COD.

(iii) Usufruct Agreement relating to the Barka site dated 15 August 2010 with the Government of the Sultanate of Oman represented by the Ministry of Housing for grant of Usufruct rights over the plant site for 25 years from its effective date.

(iv) Turnkey Engineering, Procurement and Construction Contract ("EPC Contract") dated 15 September 2010 with Siemens AG and GS Engineering and Construction Corp. to perform the engineering, procurement and construction of the Plant.

(v) Operation & Maintenance Agreement ("O&M Agreement") with Suez Tractebel Operation and Maintenance Oman LLC ("STOMO") dated 24 September 2010 for a period of 15 years from scheduled COD.

(vi) Electrical Connection Agreement dated December 2011 with Oman Electricity Transmission Company SAOC for connection of the Company's equipment to the transmission system.

Finance documents

(vii) Common Terms Agreement ("CTA") and Facility Agreements dated 16 September 2010 for long term loans with international and local banks.

(viii) First Amendment Agreement to the Common Terms Agreement and Facility Agreements dated 29 September 2010.

(ix) Hedging Agreements for interest rate swap with Credit Agricole Corporate & Investment Bank (dated 5 October 2010), KfW IPEX Bank GMBH (dated 6 October 2010), HSBC Bank Middle East Limited (6 October 2010) and Standard Chartered Bank (dated 7 October 2010 and reprofiled on 19 December 2011).

(x) Hedging Agreements for currency swap with Standard Chartered Bank dated 12 October 2010 and Credit Agricole Corporate & Investment Bank dated 4 August 2015 and 3 September 2019.

(xi) Revolving Working Capital Facility Agreement dated 5 June 2012 with Bank Muscat SAOG for purpose of availing short term loans upto Omani Rial 8.84 million.

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2020

2 SIGNIFICANT AGREEMENTS *(continued)*

Security documents

(xii) Intercreditor Deed dated 16 September 2010 with The Export-Import Bank of Korea, Credit Agricole Corporate & Investment Bank (as the "Global Facility Agent" and "Offshore Security Trustee"), Bank Muscat SAOG (as the "Onshore Account Bank") and Others.

(xiii) Offshore Deed of Charge and Assignment dated 16 September 2010 with Credit Agricole Corporate & Investment Bank as "Offshore Security Trustee".

(xiv) Deed of Assignment of Re-insurance dated 16 September 2010 with Credit Agricole Corporate and Investment Bank as "Offshore Security Trustee"; and Oman United Insurance Company SAOG as "Insurer".

(xv) Sale and Purchase Agreement dated 16 September 2010 with Bank Muscat SAOG as the "Onshore Security Agent".

(xvi) Agreement for Security over Omani Shares dated 16 September 2010 between the Company as "the Company", the Founder Shareholders as the "Chargors", Bank Muscat SAOG as the "Onshore Security Agent"; and Credit Agricole Corporate & Investment Bank as the "Global Facility Agent".

(xvii) Commercial Mortgage over Company's Assets (including receipt) dated 21 September 2010 between the Company as "Mortgagor" and Bank Muscat SAOG as "Mortgagee".

(xviii) Legal Mortgage dated 21 September 2010 between the Company as "Mortgagor" and Bank Muscat SAOG as "Mortgagee".

(xix) Direct Agreements entered into by Lenders Agent in respect of PPA, NGSA, EPC Contract and O&M Agreement.

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

3.1 BASIS OF PREPARATION

a) Statement of compliance

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

b) Basis of measurement

These financial statements are prepared on historical cost basis except for provision for asset retirement obligation, deferred finance cost and operating leases which are measured at amortised cost and certain financial instruments which are measured at fair value.

c) Presentation and functional currency

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

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.1 BASIS OF PREPARATION *(continued)*

d) Use of estimates and judgments

The preparation of the financial statements in conformity with IFRSs requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in impairment of property, plant and equipment, financial valuation of derivative financial instruments, asset retirement obligation and impairment of financial assets.

Measurement of fair value

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

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

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

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

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

Key sources of estimation uncertainties

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of financial assets at amortised cost

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. The impairment provision is assessed based on the "Expected Credit Loss" model under IFRS 9, the impairment impact is considered to be immaterial.

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2020

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.1 BASIS OF PREPARATION *(continued)*

d) Use of estimates and judgments (continued)

Key sources of estimation uncertainties *(continued)*

Impairment of inventory

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on anticipated selling prices.

At the reporting date, inventory was RO 1.87 million (2019: RO 1.85 million) [USD 4.86 million (2019: USD 4.82 million)] and the provisions for slow moving and obsolete inventory is RO Nil (2019: RO Nil) [USD Nil (2019: USD Nil)] respectively. Any difference between the amounts actually realised in future periods and the amounts expected will be recognised in the statement of profit or loss.

Useful lives of property, plant and equipment

The Company's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation.This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

Taxes

Uncertainties exist with respect to the interpretation of tax regulations and the amount and timing of future taxable income. Given the wide range of business relationships and nature of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of finalisation of tax assessments. The amount of such provisions is based on various factors, such as experience of previous tax assessments and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Leases – Estimating the incremental borrowing rate

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 fund 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.

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2020

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.1 BASIS OF PREPARATION *(continued)*

d) Use of estimates and judgments (continued)

Key sources of estimation uncertainties *(continued)*

Significant judgement in determining the lease term of contracts with renewal and termination options – Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has the option, under some of its leases to lease the assets for additional terms. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew or to terminate (e.g., a change in business strategy, construction of significant leasehold improvements or significant customization to the leased asset).

Allowance for expected credit losses of trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

At the reporting date, gross trade receivable were RO 40.61 million (USD 105.61 million) [2019: RO 26.21 (USD 68.16 million)], and the allowance for expected credit losses was Nil (2019: Nil). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the statement of profit or loss and statement of other comprehensive income.

Impairment of plant and capital spares

The carrying amounts of the Company's plant and capital spares are reviewed at each reporting date to determine whether there is any indication of impairment. Based on management assessment, there is no indicator of impairment of plant and capital spares as at the reporting date.

Asset retirement obligation

Asset retirement obligation costs are based on management's technical assessment of the probable future costs to be incurred in respect of the decommissioning of the plant facilities.

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2020

3.2 CHANGES IN ACCOUNTING POLICIES

a) Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- *IFRS 17 Insurance Contracts (not applicable to the Company)*
- *Amendments to IAS 1: Classification of Liabilities as Current or Non-current*

  In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

- The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Company is currently assessing the impact of the amendments will have on the current classification.
- Reference to the Conceptual Framework – Amendments to IFRS 3
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
- IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter
- IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities
- IAS 41 Agriculture – Taxation in fair value measurements
- IBOR Transition (Interest Rate Benchmark Reforms Phase 2)

On 27 August 2020 the IASB published 'Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16' (IBOR reform Phase 2). IBOR reform Phase 2 provides temporary reliefs to address the accounting issues which arise upon the replacement of an Inter-Bank Offered Rate (an IBOR) with an alternative nearly risk-free interest rate (an RFR). The amendment is effective for annual reporting periods beginning on or after 1 January 2021 with earlier adoption permitted. The Company is currently assessing the impact of the amendments on the financial statements.

The above amendments are not expected to have a significant impact on the Company's financial statements.

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.2 CHANGES IN ACCOUNTING POLICIES *(continued)*

b) New and amended standards and interpretations

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020.

- Amendments to IFRS 3: Definition of a business
- Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform
- Amendments to IAS 1 and IAS 8 Definition of Material
- Conceptual Framework for Financial Reporting issued on 29 March 2018
- Amendments to IFRS 16 Covid-19 Related Rent Concessions
- IBOR Transition (Interest Rate Benchmark Reforms Phase 1)

Effective from 1 January 2020, the Bank has adopted amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments Disclosures relating to interest rate benchmark reforms. The amendments (referred as Phase I of IBOR transition project) address the hedge accounting requirements arising before IBOR and proposed a hedging relief for such hedges.

The above standards are not expected to have a significant impact on the financial statements of the Company. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

3.3 SIGNIFICANT ACCOUNTING POLICIES

a) Leases

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

Company as a lessee

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

a. Right of use assets

The Company recognises right of use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term, as follows:

	Years
Site rent	40
Connection equipment	15

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2020

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

a) Leases (Continued)

a. Right of use assets *(continued)*

Lease costs for the year ended 31 December 2020 relating to the right-of-use assets amounting to RO 0.14 million (2019: RO 0.14 million) are included under depreciation expenses.

b. Lease liabilities

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

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

c. Short-term leases and leases of low-value assets

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

Company as a lessor

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

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

b) Foreign currency transactions

Transactions in foreign currencies are initially recorded by the Company at its functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Foreign exchange gains and losses are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in statemment of other comprehensive income or statement of profit or loss are also recognised in statement of other comprehensive income or statement of profit or loss, respectively).

c) Financial Instruments

Initial measurement of financial instruments

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss, respectively.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the company has applied the practical expedient, the company initially measures a financial asset at fair value:
(i) fair value through profit or loss excluding transaction cost;
(ii) fair value through OCI and Amortised costs including transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling the financial asset.

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

Subsequent measurement of financial assets

For purposes of subsequent measurement, financial assets are classified into four categories:
- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss (FVTPL)

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2020

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

c) Financial Instruments (Continued)

(i) Financial assets carried at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

(a) The asset is held within a "business model" whose objective is to hold assets to collect contractual cash flows;

(b) The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in statement of profit or loss when the asset is derecognised, modified or impaired. The Company's financial assets at amortised cost includes trade receivables and cash and cash equivalents.

(ii) Financial assets carried at fair value through other comprehensive income (debt instruments)

The Company applies the new category under IFRS 9 of debt instruments measured at FVOCI when both of the following conditions are met:

(a) The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets;

(b) The contractual terms of the financial asset meet the SPPI test.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Financing income and foreign exchange gains and losses and impairment losses are recognised in statement of profit or loss. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from equity to statement of profit or loss.

This category only includes debt instruments, which the Company intends to hold for the foreseeable future and which the Company has irrevocably elected to so classify upon initial recognition or transition. The Company classified its debt instruments at FVOCI. Debt instruments at FVOCI are not subject to an impairment assessment under IFRS 9.

(iii) Financial assets carried at fair value through other comprehensive income (equity instruments)

Upon initial recognition, the Company may elect to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of equity under IAS 32 Financial lnstruments: Presentation and are not held for trading. Such classification is determined on an instrument by instrument basis. The Company have no equity instruments at FVOCI.

The Company has no equity instruments at FVOCI.

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

c) Financial Instruments (continued)

(iv) Financial assets carried at fair value through profit or loss (FVTPL).

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial asset mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss. The Company does not have financial assets at fair value through profit or loss.

All other debt instruments are measured at FVTPL. The Company does not have any such instrument.

The Company's financial assets include trade receivables, due from related parties, other receivables, short term deposit and bank balances. These financial assets qualify for and are classified as debt instruments measured at amortised cost.

Fair value option

The Company measures a financial asset at FVTPL at initial recognition even if it meets the two requirements to be measured at amortised cost or FVTOCI if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company does not have any financial assets measured at FVTPL as of period end.

Subsequent measurement of financial liabilities

The Company categorises its financial liabilities into two measurement categories: FVTPL and amortised cost.

The Company designates a financial liability as measured at FVTPL when it meets the definition of held for trading or when they are designated as such on initial recognition using the fair value option.

Gains and losses on financial liabilities designated as at FVTPL are split into the amount of change in fair value attributable to changes in credit risk of the liability, presented in other statement of comprehensive income, and the remaining amount in statement of profit or loss.

The Company recognises the full amount of change in the fair value in profit or loss only if the presentation of changes in the liability's credit risk in statement of other comprehensive income would create or enlarge an accounting mismatch in profit or loss. That determination is made at initial recognition and is not reassessed.

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2020

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

c) Financial Instruments (continued)

Subsequent measurement of financial liabilities (continued)

Cumulative gains or losses presented in statement of other comprehensive income is subsequently transferred within equity.

Financial liabilities not held at FVTPL are subsequently measured at amortised cost using the effective interest method.

The Company's financial liabilities include accounts payable. due to related parties, fair value of derivatives, short term borrowing and term loans.

Except for fair value of derivatives which is measured at fair value, all other financial liabilities of the Company are measured at amortised cost.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

(i) The rights to receive cash flows from the asset have expired or

(ii) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either:

(a) the Company has transferred substantially all the risks and rewards of the asset, or

(b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

Impairment of financial assets

The Company assesses whether there is objective evidence that financial assets carried at amortised cost are impaired. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Objective evidence that financial assets are impaired can include significant financial difficulty of the issuer, default or delinquency by an issuer, indications that an issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a Company of assets such as adverse changes in the payment status of issuers. or economic conditions that correlate with defaults in the Company.

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2020

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

c) *Financial Instruments (continued)*

Impairment of financial assets *(continued)*

IFRS 9 defines expected credit losses as the weighted average of credit losses with the respective risks of a default occurring as the weightings.

At each reporting date the Company provides for expected losses on all of the following using reasonable and supportable information about past events, current conditions and reasonable and supportable forecasts of future economic conditions when measuring expected credit losses:

i) Financial assets measured at amortised cost,

ii) Financial assets mandatorily measured at FVTOCI, and

iii) Loan commitments when there is a present obligation to extend credit.

The Company measures expected credit losses through a loss allowance at an amount equal to:

i) the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or

ii) full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

The Company provides for a loss allowance for full lifetime expected credit losses for a financial instrument if the credit risk of that financial instrument has increased significantly since initial recognition.For all other financial instruments, expected credit losses are measured at an amount equal to the 12-month expected credit lossess.

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

Derivative financial instruments and hedge accounting

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

A hedging relationship qualifies for hedge accounting only if all of the following criteria are met:

(a) There is formal designation and written documentation at the inception of the hedge;

(b) There is 'an economic relationship' between the hedged item and the hedging instrument;

(c) The effect of credit risk does not 'dominate the value changes' that result from that economic relationship; and

(d) The hedge ratio of the hedging relationship is the same as that resulting from the quantity of hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2020

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

c) Financial Instruments (continued)

Derivative financial instruments and hedge accounting (continued)

As part of risk management strategies, the Company uses derivative financial instruments, such as interest rate swaps, to hedge interest rate sensitivities. These derivative financial instruments qualify for hedge accounting and are designated as cash flow hedges. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The Company adjusts the cash flow hedge reserve in equity to the lower of the following:

(a) the cumulative gain or loss on the hedging instrument from inception of the hedge; and

(b) the cumulative change in fair value of the hedged item from inception of the hedge.

Effectiveness testing, rebalancing and discontinuation

The Company performs prospective assessment of effectiveness of its cash flow hedges at each reporting date. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in statement of other comprehensive income and any remaining gain or loss is hedge ineffectiveness which is recognised in statement of profit or loss.

When the Company discontinues hedge accounting for a cash flow hedge, the amount that has been accumulated in the cash flow hedge reserve remains in equity if the hedged future cash flows are still expected to occur, until such cash flows occur. If the hedged future cash flows are no longer expected to occur, that amount is immediately reclassified to statement of profit or loss.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Company adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The Company discontinues hedge accounting prospectively only when the hedging relationship (or a part of a hedging relationship) ceases to meet the qualifying criteria (after any rebalancing). This includes instances when the hedging instrument expires or is sold, terminated or exercised.

Off setting financial instruments

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

Write - off

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

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, 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. Cost also may include transfers from statement of profit or loss and statement of other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and the difference is recognised in the statement of profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases future economic benefits embodied in the specific asset to which it relates. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

(iii) Depreciation

Depreciation is charged to the statement of profit or loss on a straight-line basis over the estimated useful lives of the asset less its residual value.

The management assigns useful lives and residual values to the items of Property, plant and equipment based on intended use of the assets and the expected economic lives of those assets. Subsequent changes in circumstances such as technological advances or prospective utilisation of the assets concerned could result in the actual lives or residual values differing from the initial estimates. The management has reviewed the residual values and useful lives of the major items of Property, plant and equipment and have determined that no adjustment is necessary.

The estimated useful lives for current and comparative periods are as follows:

	Years
Property ,plant and equipment	40
Technical spares	25
Other assets	3

(iv) Capital work in progress

Capital work in progress is measured at cost and is not depreciated until it is transferred into one of the fixed asset categories, which occurs when the asset is ready for intended use.

(v) Asset retirement obligation

A liability for future asset retirement obligation is recognized as the activities giving rise to the obligation of future site restoration take place. The liability is measured at the present value of the estimated future cash outflows to be incurred on the basis of current technology. The liability includes all costs associated with site restoration, including plant closure and monitoring costs.

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2020

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

e) Capital spares

Cost of capital Spares includes all expenditure directly attributable to the acquisition of capital spares.

Capital spares shall be 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 spare may be used as an indication of what the cost of the replaced part was at the time capital spare was acquired.

f) *Inventory*

Inventory comprises of fuel oil and are stated at the lower of cost and net realizable value. The cost of inventories is determined on the weighted average cost basis and includes expenditure incurred in acquiring and bringing them to their existing location and condition. Obsolete inventory items are written down to their estimated net realizable value.

g) Cash and cash equivalents

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

h) *Impairment*

i) Non-derivative financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in the statement of profit or loss. An impairment loss is reversed if reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in the statement of profit or loss.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss unless it reverses a previous revaluation that was credited to equity, in which case it is charged to equity.

The recoverable amount of the cash generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the plant.

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

h) *Impairment (continued)*

(ii) Non-financial assets *(continued)*

The management determines whether there are any indications of impairment to carrying value of property, plant and equipment on an annual basis because of the difference between the duration of the contracted cash flows and accounting deprecation of assets. This requires an estimation of the value in use of the cash generating unit. Estimating the value in use requires the Company to make an estimate of the residual value of the cash generating unit at the end of the term of the PPA considering the expected future cash flows for the period beyond the term of the PPA and also a suitable discount rate in order to calculate the present value of those cash flows.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets' carrying amount does not exceed the carrying amount that would have been determined,net of depreciation or amortisation if no impairment loss had been recognised.

i) *Financial liabilities*

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Interest-bearing liabilities are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of profit or loss over the period of the borrowings on an effective interest basis.

j) *Employee terminal benefits*

Obligations for contributions to a defined contribution retirement plan for Omani employees, in accordance with the Oman Social Insurance Scheme, are recognised as an expense in the statement of profit or loss as incurred. The Company's obligation in respect of terminal benefits of non-Omani employees, is the amount of future benefit that such employees have earned in return for their service in the current and prior periods.

k) *Provisions*

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

l) *Finance charges*

The cost of obtaining long-term financing is deferred and amortised over the period of the long term loan using the effective interest rate method. Deferred financing costs less accumulated amortisation are offset against the drawn amount of the term loans. The amortization of the deferred financing costs was capitalized during construction period of the plant except during the early power period during which an amount proportionate to that period was charged to the statement of profit or loss. Subsequent to the COD, the amortization of the deferred financing costs is charged to the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2020

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

m) Deferred financing cost

The cost of obtaining long-term financing is deferred and amortised over the period of the long term loan using the effective interest rate method. Deferred financing costs less accumulated amortisation are offset against the drawn amount of the term loans. The amortization of the deferred financing costs was capitalized during construction period of the plant except during the early power period during which an amount proportionate to that period was charged to the income statement. Subsequent to the COD, the amortization of the deferred financing costs is charged to the income statement.

n) Revenue

Revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard establishes a five step model to account for revenue arising from contracts with customers. The Company's contract with its sole customer contains a lease, which is scoped out of IFRS 15.

The 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. The investment charge of the power capacity component is treated as operating lease and recognised on a straight line basis over the lease term. The other components of tariff under the PPA are recognised as revenue. The fixed operation and maintenance charge is recognised over time as OPWP benefits from the service as the Company performs over the PPA term. The electrical energy and fuel charges components are linked to the actual energy delivered and will be recognised at a point in time for each KWh delivered. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

o) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of profit or loss except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised 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 credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is 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. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2020

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

p) Dividend

The Board of Directors takes into account appropriate parameters including the requirements of the Commercial Companies Law while recommending the dividend. The Company recognises a liability to pay a dividend when it is approved by Board of Directors upto the cap which is approve by the shareholders at the annual general meeting. A corresponding amount is recognised directly in equity.

q) Directors' sitting fees and remuneration

Directors' sitting fees and remuneration are approved by the shareholders in the ordinary annual general meeting of the Company and are recognised as an expense in the statement of profit or loss.

r) Earnings per share

The Company presents basic earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

s) Fair value

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on a number of accounting policies and methods. Where applicable, information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

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

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2020

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

s) Fair value (continued)

Determination of fair value

i) Derivative financial instruments

Fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using yield curves of the respective currencies.

The fair value of interest rate swaps is based on estimated future cash flows based on the terms and maturity of each contract and using market interest rates.

Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Company and counterparty when appropriate.

ii) Non derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

t) Current versus non-current classification

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

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

All other assets are classified as non-current.

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

The Company classifies all other liabilities as non-current.

4 DIRECT COSTS

	2020 RO'000	2020 USD'000	2019 RO'000	2019 USD'000
Fuel gas	**39,429**	**102,547**	36,196	94,138
Depreciation (note 8)	**8,154**	**21,205**	8,143	21,180
Operation and maintenance ("O&M") fees (note 18)	**7,118**	**18,514**	6,824	17,749
Insurance	**531**	**1,380**	475	1,236
Custom duties (note 18)	**434**	**1,129**	24	62
Grid connection fee	**17**	**45**	17	45
Fuel oil	**9**	**23**	44	115
Other O&M expenses	**250**	**651**	531	1,379
	55,942	**145,494**	52,254	135,904

5 GENERAL AND ADMINISTRATIVE EXPENSES

	2020 RO'000	2020 USD'000	2019 RO'000	2019 USD'000
Secondment fees (note 18)	**246**	**640**	231	601
Employment costs	**183**	**476**	181	472
Public company related costs	**105**	**272**	99	258
Agency fees	**52**	**136**	52	135
Directors' remuneration and sitting fees (note 18)	**47**	**121**	34	88
Corporate social responsibility	**35**	**91**	20	52
Office rent	**19**	**49**	20	53
Depreciation (note 8)	**11**	**29**	11	29
Other expenses	**120**	**313**	146	377
	818	**2,127**	794	2,065

6 FINANCE COSTS (NET)

	2020 RO'000	2020 USD'000	2019 RO'000	2019 USD'000
Interest on term loans	**5,064**	**13,171**	7,689	19,998
Amortisation of deferred finance costs	**967**	**2,515**	1,074	2,793
Swap interest	**2,426**	**6,310**	677	1,761
Debt Service Reserve Account ("DSRA") LC cost (note 18)	**188**	**488**	187	487
Interest on short term borrowing	**77**	**201**	88	228
Interest on lease liabilities [note 9(b)]	**78**	**203**	86	223
Exchange loss	**49**	**127**	47	122
Asset retirement obligation - unwinding of discount (note 13)	**22**	**57**	20	53
Interest income	**(6)**	**(16)**	(75)	(198)
	8,865	**23,056**	9,793	25,467

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2020

7 TAXATION

(a) Tax expense recognised in the income statement:

	2020 RO'000	2020 USD'000	2019 RO'000	2019 USD'000
Deferred tax expense relating to temporary differences	**1,842**	**4,791**	1,793	4,663

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

(b) Reconciliation
The following is a reconciliation of income tax on the accounting profit with the tax expenses at the applicable tax of 15% (2019:15%):

	2020 RO'000	2020 USD'000	2019 RO'000	2019 USD'000
Profit before tax	**12,680**	**32,978**	11,697	30,420
Income tax as per applicable tax rate	**1,902**	**4,947**	1,754	4,563
Change in recognised temporary difference	**(61)**	**(158)**	37	96
Not allowable expense	**1**	**2**	2	4
Deferred tax expense for the year	**1,842**	**4,791**	1,793	4,663

No deferred tax has been recognised on tax losses of RO 2.20 million (2019: RO 35.00 million) which are expected to expire in the years between 2021 - 2025 (2019: years between 2020 - 2024), as it is probable that future taxable profits will not be available against which the Company can use the benefits there from.

The Company's effective tax rate for the year ended 31 December 2020 was 14.53% (31 December 2019: 15.33%).

(c) Deferred tax liability

	At 1 Jan 2020 RO'000	Recognised during the year RO'000	At 31 Dec 2020 RO'000
Deferred tax (liability)/asset recognised in statement of profit and loss			
Depreciation for property, plant and equipment	(24,535)	**(1,085)**	**(25,620)**
Provision for right-of-use assets and lease liabilities	17	**4**	**21**
Provision for site restoration	43	**4**	**47**
Losses carried forward	3,121	**(764)**	**2,357**
	(21,354)	**(1,841)**	**(23,195)**
Deferred tax asset directly recognised in equity			
Fair value adjustment of interest rate and forex swap (note 15)	1,262	**453**	**1,715**
Net deferred tax liability	(20,092)	**(1,388)**	**(21,480)**

7 TAXATION *(Continued)*

(c) Deferred tax liability *(continued)*

	At 1 Jan 2020 USD'000	Recognised during the year USD'000	At 31 Dec 2020 USD'000
Deferred tax (liability)/asset recognised in income statement			
Depreciation for property, plant and equipment	(63,811)	**(2,823)**	**(66,634)**
Provision for right-of-use assets and lease liabilities	44	**10**	**54**
Provision for site restoration	112	**9**	**121**
Losses carried forward	8,115	**(1,987)**	**6,128**
	(55,540)	**(4,791)**	**(60,331)**
Deferred tax asset directly recognised in equity			
Fair value adjustment of interest rate and forex swap (note 15)	3,283	**1,178**	**4,461**
Net deferred tax liability	(52,257)	**(3,613)**	**(55,870)**

	As at 1 Jan 2019 RO'000	Recognised during the year RO'000	As at 31 Dec 2019 RO'000
Deferred tax (liability)/asset recognised in statement of profit and loss			
Depreciation for property, plant and equipment	(23,047)	(1,488)	(24,535)
Provision for right-of-use assets and lease liabilities	-	17	17
Provision for site restoration	40	3	43
Losses carried forward	3,446	(325)	3,121
	(19,561)	(1,793)	(21,354)
Deferred tax asset directly recognised in equity			
Fair value adjustment of interest rate and forex swap (note 15)	581	681	1,262
Net deferred tax liability	(18,980)	(1,112)	(20,092)

	As at 1 Jan 2019 USD'000	Recognised during the year USD'000	As at 31 Dec 2019 USD'000
Deferred tax (liability)/asset recognised in statement of profit and loss			
Depreciation for property, plant and equipment	(59,941)	(3,870)	(63,811)
Provision for right-of-use assets and lease liabilities	-	44	44
Provision for site restoration	104	8	112
Losses carried forward	8,960	(845)	8,115
	(50,877)	(4,663)	(55,540)
Deferred tax asset directly recognised in equity			
Fair value adjustment of interest rate and forex swap (note 15)	1,510	1,773	3,283
Net deferred tax liability	(49,367)	(2,890)	(52,257)

(d) Deferred tax asset has been recognised directly in equity in respect of the changes in fair values of interest rate swaps and forward rate contracts (note 15).

(e) Tax assessments including and up to the tax years 2016 has been completed by the Tax Authority. The tax returns for 2017 to 2019 have not yet been assessed by the SGT. The management is of the opinion that the final tax liability once assessed for the open tax years would not be material to the Company's financial position as at 31 December 2020.

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2020

8 PROPERTY, PLANT AND EQUIPMENT

	Property, plant and equipment RO'000	Technical spares RO'000	Other assets RO'000	Capital work-in-progress RO'000	Total RO'000
Cost					
1 January 2020	318,042	1,717	107	6	319,872
Additions during the year	42	12	13	9	76
Disposal / transfer during the year	6	(2)	(9)	(6)	(11)
31 December 2020	318,090	1,727	111	9	319,937
Depreciation					
1 January 2020	54,219	412	90	-	54,721
Charge for the year	7,936	72	11	-	8,019
Disposal / transfer during the year	-	(1)	(9)	-	(10)
31 December 2020	62,155	483	92	-	62,730
Carrying amount					
31 December 2020	**255,935**	**1,244**	**19**	**9**	**257,207**

	Property, plant and equipment RO'000	Technical spares RO'000	Other assets RO'000	Capital work-in-progress RO'000	Total RO'000
Cost					
1 January 2019	317,903	1,717	105	4	319,729
Additions during the year	135	-	4	6	145
Disposal / transfer during the year	4	-	(2)	(4)	(2)
31 December 2019	318,042	1,717	107	6	319,872
Depreciation					
1 January 2019	46,288	345	80	-	46,713
Charge for the year	7,931	67	11	-	8,009
Disposal / transfer during the year	-	-	(1)	-	(1)
31 December 2019	54,219	412	90	-	54,721
Carrying amount					
31 December 2019	263,823	1,305	17	6	265,151

	Property, plant and equipment USD'000	Technical spares USD'000	Other assets USD'000	Capital work-in-progress USD'000	Total USD'000
Cost					
1 January 2020	827,158	4,466	280	16	831,920
Additions during the year	108	31	33	23	195
Disposal/transfer during the year	16	(6)	(23)	(16)	(29)
31 December 2020	827,282	4,491	290	23	832,086
Depreciation					
1 January 2020	141,013	1,071	236	-	142,320
Charge for the year	20,638	187	29	-	20,854
Disposal during the year	-	(2)	(23)	-	(25)
31 December 2020	161,651	1,256	242	-	163,149
Carrying amount					
31 December 2020	**665,631**	**3,235**	**48**	**23**	**668,937**

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2020

8 PROPERTY, PLANT AND EQUIPMENT *(continued)*

	Property, plant and equipment USD'000	Technical spares USD'000	Other assets USD'000	Capital work-in-progress USD'000	Total USD'000
Cost					
At 1 January 2019	826,797	4,466	274	11	831,548
Additions during the year	350	-	10	16	376
Disposal during the year	11	-	(4)	(11)	(4)
31 December 2019	827,158	4,466	280	16	831,920
Depreciation					
1 January 2019	120,386	897	209	-	121,492
Charge for the year	20,627	174	29	-	20,830
Disposal during the year	-	-	(2)	-	(2)
31 December 2019	141,013	1,071	236	-	142,320
Carrying value					
31 December 2019	686,145	3,395	44	16	689,600

The term loan facilities are secured by comprehensive legal and commercial mortgages on all the assets of the Company (note 16).

9 a) RIGHT-OF-USE ASSETS

	Connection equipment RO'000	Site rent RO'000	Total RO'000
Cost			
1 January 2019	1,100	274	1,374
31 December 2019	1,100	274	1,374
1 January 2020	1,100	274	1,374
31 December 2020	1,100	274	1,374
Depreciation			
1 January 2019	-	-	-
Charge for the year	137	8	145
31 December 2019	137	8	145
1 January 2020	137	8	145
Charge for the year	138	8	146
31 December 2020	275	16	291
Carrying amount			
31 December 2020	**825**	**258**	**1,083**
31 December 2019	963	266	1,229

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2020

9 a) RIGHT-OF-USE ASSETS *(continued)*

	Connection equipment USD'000	Site rent USD'000	Total USD'000
Cost			
1 January 2019	2,861	713	3,574
31 December 2019	2,861	713	3,574
1 January 2020	2,861	713	3,574
31 December 2020	2,861	713	3,574
Depreciation			
1 January 2019	-	-	-
Charge for the year	358	21	379
31 December 2019	358	21	379
1 January 2020	358	21	379
Charge for the year	359	21	380
31 December 2020	717	42	759
Carrying amount			
31 December 2020	**2,144**	**671**	**2,815**
31 December 2019	2,503	692	3,195

The above right-of-use assets are not part of the assets which are secured against the comprehensive legal and commercial mortgages for the term loan facilities (note 16).

9 b) LEASE LIABILITIES

Lease liabilities included in the statement of financial position as:

	2020 RO'000	2020 USD'000	2019 RO'000	2019 USD'000
1 January	**1,339**	**3,484**	1,361	3,539
Interest on lease liabilities (note 6)	**78**	**203**	86	223
Payments	**(196)**	**(511)**	(108)	(278)
31 December	**1,221**	**3,176**	1,339	3,484

	2020 RO'000	2020 USD'000	2019 RO'000	2019 USD'000
Current Lease liabilities	**126**	**328**	118	308
Non-current lease liabilities	**1,095**	**2,848**	1,221	3,176
	1,221	**3,176**	1,339	3,484

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At 31 December 2020

9 b) LEASE LIABILITIES *(continued)*

	Contractual undiscounted cash flows	Present value of lease payments	Contractual undiscounted cash flows	Present value of lease payments
	2020	2020	2020	2020
	RO'000	RO'000	USD'000	USD'000
Amount payable under operating leases				
Within one year	196	126	511	328
In 2 to 5 years	786	596	2,045	1,549
More than 5 years	738	499	1,919	1,299
	1,720	1,221	4,475	3,176
Less: unpaid finance cost	(499)	-	(1,299)	-
Lease liabilities	1,221	1,221	3,176	3,176

The Company has leased land for plant premises. Land lease is generally based on the usufruct agreement between Ministry of Housing and the Company. The agreement starts on 15 August 2010 and having an expiry for the initial term of 25 years. The renewal of the agreement can be made for the further period of 25 years upon the written request of the Company. The Company's obligations under its leases secured by the lessor's title to the leased assets. The Company is restricted from assigning and subleasing the leased assets.

The following are the amounts recognised in statement of income:

	2020	2020	2019	2019
	RO'000	USD'000	RO'000	USD'000
Depreciation of rights-of-use assets [note 9(a)]	146	380	145	379
Interest on lease liabilities (note 6)	78	203	86	223
Total amount recognised in profit or loss	224	583	231	602

10 TRADE AND OTHER RECEIVABLES

	2020	2020	2019	2019
	RO'000	USD'000	RO'000	USD'000
Trade receivables	40,605	105,605	26,207	68,158
Prepayments	329	856	307	799
Other receivables	36	94	36	94
Accrued income	17	45	293	765
	40,987	106,600	26,843	69,816

Trade receivables includes an amount of USD 101.38 million (RO 38.98 million) relating to Fuel component, from January 2020 to December 2020, not received from OPWP. Pursuant to the Natural Gas Sales Agreement signed with Ministry of Energy and Minerals (MEM-erstwhile MoG), the Company is liable to pay to MEM only upon receiving the corresponding PPA payment relating to gas portion from OPWP. The Company has been successful in concluding fuel charge settlement agreements between the Company, OPWP and MEM consequent to which the Company's receivables and payables for 2019 have been set off with no unfair consequences to any stakeholders. Similar agreements as regards the gas charge invoices for the year 2020 is under finalization. The impairment provision that is based on the ''Expected Credit Loss'' model under IFRS 9, is considered to be not material.

NOTES TO THE FINANCIAL STATEMENTS

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11 SHORT TERM DEPOSIT

As per the Common Terms Ageement ("CTA"), the Company is required to maintain a Debt Service Provisioning Account ("DSPA") to ensure funds are available to service the loan instalments and interest on due date. At each repayment date at the end of October, the Company is required to put the scheduled amount towards the next six monthly payments. The amount in the DSPA cannot be utilized for any purpose other than servicing the loan instalments and interest and is as such restricted cash. The amount lying in the DSPA account has been placed into a short term deposit maturing on 27 April 2021.

12 CASH AND CASH EQUIVALENTS

	2020 RO'000	2020 USD'000	2019 RO'000	2019 USD'000
Cash in hand	**1**	**4**	1	3
Cash at bank	**266**	**691**	290	753
	267	**695**	291	756

Bank balances and deposit accounts are placed with reputed financial institutions with currencies denominated in Rial Omani, USD and Euros. The management believes that the ECL is immaterial to the financial statements as a whole.

13 ASSET RETIREMENT OBLIGATION

Under the Sub-Usufruct agreement, the Company has a legal obligation to remove the Plant at the end of its useful life and restore the land. The Company shall at its sole cost and expense dismantle, demobilise, safeguard and transport the assets, eliminate soil and ground water contamination, fill all excavation and return the surface to grade of the designated areas.

The fair value of Asset Retirement Obligation ("ARC") provision has been calculated using an expected present value technique. The technique reflects assumptions such as costs, plant useful life, inflation and discount rates that third parties would consider to assume for the settlement of the obligation.

The movement in ARO provision is as follows:

	2020 RO'000	2020 USD'000	2019 RO'000	2019 USD'000
At 1 January	**288**	**750**	268	697
Unwinding of discount during the year (note 6)	**22**	**57**	20	53
At 31 December	**310**	**807**	288	750

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2020

14 EQUITY

(a) Share Capital

The details of the shareholders are as follows:

	Nationality	No. of shares held of nominal value 100 Bzs. Each	% of total	Aggregate nominal value of shares held RO '000
31 December 2020				
Kahrabel FZE	UAE	**213,607,492**	**29.90%**	**21,361**
Middle East Investment LLC	Omani	**102,160,110**	**14.30%**	**10,216**
Civil Service Employees Pension Fund	Omani	**76,750,331**	**10.74%**	**7,675**
Sojitz Global Investment B.V.	Netherlands	**51,080,055**	**7.15%**	**5,108**
SEP International Netherlands B.V.	Netherlands	**51,080,055**	**7.15%**	**5,108**
Public Authority for Social Insurance	Omani	**46,558,814**	**6.52%**	**4,656**
Ministry of Defence Pension Fund	Omani	**45,218,671**	**6.33%**	**4,522**
Shareholders with less than 5% shareholding		**127,950,812**	**17.91%**	**12,795**
		714,406,340	**100.00%**	**71,441**
Nominal value in USD '000				**185,801**

	Nationality	No. of shares held of nominal value 100 Bzs. Each	% of total	Aggregate nominal value of shares held RO '000
31 December 2019				
Kahrabel FZE	UAE	213,607,492	29.90%	21,361
Middle East Investment LLC	Omani	102,160,110	14.30%	10,216
Civil Service Employees Pension Fund	Omani	76,534,074	10.71%	7,653
Sojitz Global Investment B.V.	Netherlands	51,080,055	7.15%	5,108
SEP International Netherlands B.V.	Netherlands	51,080,055	7.15%	5,108
Public Authority for Social Insurance	Omani	47,063,982	6.59%	4,706
Ministry of Defence Pension Fund	Omani	45,218,671	6.33%	4,522
Shareholders with less than 5% shareholding		127,661,901	17.87%	12,767
		714,406,340	100.00%	71,441
Nominal value in USD '000				185,801

The Company has authorised, issued and paid-up share capital of RO 71,440,634 consisting of 714,406,340 shares of RO 0.1 each (2019: RO 71,440,634 consisting of 714,406,340 shares of RO 0.1 each).

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

(b) Legal reserve

Article 132 of the Commercial Companies Law requires that 10% of Company's net profits, after deduction of taxes for establishing a legal reserve untill such legal reserve amounts to at least one- third of the Company's share capital.

During the year, the Company has transferred RO 1.08 million (USD 2.82 million) to legal reserve.

(c) Dividend

Pursuant to the shareholders resolution of 4 June 2020 and the Board of Directors meetings held on 14 May 2020 and 27 October 2020, the Board approved cash dividends of 2.50 Baizas and 4.00 Baizas per share, respectively from the retained earnings of the Company as at 31 December 2019, to the shareholders of the Company who are registered in the Company shareholders' register with Muscat Clearing and Depository Company SAOC. The cut off dates for entitlement to receive dividends were 9 June 2020 and 2 December 2020 respectively.

Unclaimed dividend relating to cut off date of 9 June 2020 amounting to of RO 5,003 has been deposited by Muscat Clearing & Depository Company SAOC with the Investors Trust Fund.

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At 31 December 2020

15 HEDGING RESERVE

Hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

At 31 December, derivative instruments assets (liabilities) were as follows:

	2020 RO'000	2020 USD'000	2019 RO'000	2019 USD'000
Interest rate swaps:				
Term loans (note 16)				
KtW IPEX - Bank GmbH	**(2,195)**	**(5,709)**	(1,375)	(3,577)
Standard Chartered Bank	**(4,241)**	**(11,031)**	(2,565)	(6,671)
Credit Agricole Corporate & Investment Bank	**(2,008)**	**(5,223)**	(1,197)	(3,113)
HSBC Bank	**(1,630)**	**(4,238)**	(1,009)	(2,623)
Total fair value of interest rate swaps	**(10,074)**	**(26,201)**	(6,146)	(15,984)
Deferred tax asset	**1,511**	**3,930**	922	2,398
Fair value of interest rate swaps (net of tax)	**(8,563)**	**(22,271)**	(5,224)	(13,586)
Currency swaps:				
Standard Chartered Bank	**(1,474)**	**(3,834)**	(2,217)	(5,767)
Credit Agricole Corporate & Investment Bank	**112**	**291**	(52)	(136)
Total fair value of currency swaps	**(1,362)**	**(3,543)**	(2,269)	(5,903)
Deferred tax asset	**204**	**531**	340	885
Fair value of currency swaps net of tax	**(1,158)**	**(3,012)**	(1,929)	(5,018)
Total fair value of derivative instruments	**(11,436)**	**(29,744)**	(8,415)	(21,887)
Less: Deferred tax asset [note 7(c)]	**1,715**	**4,461**	1,262	3,283
Total fair value of derivative instruments (net of tax)	**(9,721)**	**(25,283)**	(7,153)	(18,604)
Hedging reserve net of tax at the end of the year	**(9,721)**	**(25,283)**	(7,153)	(18,604)
Less: Hedging reserve net of tax at the beginning of the year	**(7,153)**	**(18,604)**	(3,290)	(8,556)
Effective portion of change in fair value of cash flow hedge for the year	**(2,568)**	**(6,679)**	(3,863)	(10,048)

(a) The long term facilities (referred in note 16) [total drawdown of USD 534.09 million (RO 205.36 million excluding Hermes Covered Fixed Facility of USD 120.00 million (RO 46.14 million)], the Company bear interest at US LIBOR plus applicable margins.

The Company has fixed the rate of interest through Interest Rate Swap Agreements ("IRS") entered into with HSBC Bank Middle East Limited, dated 6 October 2010, Standard Chartered Bank, dated 19 December 2011, KfW IPEX Bank GmbH, dated 6 October 2010 and Credit Agricole Corporate and Investment Bank dated 5 October 2010 respectively, for these facilities (excluding Hermes Covered Fixed Facility).

The facility hedged notional amounts stood at approximately USD 44.80 million (RO 17.23 million), USD 117.60 million (RO 45.22 million), USD 61.60 million (RO 23.69 million) and USD 56.00 million (RO 21.52 million) at fixed interest rates of 2.9613%, 2.935076%, 2.970094% and 2.938016% per annum respectively.

(b) The O&M Agreement includes an outflow of approximately Euro 58 million, payable in Euro.

The Company has entered into Forward Rate Agreements ("FRA") with Standard Chartered Bank and two FRA with Credit Agricole Corporate and Investment Bank on 12 October 2010, 4 August 2015 and 3 September 2019 respectively to hedge against fluctuations in Euro/USD exchange rate. As per the FRAs', the Company shall pay a fixed USD amount at an exchange rate of 1.4318, 1.1797 and 1.2155 respectively and receive contractual Euro amounts at each maturity date.

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2020

16a TERM LOANS

	2020 RO'000	2020 USD'000	2019 RO'000	2019 USD'000
Term loans	**135,640**	**352,770**	152,658	397,029
Less: current portion	**(17,085)**	**(44,434)**	(17,017)	(44,257)
Non-current portion	**118,555**	**308,336**	135,641	352,772
Less: Unamortised transaction cost	**(3,087)**	**(8,029)**	(4,054)	(10,544)
	115,468	**300,307**	131,587	342,228

On 16 September 2010, the Company entered into a CTA, for credit facilities with a consortium of international banks, export credit agencies and a local bank, with Credit Agricole Corporate & Investment Bank as the Global Facility Agent, Offshore Security Trustee, Offshore Account Bank, KEXIM Facility Agent and Commercial Facility Agent; with Bank Muscat SAOG as Onshore Security Agent and Onshore Account Bank; and with KfW IPEX Bank GmbH as the Hermes Facility Agent.

At 31 December, the outstanding amounts were as follows:

	2020 RO'000	2020 USD'000	2019 RO'000	2019 USD'000
Hermes Covered Variable Facility	**34,715**	**90,285**	40,720	105,905
Commercial Facility	**41,861**	**108,871**	42,654	110,934
KEXIM Direct Facility	**24,740**	**64,344**	29,021	75,476
Hermes Covered Fixed Facility	**21,363**	**55,560**	25,059	65,172
KEXIM Covered Facility	**12,961**	**33,710**	15,204	39,542
	135,640	**352,770**	152,658	397,029

Repayments

The aggregate amount of drawdown under the above facilities is repayable in half yearly instalments commencing from 31 October 2013, with the final instalment being due on 31 March 2027 except for Commercial Facility which has a final maturity date of 31 March 2028.

Reconciliation of movements of liabilities to cash flows arising from financing activities:

Particulars	2020 RO'000	2020 USD'000	2019 RO'000	2019 USD'000
Balance at 1 January	**152,658**	**397,029**	**168,626**	**438,560**
Repayments of borrowing	**(17,018)**	**(44,259)**	**(15,968)**	**(41,531)**
Balance at 31 December	**135,640**	**352,770**	**152,658**	**397,029**

Interest

(i) Interest on Hermes Covered Fixed Facility is charged at a fixed rate of 3.60% per annum, including margin.

(ii) Interest on the remaining facilities is charged at a floating rate of US LIBOR plus applicable margin. The Company has entered into interest rate swap contracts to fix its obligations against unfavorable US LIBOR rate changes.

During the year, the margins ranged between 1.70% and 2.80% per annum (2019: ranged between 1.70% and 2.80% per annum) depending on the type of facility and the interest payment period.

Other fees

Under the terms of the above facilities, the Company is required to pay agency and other fees.

Securities

The above facilities are secured by comprehensive legal and commercial mortgages on all the assets, of the Company.

Covenants

The term loan facilities contain certain covenants pertaining to, amongst other things, liquidation and merger, entering into material new agreements, negative pledge, disposal of asset, granting of loan and guarantee, acquisition of capital assets, debt service coverage ratio, change of business, loan and guarantee, hedging agreement, etc, which the Company is required to comply. The Company is in compliance with the covenants.

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At 31 December 2020

16b SHORT TERM BORROWING

Reconciliation of movements of liabilities to cash flows arising from financing activities:

Particulars	2020 RO'000	2020 USD'000	2019 RO'000	2019 USD'000
Balance at 1 January	**2,550**	**6,632**	1,000	2,601
Proceeds from borrowing	**40,125**	**104,356**	61,290	159,402
Repayments of borrowing	**(40,555)**	**(105,475)**	(59,740)	(155,371)
Balance at 31 December	**2,120**	**5,513**	2,550	6,632

The Company has availed short term borrowings for general working capital purposes at prevailing market rates from a commercial bank in Oman.

17 TRADE AND OTHER PAYABLES

	2020 RO'000	2020 USD'000	2019 RO'000	2019 USD'000
Fuel gas payable and accrual	**39,876**	**103,705**	25,242	65,648
Accrued finance cost	**1,217**	**3,162**	1,319	3,430
Due to related parties (note 18)	**546**	**1,422**	959	2,491
Other payables and accruals	**196**	**506**	247	642
	41,835	**108,795**	27,767	72,211

The Company has been successful in concluding fuel charge settlement agreements between the Company, OPWP and MEM consequent to which the Company's receivables and payables for 2019 have been set off for an amount of USD 64.50 million (RO 24.80 million). The balance amount after set-off for 2019 has been paid to MEM in January 2021. Fuel charge settlement relating to the period from January 2020 to December 2020 of USD 101.38 million (RO 38.98 million), on similiar basis, is under finalisation.

18 RELATED PARTY TRANSACTIONS

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

Prices and terms of these transactions, which are entered into in the normal course of business, are on mutually agreed terms and conditions.

The Company had the following transactions with related parties during the year are as follows:

	2020 RO'000	2020 USD'000	2019 RO'000	2019 USD'000
Shareholders:				
Middle East Investment LLC	**153**	**398**	123	320
Public Authority for Social Insurance	**19**	**49**	19	49
Group companies and other related parties:				
Suez-Tractebel Operation & Maintenance Oman LLC	**7,733**	**20,111**	7,411	19,278
Al Batinah Power Company SAOG	**257**	**668**	217	565
Kahrabel Operations & Maintenance (Oman) LLC	**137**	**358**	172	447
ENGIE SA	**86**	**224**	85	223
Directors'	**47**	**121**	34	88
International Power SA Dubai Branch	**35**	**91**	39	102
Sojitz Corporation	**21**	**54**	21	54
Shikoku Electric Power Co., Inc.	**21**	**54**	21	54
	8,509	**22,128**	8,142	21,180

18 RELATED PARTY TRANSACTIONS *(Continued)*

The nature of the above transactions recorded in the statement of profit or loss is as follows:

	2020 RO'000	2020 USD'000	2019 RO'000	2019 USD'000
Operation and maintenance ("O&M") fees (note 4)	**7,118**	**18,514**	6,824	17,749
Custom duties (note 4)	**434**	**1,129**	24	62
Sharing of costs	**257**	**668**	217	565
Secondment fees (note 5)	**246**	**640**	231	601
DSRA LC cost (note 6)	**188**	**488**	187	487
Other O&M expenses	**142**	**368**	379	986
Directors' remuneration and sitting fees (note 5)	**47**	**121**	34	88
Professional fees	**35**	**91**	39	102
Backcharge of expenses	**32**	**83**	29	76
Technical spares	**10**	**26**	-	-
Capital spares	**-**	**-**	178	464
	8,509	**22,128**	8,142	21,180

Balances due to related parties recorded at statement of financial position (note 17) comprises of:

	2020 RO'000	2020 USD'000	2019 RO'000	2019 USD'000
Shareholders:				
Middle East Investment LLC	**12**	**31**	12	31
Public Authority for Social Insurance	**1**	**3**	2	4
Group companies and other related parties:				
Suez-Tractebel Operation & Maintenance Oman LLC	**423**	**1,101**	882	2,295
Al Batinah Power Company SAOG	**39**	**101**	19	50
Kahrabel Operations & Maintenance (Oman) LLC	**36**	**95**	10	25
Directors'	**22**	**56**	15	40
ENGIE SA	**6**	**15**	7	17
Tractebel Engineering S.A.	**3**	**7**	2	6
International Power SA Dubai Branch	**2**	**5**	2	5
Shikoku Electric Power Co., Inc.	**1**	**4**	2	4
Sojitz Corporation	**1**	**4**	2	4
Laborelec Middle East	**-**	**-**	4	10
	546	**1,422**	959	2,491

At 31 December 2020, there was no amounts due from related parties. (2019: nil)

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At 31 December 2020

18 RELATED PARTY TRANSACTIONS *(Continued)*

Key Management benefits

Key management personnel are those having authority for planning, directing and controlling the activities of the Company,directly or indirectly, including any director(whether executive or otherwise).

Total compensation paid to the top five employees, including key management personnel for the year ended 31 December are as follows:

	2020 RO'000	2020 USD'000	2019 RO'000	2019 USD'000
Key Management benefits	**310**	**806**	301	783

19 FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

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

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

(a) Market risk

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

Interest rate risk:

The Company has borrowings which are interest bearing and exposed to changes in US LIBOR rates. The Company has entered into interest rate swaps to hedge its US LIBOR risk exposure on its total loan facilities, excluding Hermes Covered Fixed Facility.

The Company does not account for any fixed rate financial liabilities at fair value through profit or loss and the Company does not designate hedging instruments under a fair value hedge accounting model. Therefore a change in interest rate at the reporting date would not affect the statement of profit or loss.

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

	Interest rate %	2020 RO'000	2020 USD'000	2019 RO'000	2019 USD'000
Financial liabilities					
Term loans					
- USD variable rate loans	Libor + margins	**114,277**	**297,210**	127,599	331,857
- USD fixed rate loan	3.60%	**21,363**	**55,560**	25,059	65,172
		135,640	**352,770**	152,658	397,029

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19 FINANCIAL RISK MANAGEMENT *(Continued)*

(a) Market risk *(Continued)*

Cash flow sensitivity analysis for variable rate instruments

A 10% change in US LIBOR rates at the reporting date would have increased/(decreased) equity and statement of profit or loss and other comprehensive income by the amounts of USD 19,860 (RO 7,636) [2019: USD 153,263 (RO 58,930)]. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Currency risk :
The price under the O&M Agreement includes an expected amount of approximately Euro 58 million, payable in Euro. The Company has entered into FRAs' to hedge against fluctuations in Euro/USD exchange rate (note 15(b)). The Euro amounts hedged cover 75% of the expected outflows for the period from January 2021 to December 2021, 62% for the period from January 2022 to December 2024 and 35% for the period from January 2025 to March 2028. Apart from above, the management considers that the Company is not exposed to significant foreign exchange risk because most other transactions and balances are either in RO or USD and RO is effectively pegged to the USD.

Sensitivity analysis:
A strengthening (weakening) of the Euro by 10% against all other currencies at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and decreased / (increased) equity and the statement of profit or loss and other comprehensive income by the amounts of USD 354,317 (RO 136,235) [2019: USD 590,363 (RO 226,995)]. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and cash balances held with banks. OPWP is the Company's sole customer and the Company analyses its credit risk with OPWP by monitoring its credit rating.

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

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2020	**2020**	2019	2019
	RO'000	**USD'000**	RO'000	USD'000
Trade receivables (note 10)	**40,605**	**105,605**	26,207	68,158
Short term deposit (note 11)	**692**	**1,800**	1,233	3,206
Cash at bank (note 12)	**266**	**691**	290	753
Other receivables (note 10)	**36**	**94**	36	94
Accrued income (note 10)	**17**	**45**	293	765
	41,616	**108,235**	28,059	72,976

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2020

19 FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Credit risk *(Continued)*

At 31 December, the age analysis of trade receivables is as follows:

	2020 RO'000 Trade Receivable	2020 RO'000 Expected credit losses	2019 RO'000 Trade Receivable	2019 RO'000 Expected credit losses
Not past due	**4,044**	**-**	2,052	-
Past due 0 < 3 months	**11,159**	**-**	8,783	-
Past due > 3 months	**25,402**	**-**	15,372	-
	40,605	**-**	26,207	-
Nominal value in USD '000	**105,605**	**-**	68,158	-

	Rating	2020 RO'000	2020 USD'000	2019 RO'000	2019 USD'000
Bank balances:					
Bank Muscat SAOG	P-3	**28**	**71**	42	109
Credit Agricole Corporate & Investment Bank	P-1	**238**	**620**	248	644
		266	**691**	290	753
Short term deposit					
Credit Agricole Corporate & Investment Bank	P-1	**692**	**1,800**	1,233	3,206

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

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

The Company limits its liquidity risk by ensuring that a working capital facility is available, when required.

Liquidity requirements are monitored on a monthly basis and management ensures that sufficient liquid funds are available to meet any commitments as they arise.

19 FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Liquidity risk *(Continued)*

The following are the contractual maturities of financial liabilities, including interest payments:

31 December 2020	**Carrying amount RO'000**	**Contractual cash flow RO'000**	**Less than 1 year RO'000**	**Between 2 to 5 years RO'000**	**More than 5 years RO'000**
Derivatives					
Derivative instruments	11,436	12,039	-	11,259	780
Non-derivatives financial liabilities					
Term loan	132,553	153,010	21,021	92,371	39,618
Lease liabilities	1,221	1,720	196	786	738
Short term borrowing	2,120	2,134	2,134	-	-
Trade and other payables	41,835	41,835	41,835	-	-
	189,165	**210,738**	**65,186**	**104,416**	**41,136**

31 December 2020	**Carrying amount USD'000**	**Contractual cash flow USD'000**	**Less than 1 year USD'000**	**Between 2 to 5 years USD'000**	**More than 5 years USD'000**
Derivatives					
Derivative instruments	29,744	31,311	-	29,282	2,029
Non-derivatives financial liabilities					
Term loan	344,741	397,945	54,671	240,237	103,037
Lease liabilities	3,176	4,475	511	2,045	1,919
Short term borrowing	5,513	5,549	5,549	-	-
Trade and other payables	108,795	108,795	108,795	-	-
	491,969	**548,075**	**169,526**	**271,564**	**106,985**

31 December 2019	Carrying amount RO'000	Contractual cash flow RO'000	Less than 1 year RO'000	Between 2 to 5 years RO'000	More than 5 years RO'000
Derivatives					
Derivative instruments	8,415	8,932	-	7,682	1,250
Non-derivatives financial liabilities					
Term loan	148,604	184,819	24,169	94,509	66,141
Lease liabilities	1,339	1,917	196	786	935
Short term borrowing	2,550	2,550	2,550	-	-
Trade and other payables	27,767	27,767	27,767	-	-
	188,675	225,985	54,682	102,977	68,326

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2020

19 FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Liquidity risk *(Continued)*

31 December 2019	Carrying amount USD'000	Contractual cash flow USD'000	Less than 1 year USD'000	Between 2 to 5 years USD'000	More than 5 years USD'000
Derivatives					
Derivative instruments	21,887	23,231	-	19,979	3,252
Non-derivatives financial liabilities					
Term loan	386,485	480,672	62,859	245,796	172,017
Lease liabilities	3,484	4,987	511	2,045	2,431
Short term borrowing	6,632	6,632	6,632	-	-
Trade and other payables	72,211	72,211	72,211	-	-
	490,699	587,733	142,213	267,820	177,700

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amount.

Fair value hierarchy:

The management believes that the fair value of the financial assets and liabilities are not significantly different from their carrying amounts as shown in the financial statements at the reporting date.

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

Measurement of fair values

Type	**Valuation technique**	**Significant un-observable inputs**
Derivative instrument (level 2)	Market comparison technique: fair value is calculated by the respective financial institutions	Not applicable
Other financial liabilities (level 2)	Discounted cash flows	Not applicable

Embedded derivatives

The following agreements contain embedded derivatives:

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

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

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

19 FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Liquidity risk *(Continued)*

Capital management

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

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year ended 31 December 2020.

20 COMMITMENTS

a) Operation and maintenance commitments

As per the O&M Agreement, STOMO is scheduled to operate and maintains the plant until 31 March 2028. Under the O&M Agreement. the Company has to pay the following operating fees :

- a fixed monthly fee; and
- a variable fee

All fees are subject to indexation based on Omani, Euro material and labour & US Producer Price indices.

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

	2020 RO'000	2020 USD'000	2019 RO'000	2019 USD'000
Within one year	**5,901**	**15,348**	5,682	14,777
Between two and five years	**23,539**	**61,219**	22,211	57,767
After five years	**13,030**	**33,887**	17,737	46,130
	42,470	**110,454**	45,630	118,674

Euro/USD rate for converting Euro denominated O&M payments as at 31 December 2020 was 1.24 (31 December 2019: 1.14)

b) As at 31 December 2020, the Company has outstanding purchase orders for USD 1,791,456 (RO 688,815) [2019: USD 72,292 (RO 27,796)].

21 OPERATING LEASE AGREEMENT FOR WHICH THE COMPANY ACTS AS A LESSOR

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

The Management has determined that the take-or-pay arrangement with OPWP under the PPA is subject to IFRS - 16 Leases. The Management further determined that such an arrangement in substance represents an operating lease. The lease commenced on 3 April 2013. The following is the total of minimum lease receipts expected to be received under the PPA, excluding indexation:

	2020 RO'000	2020 USD'000	2019 RO'000	2019 USD'000
Within one year	**30,204**	**78,553**	30,242	78,652
Between two and five years	**120,852**	**314,309**	120,814	314,210
After five years	**63,872**	**166,117**	94,076	244,670
	214,928	**558,979**	245,132	637,532

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2020

22 NET ASSET PER SHARE - ADJUSTED

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

	2020 RO'000	2020 USD'000	2019 RO'000	2019 USD'000
Net assets - sharehloder funds	**101,479**	**263,926**	95,285	247,815
Weighted average number of shares outstanding during the year	**714,406**	**714,406**	714,406	714,406
Net assets per share (Baizas / cents) - adjusted	**142.05**	**369.43**	133.38	346.88

The management believes that the hedging deficit of USD 25.28 million (RO 9.72 million) [2019: USD 18.60 million (RO 7.15 million)] at the end of the reporting period represents the loss which the Company would incur, if it opts to terminate its swap agreements on this date. However, under the terms of its financing agreements, the Company is not permitted to terminate the swap agreements. Accordingly the hedging deficit has been excluded from the Shareholder Funds.

23 EARNINGS PER SHARE

Basic earnings per share 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.

	2020 RO'000	2020 USD'000	2019 RO'000	2019 USD'000
Net profit for the year	**10,838**	**28,187**	9,904	25,757
Weighted average number of shares outstanding during the year	**714,406**	**714,406**	714,406	714,406
Basic earnings per share (Baizas / cents)	**15.17**	**39.46**	13.86	36.05

24 IMPACT OF COVID-19 OUTBREAK

The World Health Organization declared on 11 March 2020, the Novel Coronavirus (COVID-19) as a global pandemic. This event has caused widespread disruptions to global businesses, with a consequential negative impact on economic activity, whilst the COVID-19 vaccines distribution have started across the world.

Costs incurred by the Company to mitigate the COVID 19 impact have been claimed from OPWP under the Change of Law protection agreed within the PPA. Consequently, no impact on the Company's profitability, liquidity or any impairment of its assets is expected. The Company is also impacted due to decrease in fair value of derivatives due to drop in US Libor forward curve, which is recorded fully in other comprehensive income. However, it is not possible to differentiate between impact due to COVID 19 and non COVID 19 impact.

The Company's management continues to deal with the risks posed by COVID19 in a proactive and responsible manner. The Plant operator invoked its Business Continuity Plan in March 2020 due to the spread of COVID-19 pandemic in the country. Initially, the essential operating staff worked in split groups to mitigate the risk of infection to all staff with a stay-in and necessary quarantine procedures. Eventually the confinement restrictions were eased out after a thorough review of the situation.

The Oman Supreme Committee guidelines have been strictly enforced to manage the pandemic situation. The Plant operated seamlessly and fully supported Oman's power grid. Currently, the operations are on a 12-hour shift, strictly following Oman's COVID-19 precautionary rules and Engie approved COVID 19 guidelines.