Annual Report 2024

nama

www.nama.om

His Majesty

Sultan Haitham bin Tarik Al Said

May Allah protect Him

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Our Mission

Leading and enabling the Group to provide safe, reliable and sustainable electricity and water services to support the development of the Sultanate of Oman.

Our Vision

Nama Group is a leading example of excellence in the field of electricity and water services in the region.

Our Values

Integrity - Professionalism - Respect

About Nama Group

Nama Group (NG) was established as a result of the restructuring of the electricity and water sectors in 2004, and commenced its commercial operations on 1 May 2005. NG's operations are spread across procurement, generation, transmission, distribution and supply of electricity and water services in the Sultanate of Oman.

Oman Investment Authority is the shareholder of Nama Holding, which is the holding company of Nama Group subsidiaries. Nama Group acts as the sole provider of electricity, water and wastewater services (procurement, generation, transmission, distribution and supply).

The Structure of Electricity, Water, and Wastewater Sectors

The electricity sector consists of three major organizations: the Ministry of Energy and Minerals, the Authority for Public Services Regulation (APSR), and Nama Group. The Ministry of Energy and Minerals is responsible for supervising the electricity policy, while the Authority for Public Services Regulation is in charge of regulating the electricity sector.

On the other hand, the water and wastewater sector consists of three major entities, represented by the Ministry of Agriculture, Fisheries and Water Resources, APSR and Nama Group. The Ministry is in charge of supervising and reviewing the water and wastewater policy. Similar to the electricity operations, APSR regulates the water and wastewater sector. The Group consists of the following companies:

Category	Company	Acquisition percentage
Holding Company	Nama Holding (NH)	N/A
Electricity Generation Companies	Wadi Al Jizzi Power Company (WJPC)	100%
	Manah Power Company (MPC)	100%
	Nama Electricity Generation Company (NEGC)	100%
Transmission Company	Oman Electricity Transmission Company (OETC)	51%
Electricity Distribution Company	Nama Electricity Distribution Company (NEDC)	100%
Electricity Supply Company	Nama Supply Company (NSC)	100%
Water and Wastewater Companies	Nama Water Services Company (NWS)	100%
	Nama Dhofar Services Company (NDS)	99%
Procurement of Power and Water Company	Nama Power and Water Procurement Company (NPWP)	100%
Training and Development Company	Numo Institute for Competency Development (NICD)	100%
Information Technology Company	Nama Shared Services Company (NSS)	100%

The Structure of Electricity, Water & Wastewater Sector

Oman Investment Authority

Ministry of Energy & Minerals

Ministry of Agriculture, Fisheries & Water Resources

Authority for Public Services Regulation

Nama Holding

ELECTRICITY SECTOR

WATER & WASTEWATER SECTOR

GENERATION & PRODUCTION

- Manah Power Co.
- Wadi Al Jizzi Power Co.
- Nama Electricity Generation
- Private Sector Generation Companies

DISTRIBUTION & SUPPLY

- Nama Electricity Distribution
- Nama Water Services
- Nama Supply
- Nama Dhofar Services

TRANSMISSION

- Oman Electricity Transmission Co.

PROCUREMENT

- Nama Power & Water Procurement

About Nama Holding

Nama Holding is a joint-stock company, registered in the Sultanate of Oman. The company commenced its commercial operations on 16 September 2003 and holds the shares of the Government in subsidiary companies. Nama Holding is responsible for implementing the Government's policy on financing state-owned companies in the electricity and related water sector, supporting and implementing government privatization policies for the electricity, water and wastewater sector, as well as drawing NG' strategy which focuses on developing its business and supervising all the key strategic projects implemented by the subsidiaries.

Adopting Decentralization Approach

In 2024, Nama Group undertook a transformative strategic shift by adopting a decentralized approach, representing a significant milestone in the evolution of its operational model. This shift not only redistributed authority across the Group, but also empowered subsidiaries with agility and responsiveness to market dynamics. By fostering a culture of innovation, autonomy, and accountability, each company within the Group has been granted the flexibility to tailor its strategies while remaining aligned with Nama Group's vision and objectives. This decentralization has further strengthened integration across the Group's subsidiaries, achieving added value that supports sustainable growth and enhances competitiveness in the utility sector.

Future Outlook

Nama Group continues to make significant strides in its strategic journey by collaborating with development institutions to elevate the utility sector in the Sultanate of Oman, aligning with the national priorities of Oman Vision 2040. The Group is committed to establishing a sustainable development model by implementing thoughtful initiatives and projects in alignment with the government directives. These efforts contribute to enhancing the efficiency of service delivery across the country, supporting the overall growth of the sector.

Driven by its commitment to innovation and sustainability, Nama Group has adopted an ambitious strategy that focuses on integrating advanced technologies and innovative solutions to optimize operational performance. Keeping pace with the evolving global changes in the energy and utility landscape, the Group invests in renewable energy sources such as solar and wind, thereby reinforcing its role in promoting sustainability and supporting Oman's economic diversification goals. Additionally, Nama Group is developing an integrated digital ecosystem that aims to reduce costs, improve operational efficiency, and enhance the customer experience. This digital transformation is a cornerstone of its strategy to elevate the quality of services and ensure long-term value creation.

To further strengthen its competitiveness at both local and regional levels, Nama Group places significant emphasis on building strategic partnerships with specialized entities. These collaborations enable the transfer of advanced technologies and the exchange of expertise, driving corporate performance and operational excellence. Placing human capital at the core of its strategy, the Group continually invests in national talent through comprehensive training and development programs designed to equip its workforce with the skills required to navigate the sector's rapid changes. This approach nurtures a culture of innovation and supports a dynamic work environment that promotes creativity and excellence.

The Group is dedicated to maintaining the highest standards of transparency and efficient management to achieve its strategic objectives. This institutional approach aims to build trust among investors and partners. With this strategic direction, Nama Group is playing a leading role in shaping the future of the utility sector in Oman and establishing a solid foundation for sustainable growth that contributes to socio-economic development.

Since its inception, Nama Group has achieved outstanding milestones that have significantly contributed to the development of Oman's economic infrastructure and the utility sector. The Group continuously evaluates the performance of its subsidiaries, ensures the impact and effectiveness of projects, and adopts proactive measures to maintain peak operational efficiency. Alongside these efforts, it prioritizes customer satisfaction, promotes occupational health and safety, and conserves environmental resources, reiterating its position as a key strategic partner in driving sustainable development.

BOARD MEMBERS

Ahmed Al Subhi
Chairman

Saif Al Mahrouqi
Deputy Chairman

Sulaiman Al Riyami
Member

Omar Al Mahrizi
Member

Mohammed Al Barashdi
Member

Aisha Al Kharusi
Member

Sheikh Al Dhiya Al Hinai
Member

LEADERSHIP TEAM

Ahmed Al Mahrizi
Group Chief Executive Officer

Waleed Al Abri
Group Chief Internal Auditor

Ahmed Tufail Al Rahman
Chief Financial Officer*

Ibrahim Al Suleimany
Chief Business Support

*Till September 2024

CHAIRMAN REPORT

Dear Stakeholders,

I am pleased to present Nama Group's Annual Report for the fiscal year ending December 31, 2024. This year has been marked by significant achievements and challenges. With a focused strategy and a dedicated team, we effectively identified obstacles and achieved remarkable results, showcasing our strong commitment to innovation and sustainable development.

Our success is driven by strong collaboration with our partners and shareholders and our unwavering commitment to creating lasting value for society. We remain optimistic and firm in our mission to serve future generations. With this vision, we continue to strengthen our leadership position and drive transformation in the utility sector in the Sultanate of Oman by leveraging innovative solutions that embrace change and turn challenges into opportunities for growth.

The year 2024 witnessed a pivotal transformation for Nama Group with the adoption of a decentralization approach in April. This shift empowered our subsidiaries with greater autonomy, significantly enhancing operational efficiency and agility. As a result, we have become more responsive to the evolving market dynamics, enabling us to deliver greater value to our stakeholders and customers alike.

As we lead this transformation, our focus remains on achieving operational excellence and long-term sustainable success across all facets of our business, ensuring that Nama Group continues to catalyze progress in the Sultanate of Oman.

Nama Group delivered an exceptional financial performance in 2024, backed by strong financial management and strategic decision-making. A key highlight of the year was the successful issuance of two international sukuk, which reinforced our financial strength and commitment to national development. In February, Nama Electricity Distribution Company (NEDC) issued a USD 500 million sukuk, followed by a second tranche of USD 750 million sukuk in October. These issuances not only solidify our financial position but also secure essential funding for development projects that align with Oman Vision 2040, emphasizing our role in driving economic growth.

Operationally, Nama Group achieved exceptional performance, achieving a 100% Electricity Network Reliability rate, a testament to our unwavering dedication to delivering uninterrupted, high-quality electricity services. This milestone reflects the effectiveness of our investments in advanced infrastructure and the integration of innovative technologies that enhance operational efficiency, flexibility, and resilience.

Nama Group is keen to embrace advanced digital transformation strategies to enhance customer experience and increase operational efficiency. By continuously developing innovative digital platforms such as the Nama Services portal and smart applications, we provide seamless payment solutions, efficient consumption management tools, and enhanced communication channels. In line with our commitment to modernizing infrastructure, Nama Group has successfully deployed over one million smart meters across Oman as of December 2024. This initiative significantly contributes to meeting our customers' needs effectively.

Additionally, Nama Supply introduced new digital services, including the prepaid meter service (Sabiq) and the Fixed Payment Service (Thabit), empowering customers with greater control over their electricity consumption. These technological advancements have not only enhanced service quality but also reduced operational costs, enabling the Group to respond swiftly to evolving customer demands and further strengthen trust between the company and the community.

At the national infrastructure level, Oman Electricity Transmission Company (OETC), a subsidiary of Nama Group, made significant strides in implementing the second phase of the strategic Rabt Project. With a total investment of OMR 257 million, this project strengthens the resilience and efficiency of Oman's electricity network, ensuring reliable electricity delivery to meet the growing demand.

Beyond operational advancements, Nama Group remains steadfast in its commitment to social investment. In 2024, the Group allocated OMR 500,000 to support community-driven projects tailored to the unique mandates of its subsidiaries. These initiatives focused on empowering local communities, preserving environmental resources, and supporting national economic development.

Looking ahead, we are determined to pursue sustainable growth by leveraging cutting-edge digital technologies and forming long-term strategic partnerships. We reaffirm our commitment to Oman's renewable energy goals, supporting the national target of deriving 30% of total electricity production from renewable sources by 2030. This is a key step towards a sustainable and resilient future, ensuring that Nama Group continues to drive innovation and contribute to the nation's long-term prosperity.

Financial and Operational Performance

In 2024, the electricity sector recorded an impressive annual growth of 3.3%, expanding its customers base to 1,497,720 customers. Electricity sales also surged by 8.9%, reaching 42,156 GWh compared to the previous year. Similarly, the water and wastewater sector grew by 2.9%, with total customer reaching 1,121,205.

Despite economic challenges, Nama Group achieved outstanding financial results. The gross operating revenue rose by 15%, increasing from OMR 1.7 billion in 2023 to OMR 2 billion in 2024. More notably, the Group achieved a net profit after tax of OMR 133.7 million, marking a remarkable turnaround from OMR 1,989 million net loss after tax in 2023. The previous losses were primarily due to the non-implementation of the Price Control Regulation for 2022 and 2023, as stated by the Authority for Public Services Regulation.

Nama Group continues to set industry benchmarks for resilience and strategic growth, demonstrating exceptional adaptability in a dynamic economic landscape while maintaining its focus on excellence and sustainable financial performance.

To meet the growing demand for electricity, water, and wastewater services while maintaining its commitment to enhancing service quality and operational efficiency, Nama Group invested OMR 495.5 million in strategic projects. This investment aims to strengthen infrastructure, increase efficiency, and better serve the community's needs.

The Group's total assets saw a modest yet steady increase, rising from OMR 7.67 billion in 2023 to OMR 7.98 billion in 2024, reflecting a 4% growth.

In 2024, Nama Group achieved another significant milestone in financing, with the successful issuance of a $500 million Tranch-1 Sukuk in February and a $750 million Tranch-2 Sukuk in October. These issuances reaffirm Nama Group's strong position in global financial markets, demonstrating its commitment to financial excellence and innovation.

Additionally, Nama Group has made significant strides by developing and launching a comprehensive sustainable finance framework that emphasizes environmental, social, and corporate governance (ESG) principles. This framework includes Nama Water Services (NWS), Nama Dhofar Services (NDS), and Oman Electricity Transmission Company (OETC). This step further demonstrates the Group's strong commitment to adopting and implementing highest global sustainability standards.

As part of its ongoing efforts to enhance financial management, the Group successfully resolved the long-standing value-added tax (VAT) issue that had been pending since 2021. In collaboration with the Tax Authority and the Ministry of Finance, Nama Group secured the recovery of OMR 100 million in lost revenue for the sector. This achievement highlights the Group's financial resilience and proactive approach to overcoming challenges while enhancing its financial resources.

These accomplishments reflect Nama Group's unwavering commitment to creating sustainable value, contributing to the national economic growth, and upholding the highest standards of operational excellence, financial sustainability, and long-term value for all stakeholders.

Applying Technology for Customer Services

Nama Group is dedicated to elevating customer experience through deploying the latest cutting-edge digital solutions and service optimization. In 2024, the Group achieved a major milestone by installing over one million smart meters across Oman, significantly enhancing service efficiency and accessibility. This success was driven by the innovative 'Transfer Smart' campaign, managed by Nama Electricity Distribution Company, in collaboration with small and medium-sized enterprises (SMEs).

Nama Supply also emerged as a leader in digital innovation, enhancing its service delivery through technology-driven initiatives. The company issued 13,841,537 electronic bills in 2024, raising the electronic billing rate to 98.16%. These advancements significantly improved billing efficiency and service responsiveness. The company further introduced new customer-centric innovations like the fixed payment plan (Thabit), enabling users to pay a consistent amount based on their average electricity consumption for better financial planning. Additionally, the smart prepaid meter service (Sabiq) was launched that allows customers to prepay for electricity and conveniently recharge via the Nama Services Portal.

In the water sector, Nama Water Services made remarkable progress in implementing Automated Meter Reading (AMR), enhancing reading accuracy and service quality. The adoption of smart meters surged to 91.5% of the total water customer base in 2024 compared to 45% in the previous year, achieving a significant leap in the digital transformation journey. This initiative aligns with Nama Group's commitment to fostering innovation and integrating digitized solutions to drive operational excellence and improve customer experience.

Similarly, Nama Dhofar Services achieved 78% smart meter coverage in Dhofar Governorate, improving electricity consumption data accuracy and reading efficiency to 97.5%.

As part of its digital evolution, Nama Group continues enhancing electricity and water service providers' platforms, including smart applications and the Nama Services Portal. These efforts are designed to deliver a seamless customer experience, contributing to an impressive average satisfaction rate of approximately 96.7% across the electricity, water, and wastewater sectors.

Through these pioneering initiatives, Nama Group reaffirms its commitment to excellence in digital transformation, operational efficiency, and customer satisfaction. By aligning its goals with Oman Vision 2040, the Group remains dedicated to advancing the digital transformation journey and promoting innovation within the utility sector in Oman.

North-South Interconnection Project (Rabt Project)

Managed by Oman Electricity Transmission Company (OETC), the Rabt project is one of the most significant strategic initiatives in the Sultanate's energy sector. This transformative project aims to link Oman's primary power systems - the Main Interconnected System (MIS) in the north and the Main Interconnected System (MIS) in the south - via Al Wusta Governorate.

Following the successful completion of phase one last year, with an investment of approximately OMR 183 million, the company is advancing into the second phase with a total investment of OMR 257 million. This phase focuses on reinforcing Oman's electricity infrastructure and integrating renewable energy sources, particularly solar and wind energy into the national transmission network. This phase covers 590 km and involves the construction of 400 kV Overhead Transmission Lines (OHL) to connect the main transmission network with the Dhofar electricity network.

As part of this phase, new transmission lines will link the 400/132 kV Duqm Industrial Power Station to the 400/132 kV Dhofar Power Station in Salalah. Additionally, a new transmission station in Shaleem will regulate power and voltage, meeting the needs of Nama Dhofar Services while supporting future power stations in the region. The project will also extend 400 kV transmission lines to two major wind power stations in Ras Madrakah (300 MW) and Harweel (200 MW), while also connecting the 400/132 kV Thumrait Power Station into the network.

Expected to be completed by 2027, the Rabt project will significantly enhance the efficiency and reliability of Oman's energy infrastructure and accelerate the transition to clean energy. This project aligns with the Sultanate's goal to achieve net-zero emissions by 2050. It will contribute to reduce of over 196,000 tons of carbon emissions each year by decommissioning four diesel-powered stations. Additionally, it will save more than 72 million liters of diesel annually.

Renewable Energy Projects

Ibri II Solar IPP

The Ibri II Solar IPP, operational since August 2021, with an investment of approximately RO 150 million, boasts a 500 MW production capacity, leading to a reduction in natural gas consumption. At peak production, it powers nearly 50,000 homes and reduces carbon emissions by 340,000 tons annually. Developed in partnership with the private sector, the project spans over 13 million square meters, utilizing approximately 1.5 million dual-faced solar panels and over 7,000 kilometers of cables. Notably, at least 15% of the project cost was reinvested in Omani contractors and services.

Manah I & Manah II Solar IPPs

Located 170 kilometers from Muscat city, in Ad Dhakiliyah governorate, the landmark Manah I and Manah II solar IPPs have a combined production capacity of 1,000 MW. The mega solar parks are built to generate enough electricity to power over 120,000 Omani households.

The two plants will reduce carbon emissions by 1.4 million tons annually, marking a key step toward reaching net-zero targets by 2050. Spanning over a total area of 14.5 million square meters, Manah I & II utilizes over 2 million bi-facial photovoltaic solar panels, ensuring sunlight is captured on both sides of the panels to maximize yield. The two stations are expected to be operational by Q1 2025.

Wind Resource Assessment Campaign

Further to the completion of phase I of Wind Resource Assessment, monitoring stations at Duqm and Jalaan Bani Bu Ali sites have been successfully commissioned, along with phase II in Ras Madraka and Sadah sites. Accordingly, the process of qualifying developers for the proposed wind energy projects in Duqm, Jalaan Bani Bu Ali, Dhofar II, Sadah and Mahoot has been completed. Two tenders were floated for the Duqm and Jalan Bani Bu Ali projects, highlighting the strong commitment to enhancing the renewable energy sector and expanding sustainable investments in the Sultanate of Oman.

Water Projects

Barka V IWP

Barka V IWP is one of Nama Power and Water Procurement Company's key projects addressing the water demand in the Sultanate of Oman. Spanning an area of 38,000 square meters, the project boasts a production capacity of 100,000 cubic meters per day. The project represents a pivotal step in Nama Power and Water Procurement's efforts to enhance the water sector with modern technologies, contributing to the sustainability of water resources through using reverse osmosis technology for seawater desalination. The plant commenced its commercial operations in June 2024, at an estimated investment of approximately OMR 52 million. The local added value of this project exceeded 55%, with 160 Omani companies, including 25 small and medium-sized enterprises (SMEs), actively contributing to the project's development. This underscores the project's strong commitment to fostering local economic growth.

Ghubrah III IWP

Nama Power and Water Procurement has signed the Water Purchase Agreement for Ghubrah III IWP, with an investment of OMR 125 million. As the largest desalination plant in Oman, it boasts a production capacity of 300,000 cubic meters per day of desalinated water, accounting for approximately 20% of the contracted capacity in the main water network. The plant integrates cutting-edge reverse osmosis technology, optimizing electricity consumption efficiency and boosting desalinated water production to meet the growing demand driven by current and future population growth. Spanning over 70,000 square meters, it includes a potable water tank with a capacity of 45,000 cubic meters per day. The plant is expected to commence operation in Q1 2027 and will represent a significant step towards enhancing water security in the Sultanate of Oman.

Social Investment Plan

Nama Group is dedicated to social responsibility and has implemented several initiatives as part of its social investment plan for 2024. These efforts align with our comprehensive strategy and support the national objectives of Oman Vision 2040. Our Social Investment Plan focuses on empowering local communities, raising public awareness, and supporting the government in enhancing renewable energy initiatives and environmental conservation.

In 2024, Nama Holding allocated OMR 500,000 toward strategic sponsorships and community-driven initiatives, reinforcing its role in advancing sustainability and national progress.

As part of its ongoing commitment to social investment in 2024, Nama Group has dedicated a significant portion of its budget to support and implement national projects across its subsidiaries. The most notable project under consideration is the Green Road Project, which seeks to promote environmental sustainability in the Dhofar Governorate. In addition to this, the Group is implementing a comprehensive awareness program designed to promote electricity conservation. This program includes various initiatives, such as the Green Schools initiative, participation in the Oman Science Festival, and the Nama Ambassadors program, all focused on fostering a culture of energy conservation.

Furthermore, Nama Group has allocated funding to sponsor significant social events and activities. One of the key highlights of this initiative is the sponsorship of Expo 2025 in Japan, a global economic event aimed at fostering cross-cultural cooperation and unity among nations. The investment for this sponsorship amounted to OMR 75,000. In line with its commitment to enhancing public well-being and healthcare services in Oman, the Group has also supported Khoula Hospital by funding the procurement of medical equipment and surgical instruments for the hospital's secondary intensive care unit.

Nama Group's leadership in sustainability was further recognized at Oman Sustainability Week 2024, a prestigious national event dedicated to promoting sustainability initiatives and fostering strategic partnerships across various sectors. At the event, the Group received the Platinum Award in the Large Enterprises category. This prestigious accolade reflects the Group's ongoing dedication to creating lasting social impact and fostering strategic partnerships that benefit both individuals and communities, while advancing sustainable development efforts.

Through these initiatives, Nama Group reaffirms its position as a key driver in Oman's socio-economic progress, ensuring a future where sustainability, community well-being, and innovation go hand in hand.

Acknowledgment

On behalf of the Board of Directors, I am honored to extend my deepest gratitude and appreciation to His Majesty Sultan Haitham bin Tarik Al Said—may Allah protect Him—for his wise leadership and visionary guidance, which continue to inspire us toward remarkable achievements. At Nama Group, we remain committed to supporting the national priorities outlined in Oman Vision 2040, while upholding the principles of governance and excellence advocated by the Oman Investment Authority.

I would also like to express my sincere appreciation to the Authority of Public Services Regulation for its vital role in enabling the success of Nama Group's strategic projects, which significantly contribute to national development.

Furthermore, I extend my heartfelt gratitude to the CEO of Nama Group, the CEOs of its subsidiaries, the management team, and all employees for their unwavering dedication and outstanding contributions. Their commitment and professionalism are crucial to sustainable growth and ongoing success.

Together, we look forward to shaping a prosperous future, reinforcing Nama Group's position as a key leader in excellence and innovation, and contributing to the progress of our beloved nation.

Eng. Ahmed Hamed Al Subhi

Chairman

CEO Report

As Nama Group continues to play a vital role in strengthening the national economy and enhancing operational efficiency in the utility sector, I am pleased to present our 2024 Annual Report. This report highlights the milestones of a transformative year, characterized by significant achievements, advancements in the sector, and strategic progress. Our steadfast commitment to financial sustainability, innovation, and operational excellence has been fundamental in achieving our corporate objectives, creating greater value for our shareholders and customers, and reinforcing Nama Group's position as a leading example of excellence in the field of electricity and water services in the region.

In 2024, the Group delivered exceptional financial performance, underscoring our strategies' resilience and our operations' strength despite dynamic economic challenges. Through prudent resource management and forward-looking planning, we enhanced operational efficiency, resulting in a notable increase in gross operating revenues from OMR 1.7 billion in 2023 to OMR 2 billion in 2024.

Our adoption of a decentralized operational model further demonstrated its effectiveness in boosting agility and accelerating decision-making. By empowering operational teams with greater autonomy, we were able to better respond to local market needs, improve performance outcomes, and enhance our responsiveness across all levels of the organization.

In 2024, digitization played a central role in our transformation journey, driving significant improvements in both customer experience and operational efficiency. Notably, 75% of electronic payments were processed through digital channels, underscoring the success of our digital transformation strategy and the growing trust of customers in our services. We commend Nama Electricity Distribution Company for its efforts in advancing the National Smart Meter Project. By the end of the year, the company had successfully installed 75% of smart meters, marking a significant milestone in our pursuit of smarter and more efficient utility services. Nama Water Services has also made significant progress in installing smart meter, reaching 91.5% of the total water customer base.

In line with our mission to promote national economic development, Nama Group intensified its efforts to enhance In-Country Value (ICV) through a series of strategic initiatives in 2024. These initiatives focused on empowering local suppliers and supporting Small and Medium-sized Enterprises (SMEs). As a result, total spending on projects awarded to SMEs significantly increased from OMR 35 million in 2023 to OMR 61 million in 2024. The number of SMEs awarded projects increased from 740 to 822 during the same period. Consequently, Nama Group's ICV Index reached 37.3% in 2024, indicating the Group's efforts in enhancing local content. These achievements highlight the success of our ICV strategy and reaffirm our commitment to being a reliable partner in achieving the national objectives of Oman Vision 2040.

In terms of human resource development, Nama Group remains dedicated to enhancing national competencies, achieving an Omanization rate of 98.56% by 2024 and attaining full Omanization in key positions across several subsidiaries. Furthermore, 19 employees joined the National Leadership Development Program "Etimad," reflecting our commitment to preparing a generation capable of leading the utility sector in the Sultanate of Oman.

As part of its commitment to environmental sustainability, the Group continued to support the national efforts to achieve net-zero emissions by implementing renewable energy projects and integrating clean energy sources into the national grid. These initiatives are part of an environmental roadmap aimed at modernizing infrastructure and adopting clean energy technologies to achieve net-zero emissions by 2050 and enhance energy security for future generations.

Nama Group has prioritized social investment by developing a comprehensive policy and plan for 2024. This includes the implementation of 10 initiatives designed to create a positive impact on society, as well as sponsoring various social activities and events.

As we look ahead to 2025, we remain committed to advancing our journey with confidence and determination, guided by ambitious strategies that adapt to market changes and fulfill the needs of our customers. We will maintain a strong focus on sustainability and social investment, which will remain a cornerstone to creating a long-term positive impact, not only within the electricity, water, and wastewater sectors but also throughout society and the national economy.

I would like to express my sincere thanks to the Board of Directors, the Executive Management team, our dedicated employees, and our valued partners. The progress we have achieved is a testament to your steadfast commitment and hard work. Together, we will continue to pursue innovation and excellence, delivering groundbreaking services that contribute to national development and fulfill the aspirations of all stakeholders.

Ahmed Al Mahrizi

Group Chief Executive Officer

Ernst & Young LLC
P.O. Box 1750, Ruwi 112
5th Floor, Landmark Building
Opposite Al Ameen Mosque
Bowsher, Muscat
Sultanate of Oman
Tax Card No. 8218320

Tel: +968 22 504 559
Fax: +968 22 060 810
muscat@om.ey.com
ey.com

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

Shape the future with confidence

AGREED-UPON PROCEDURES REPORT ON FACTUAL FINDINGS TO THE SHAREHOLDERS OF ELECTRICITY HOLDING COMPANY SAOC IN RESPECT OF CORPORATE GOVERNANCE REPORT

Scope and purpose

We have performed the procedures agreed with you pursuant to the Oman Investment Authority (OIA), the shareholder of the Company, issued the Public Disclosure Policy for OIA entities (the "Policy") dated 4 April 2024 which aims to provide a systematic, transparent and accountable method for presenting and disclosing financial and non-financial information by OIA entities to OIA and the public. The Policy, among other things, requires the Company to prepare a Corporate Governance Report (the "**Report**") in accordance with Annexure No. 1 to the Policy.

Restricted use

This agreed-upon procedures report ("AUP Report") is intended 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 2024 and does not extend to any financial statements of Electricity Holding Company SAOC, taken as a whole.

Responsibilities of the Board of Directors

The Board of Directors have acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement and are responsible for identifying and ensuring that the contents of the Report comply with the Code on which the agreed-upon procedures are performed. The sufficiency of these procedures is solely the responsibility of the Company and its Board of Directors.

Responsibilities of the Practitioner

We have conducted the agreed-upon procedures engagement in accordance with the International Standard on Related Services (ISRS) 4400 (Revised), *Agreed-Upon Procedures Engagements*. An agreed-upon procedures engagement involves our performing the procedures that have been agreed with the Company, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness, or the sufficiency of the agreed-upon procedures described below either for the purpose for which this AUP Report has been requested or for any other purpose.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported.

Our independence and quality control

In performing the Agreed-Upon Procedures engagement, we complied with the ethical requirements in the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA) and the independence requirements in accordance with the relevant independence requirements. We are the independent auditor of the Company and therefore we also complied with the independence requirements of the IESBA Code that apply in the context of the financial statement audit. EY applies International Standard on Quality Management 1, which requires us to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Shape the future
with confidence

AGREED-UPON PROCEDURES REPORT ON FACTUAL FINDINGS TO THE SHAREHOLDERS OF ELECTRICITY HOLDING COMPANY SAOC IN RESPECT OF CORPORATE GOVERNANCE REPORT (continued)

Description of procedures performed

We have performed the procedures described below, which were agreed upon with you on the compliance of the Report with the Code for the year ended 31 December 2024.

Our procedures and findings included:

No.	Procedures	Findings
(a)	We have obtained the Policy from the Company.	No exceptions noted.
(b)	We have obtained the Corporate Governance Report (the "Report") from the Company Secretary issued by the Board of Directors and checked that the Report of the Company includes as a minimum, all items as detailed in Annexure No.1 'The Corporate Governance Report' to the Policy.	No exceptions noted.
(c)	We have obtained the details regarding areas of non-compliance with Annexure No. 1 'The Corporate Governance Report' to the Policy, identified by the Board of Directors of the Company for the year ended 31 December 2024, sourced from the Company Secretary or relevant personnel, along with supporting documentation.	No instances of non-compliance were noted.

Ernst & Young

31 July 2025
Muscat

ارنست 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

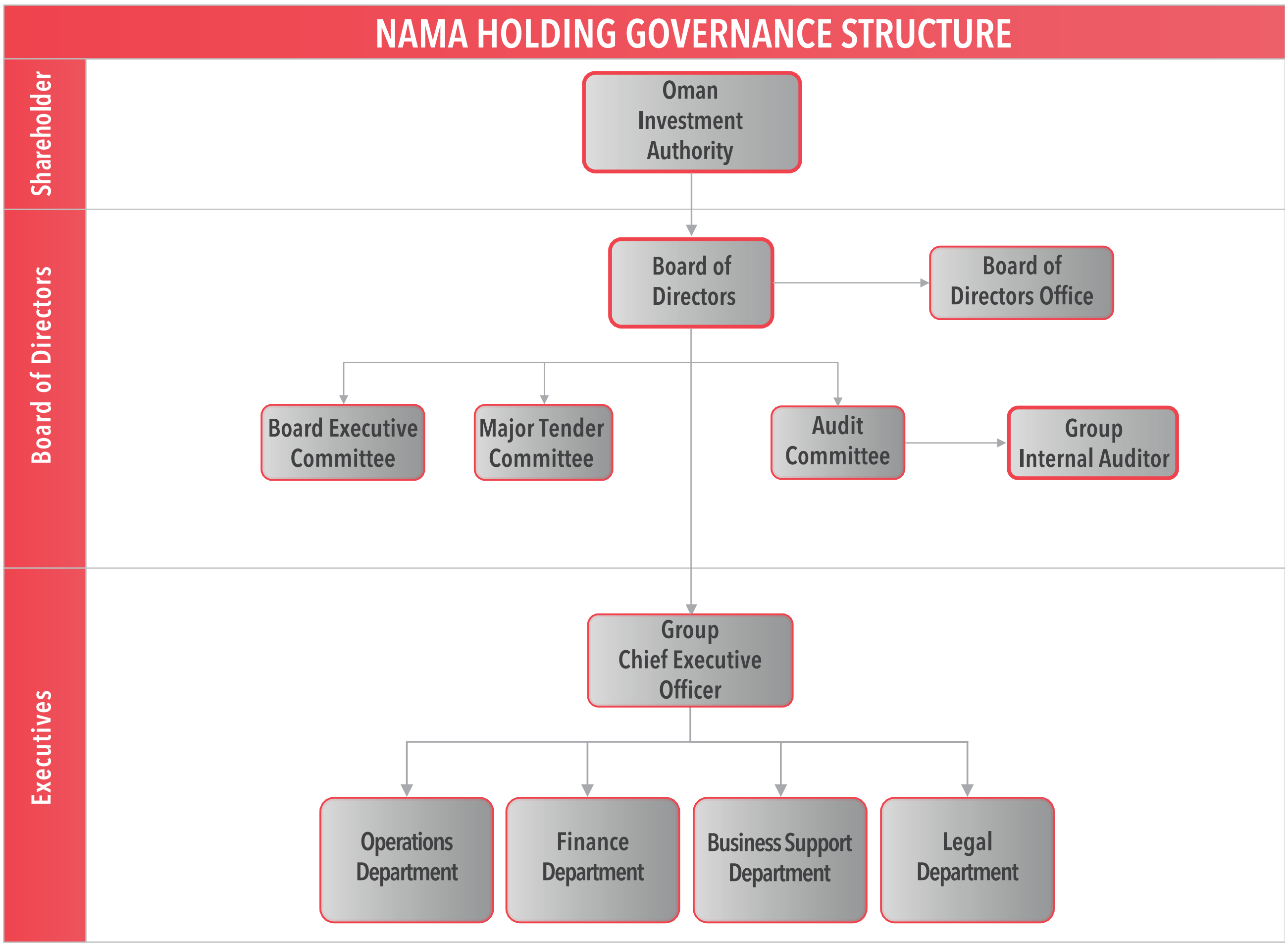
CORPORTAE GOVERNANCE PHILOSOPHY

Electricity Holding Company SAOC (NH) Philosophy on Corporate Governance

The Board of Directors of NH, abiding by the laws of the Sultanate of Oman, the Commercial Companies Law, the Sector Law, and Nama Group Board Manual and Oman Investment Authority (OIA) Code of Governance, recognizes the necessity for clarity in the roles, responsibilities and accountability of NH in relation to its subsidiaries and Affiliates.

Our corporate governance reflects our value system, encompassing our culture, policies, and relationships with our stakeholders

NH's Board consists of four independent non-executive directors and three non-independent non-executive directors. The Board has also constituted Audit and Risk Committee (ARC) and Board Executive Committee (BEC).



Role of the Board of Directors and its Committees

• Role of the NH Board

The NH Board is responsible for the operations of NH as a company and the Subsidiaries (100% or majority owned) as a supervisor. The day-to-day operations of NH are conducted by its management, led by its CEO, with oversight of the NH Board.

• Sub Committees of the Board

The Board is responsible for the establishment and functioning of all Sub Committees, and the appointment of members to these committees and their compensation. The Board has delegated responsibilities to two Board sub-committees namely Audit & Risk Committee and Board Executive Committee.

• Audit & Risk Committee (ARC)

The Audit & Risk Committee ensures that adequate processes are in place to maintain compliance with regulatory requirements; enhance the effectiveness of internal and external auditors through coordination; protect them from the management's undue influence, and provide the Board with subject matter expertise on governance and risk-related matters.

The Audit & Risk Committee has the following objectives:

1. Monitor the integrity and accuracy of the Company's financial statements and any formal notes on the Company's financial performance and review significant financial reporting estimates contained therein;
2. Review the Company's internal financial controls, internal performance controls, and risk management systems;
3. Monitor and review the effectiveness of the Company's internal audit function;
4. Monitor and guarantee the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant Financial Services Authority regulations, the Commercial Companies Law, the Sector Law, and any other relevant laws; and
5. Adopt policies on the engagement of external auditors to supply non-audit services, taking into account the relevant ethical rules on the provision of non-audit services by the external audit firm.

• Board Executive Committee (BEC)

The BEC is an NH Board-level committee that considers matters related to the nomination of candidates to the boards and higher managements of both NH and its subsidiaries, as well as HR policies and other significant HR matters that require the attention of the Board of Directors.

BEC's objectives include the following:

1. To assist the NH and NG subsidiary Boards in carrying out their oversight responsibilities, ensuring the independence and integrity of the Directors and the adequacy of the salary and remuneration strategy at NH and subsidiaries;
2. To support subsidiary Boards in identifying appropriate candidates for board membership and to fill Director's vacancies, as and when they arise; and
3. To assist NH and subsidiary Boards in identifying appropriate candidates for managerial positions at NH and NG's subsidiaries.

Major Tender Committee (IMJTC)

Within the scope of its financial powers, the (MJTC) shall be responsible for the following:

- To ensure that all tenders are processed in accordance with the principles of openness, transparency, equal opportunity, equity and free competition.
- To establish, nominate members and approve the terms of reference of the Procurement Committee (PC).
- To ensure that all tenders and Variation Orders are executed based on fair, ethical and transparent grounds.
- To select the best Bid within the scope of its authorities.
- To ensure full compliance with the set of procedures in the whole cycle of the tendering process.

- To ensure that any additional regulations or procedures relating to the tenders are streamlined with these guidelines as follows:
- Review and approve the tender strategy, technical and commercial evaluation criteria.
- Review and approve the proposed list of Bidders who will be invited to submit their respective proposals for the limited tenders.
- Review and approve the evaluation reports and award of tenders including the clarifications received from the Bidders.
- Review and approve the Variation Orders.
- Review and approve the recommendations of the Concerned Department.
- Authorize approaching the Bidders to provide additional clarifications in connection with their Bids and to re-submit their Bids (as required) and the Concerned Department shall re-evaluate Bids.
- Direct for re-tendering when the results of the original tendering process are not satisfactory.
- Review and submit its meetings' reports, in addition to a brief quarterly report about its activities along with the Minor Tender Committee (MITC) and Procurement Committee (PC) activities to the Board of Directors (BOD).
- Submit quarterly reports about the Variation Orders it issues to the Board of Directors (BOD) with elaborate information, justifications, a summary of facts and detailed figures.
- Perform any other responsibilities as defined in the Procurement and Tendering Policy for Oman Investment Authority (OIA) Entities and procurement Guideline for Nama Group (NG) Entities or assigned by the Board of Directors.

Board of Directors Composition

Being a closed joint stock company, NH is subject to the provisions of the Commercial Companies Law No. 4/1974 (18/2019) as amended and NH's Articles of Association. In this context, NH's Board is composed as follows:

Name of Board Member	Position in the Board	Type of Representation	Membership of other Committees	Membership of Board Members	Last attended AGM meeting
Ahmed Hamed Al Subhi	Chairman	Non-Executive, Independent,	1	2	24 April 2024
Saif Hamed Al Mahrouqi	Deputy Chairman	Non-independent, Non-executive	1	1	24 April 2024
Omar Mahmood Al Mahrizi	Member	Non-Executive, Independent	2	-	–
Al Dhiya Ali Al Hinai	Member	Non-independent, Non-executive	1	1	–
Aisha Abdullah Al Kharusi	Member	Non-independent, Non-executive	2	-	–
Sulaiman Said Al Riyami	Member	Non-Executive, Independent,	1	2	–
Mohammed Ahmed Al Barashdi	Member	Non-Executive, Independent,	2	-	–

Nomination and Election of Directors

Directors are nominated and elected in compliance with the applicable Sector Law, the Commercial Companies Law, Nama Group Board Manual and OIA Code of Governance and its Implementing Regulations.

NH is led by a strong and experienced Board. The directors bring diversity in expertise and perspective to lead a complex and highly-regulated electricity sector.

Remuneration Matters

The remuneration and appointment allowances for the Board of Directors in 2024 were allocated in accordance with the Commercial Companies Law, as well as the company's Articles of Association and relevant policies.

Attendance of Directors at Board and Committee Meeting in 2024

Board Members

Member Names		Ahmed Hamed Al Subhi	Saif Hamed Al Mahrouqi	Omar Mahmoud Al Mahrizi	Aisha Abdullah Al Kharusi	Mohammed Ahmed Al Barashdi	AL Dhiya Ali Al Hinai	Sulaiman Said Al Riyami
BOD Meetings	**Dates**	**Chairman**	**Deputy Chairman**	**Member**	**Member**	**Member**	**Member**	**Member**
1 BOD Meeting	6-3-2024	✓	✓	✓	✓	✓	✓	✓
2 BOD Meeting	26-3-2024	✓	✓	✓	✓	✓	✓	✓
3 BOD Meeting	18-4-2024	✓	✓	✓	–	✓	✓	✓
4 BOD Meeting	1-5-2024	✓	✓	✓	✓	✓	✓	✓
5 BOD Meeting	3-6-2024	✓	✓	✓	✓	✓	✓	✓
6 BOD Meeting	11-8-2024	✓	✓	✓	✓	✓	✓	✓
7 BOD Meeting	18-8-2024	✓	✓	–	–	✓	✓	✓
8 BOD Meeting	23-10-2024	✓	✓	✓	✓	✓	✓	✓
9 BOD Meeting	18-12-2024	✓	✓	–	✓	✓	✓	–
Total Number of BOD Attended		**9**	**9**	**7**	**7**	**9**	**9**	**8**
Sitting Fees (OMR)		**5,400**	**4,500**	**4,800**	**3,600**	**4,500**	**4,500**	**5,100**

Audit & Risk Committee (ARC)

AEC Meetings	**Dates**			**Chairman**		**Member**		**Member**
1st ARC Meeting	3-3-2024			✓		✓		–
2nd ARC Meeting	31-3-2024			✓		✓		✓
3rd ARC Meeting	18-4-2024			✓		✓		✓
4th ARC Meeting	2-6-2024			✓		✓		–
5th ARC Meeting	15-8-2024			–		✓		✓
6th ARC Meeting	28-11-2024			✓		✓		✓
Total Number of ARC Attended				**5**		**6**		**4**
Sitting Fees (OMR)				**1,200**		**1,500**		**900**

Board Executive Committee (BEC)

BEC Meetings	Dates	Chairman	Member	Member
1 BEC Meeting	14-1-2024	✓	✓	✓
2 BEC Meeting	11-2-2024	✓	✓	✓
3 BEC Meeting	24-3-2024	✓	✓	✓
4 BEC Meeting	17-4-2024	✓	✓	✓
5 BEC Meeting	14-8-2024	✓	✓	✓
6 BEC Meeting	21-10-2024	-	✓	✓
7 BEC Meeting	16-12-2024	✓	✓	✓
Total Number of BEC Attended		**6**	**7**	**7**
Sitting Fees (OMR)		**1,500**	**1,500**	**1,500**

Major Tender Committee (MJTC)

MJTC Meetings	Dates	Chairman	Member
1st MJTC Meeting	21-2-2024	✓	✓
2nd MJTC Meeting	14-5-2024	✓	✓
3rd MJTC Meeting	15-7-2024	✓	✓
4th MJTC Meeting	26-8-2024	✓	-
5th MJTC Meeting	15-6-2024	-	✓
Total Number of MJTC Attended		**4**	**4**
Sitting Fees (OMR)		**600**	**900**

Annual General Meeting (AGM)

Annual General Meeting (AGM) refers to the general meeting of the Company which is held annually. Article No. 172 of the Commercial Companies Law mandates Nama Holding to hold an AGM within 90 days from the end of each financial year. In 2024, Nama Holding held the Ordinary General Meeting on 24 April 2024.

Communications with Shareholders and Investors

Pursuant to Royal Decree No. 78/2004, the Company shall maintain close ties with the Oman Investment Authority (OIA), in its capacity as the owner. All the information related to the company's news and financial results are available on the company's website. The Annual General Meeting offers a further opportunity for the directors to meet with shareholders. The Annual Report includes the management discussions and analysis report.

Distribution of Shares

Being wholly-owned by the Government of the Sultanate of Oman, represented by OIA, NH directly reports to the shareholder through OIA.

Statutory Auditors

EY is a global leader in assurance, tax, strategy & transactions, and consulting 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. For over 100 years, we have grown to over 8,500 people united across 26 offices and 15 countries, sharing the same values and an unwavering commitment to quality. EY MENA forms part of EY's EMEIA practice. Globally, EY operates in more than 150 countries and employs 400,000 professionals in 700 offices. Please visit ey.com for more information about EY.

The fees of the Statutory Auditor for the year 2024 amounted to OMR 14,268

Code of Ethics And Business Conduct

Code of Ethic and Business Conduct Policy was amended to be in line with OIA Communication Policy.

The Code of Ethics and Business Conduct (CEBC) applies to NG companies' Boards of Directors and employees, as well as all consultants, contractors, suppliers and persons representing NG in their commercial operations. The revision stipulates that OIA Entities shall cover the internal and external communications and the social media protocols.

Principles and ethics have always been an integral part of Nama Group and a static foundation to achieve our vision and goals. All Nama Group achievements reflect a direct indication of our commitment to apply them. Based on the principle of sustaining ethical conduct, the Code of Conduct Policy has been developed electronically to facilitate employees' access and review of the Policy easily and encourage them to continue complying and implementing the Policy.

Whistle Blowing

To ensure performance of duties under the best corporate governance practices, a Whistle Blowing Policy was developed in line with the Sector's Policy Statement on Fraud Deterrence and pursuant to the OIA Code of Corporate Governance. The main purposes of this Policy are to:

- Support the mission and values of Nama Group;
- Ensure that Target Users are aware of their right to report any Misconduct;
- Explain the process for reporting misconduct clearly and the procedure undertaken to investigate such alleged misconduct to target users.
- Provide a transparent, safe and confidential space within the organization for reporting such Misconduct.

Details of Non-compliance with the Provisions of Corporate Governance and Penalties

The company adheres to all applicable regulatory requirements ensuring full compliance with relevant authorities. As a result, no penalties and strictures have been imposed on the organization by any regulatory body during the law Company complies with the provisions of the Code of Corporate Governance outlined in Oman Investment Authority (OIA) Public Disclosure Policy.

Nama Group Strategy

Positioning itself as a leading example of excellence in the utility sector in the region, Nama Group develops comprehensive strategies that align with the national priorities of Oman Vision 2040 and contribute significantly to the economic growth of the Sultanate of Oman.

The Group's strategy is built on five core pillars: Health, Safety, and Environment (HSE), Service Reliability, Customer Experience, Financial Sustainability, and Diversification and Growth. These pillars are supported by four cross-cutting enablers: Competent People, Digital Transformation, Robust Governance, and Operational Efficiency. This strategic framework ensures alignment with the national priorities and strategic directions of Oman Investment Authority.

These strategic foundations provide a clear framework that guides the direction of Nama Group companies, empowering them to develop integrated business plans that are tailored to their specific operations. Additionally, subsidiaries are encouraged to innovate and create strategies that reflect their visions while remaining responsive to stakeholder expectations.

Recognizing the essential role of governance in enhancing corporate performance, Nama Group is dedicated to maintaining the highest standards of transparency, accountability, and ethical conduct. Through the collective efforts of its Board of Directors, executive management, and subsidiaries, the Group actively promotes a culture of trust, innovation, and sustainable growth.

Nama Group prioritizes Health, Safety, and Environment (HSE) measurements by implementing high standards to protect its customers, employees, and contractors. This commitment ensures the delivery of safe, reliable, and sustainable electricity services while preserving environmental resources. As a result of these efforts, the Group has seen a significant improvement in safety performance, including a reduction in accidents and injuries, as well as enhanced asset protection. Continuous HSE training programs are provided for employees and contractors to raise awareness, strengthen the safety culture, and improve network reliability and operational continuity.

In 2024, Nama Group achieved an Omanization rate of 98.56%, with 98.08% of senior management positions held by Omanis, out of a total of 65 executives. The Group is dedicated to further increase the number of national employees, particularly in technical roles within its contractors.

To further support the national economy, the Group enhanced its collaboration with local businesses by awarding 3,107 contracts to Small and Medium-sized Enterprises (SMEs), with a total value of OMR 64 million. This initiative comes in line with Nama Group's ICV strategy, which focuses on ringfencing, empowering local talent, and contributing to national economic growth.

As part of its efforts to modernize and expand the electricity grid in the Sultanate of Oman, Nama Group achieved a 100% reliability rate in 2024. The Group is also progressing on the second phase of the strategic "Rabt" project, which aims to integrate the northern and southern electricity networks in Oman. This integration supports the national transition to renewable energy by facilitating investment in various energy sources, contributing to environmental preservation and long-term sustainability of natural resources.

Nama Group's strategy focuses on integrating digital innovation into all aspects of its core operations. The company has adopted the latest technologies to enhance customer experiences and improve service efficiency. This includes installation of smart meters, advanced meter reading systems, and E-solutions for payment and billing operations. Additionally, the Group has introduced new digital services, such as the 'Sabiq' service and the Fixed Payment service 'Thabit', which enable users to manage their electricity consumption more efficiently. These initiatives reflect the Group's commitment to digital transformation, enhancing operational efficiency and providing a seamless customer experience.

Furthermore, Nama Group's strategy extends beyond operational activities to include social responsibility. It is actively implementing meaningful initiatives as part of its Social Investment Plan 2024. Some of these key projects include: The Green Schools Project, Daymah AI Program, and Green Road. The Group also sponsors various programs, such as Expo Japan 2025, and funds the purchase of medical equipment and surgical instruments for the secondary intensive care unit at Khoula Hospital. These efforts showcase the Group's dedication to create a positive impact on society.

Sustainability, innovation, and social responsibility have always been at the core of Nama Group's values. These principles enable the company to achieve its vision of being a leading example of excellence in the utility sector in the region while enhancing its role as a key catalyst for building a greener and more sustainable future for the Sultanate of Oman.

Health, Safety and Environment

During the year 2024, the dismantling and demolition of old power plants, along with their related activities, have increased the risks and exposure to incidents that challenge HSE strategy of Nama Electricity Generation Company (NEGC). These activities are among the most dangerous ones undertaken on shutdown plants, and therefore require a rigorous health and safety management approach. In response to this, employees were urged to exercise heightened vigilance regarding safety and to promptly report any unsafe working conditions or associated risks.

Employees and contractors diligently reported 373 potential incidents (PI), covering unsafe conditions or near misses. The thorough analysis of these reports facilitated the early identification of latent hazards and the prompt implementation of corrective measures to prevent recurrence and minimize the risk of subsequent harm. Since January 2024, NEGC has been steadfastly dedicated to fostering a robust and sustainable Health, Safety, and Environment (HSE) culture among employees and contractors. This unwavering commitment has led to a remarkable milestone of zero accidents throughout the entire year of 2024.

NEGC has completed 365 consecutive days without any fatalities or lost time injuries (LTI). Moreover, the company recorded a total of 3,230,624.5 safe man-hours during the same period, indicating its strong commitment to HSE policies and procedures. This achievement highlights the dedication of all levels of the organization towards HSE and continued improvement in all related areas.

The company actively monitored and measured the implementation of operational controls and compliance with health, safety, and environmental (HSE) rules and regulations to ensure that safety requirements were met. This process also tracked progress toward achieving HSE objectives and targets. The monitoring and measurement approach included both proactive and reactive measures.

Human Resources

NEGC highly values its employees, recognizing their unique skills and contributions to the company's success. As of December 2024, NEGC had a workforce of 45 Omanis who were directly employed. The company has been committed to increasing the percentage of Omani cadres and has successfully achieved 98% of Omanisation rate.

Recognizing the significance of ongoing skill development, NEGC places a strong emphasis on providing training programs for employees. As part of HR development plans, the company provided scholarships for selected personnel and a diverse range of learning opportunities. In 2024, NEGC offered courses in various fields, ensuring that the majority of its employees gained valuable technical and business skills.

Health, Safety and Environment

Nama Dhofar Services (NDS) continues its leadership in adhering to Health, Safety, and Environmental (HSE) practices, achieving impressive milestones that highlight its strong commitment to the utility sector. In 2024, the company implemented a strategic approach backed by clear policies and procedures, resulting in sustainable and exceptional outcomes.

NDS operates an HSE Management System aligned with relevant laws, regulations, and international standards, including ISO 45001:2018 and ISO 14001:2015. This system outlines the processes that employees and contractors follow to meet the HSE objectives, effectively manage risks, and uphold the safety and environmental commitments.

NDS consistently identifies, analyzes, monitors, and reviews factors that affect the company's ability to meet client and stakeholder expectations, as well as those that could impact the stability and integrity of its processes and management system.Through the successful implementation of the management system, NDS achieved zero fatalities in 2024 and zero Lost Time Injuries (LTI) since September 2018. This reflects the company’s dedication to operational safety and service excellence.

The company has surpassed 25 million safe man-hours, demonstrating its unwavering dedication to workplace safety and operational excellence.

Customer Service

Nama Dhofar Services consistently excels in customer service while improving the operational efficiency and capabilities of local professionals. The company is also dedicated to enhancing In-Country Value (ICV) and is committed to utilizing the latest technologies to meet the evolving needs of customers in the electricity, water, and wastewater sectors.

In 2024, the company provided 2,676 prepaid electricity meters, contributing to a total of 11,359 meters distributed in Dhofar Governorate. The distribution of smart meters (AMR) to electricity customers also witnessed a notable increase, reaching 78% in 2024. The statistics for 2024 indicate that over 78% of the company's customers in Dhofar Governorate have either prepaid or smart meters.

NDS is focused on improving meter reading efficiency, which reached 97.4% in 2024. Additionally, the company has been handling customer requests, inquiries, and complaints with professionalism, achieving a resolution rate of 98.5% for complaints within three days or less in 2024.

Nama Dhofar Services has achieved these milestones due to its ambitious vision to provide high-quality services in the electricity, water, and wastewater sectors.

Human Resources

Human Resources Department consistently plays a pivotal role in aligning the workforce with the organization's strategic goals throughout the year. As of December 2024, the company recruited 600 full-time employees, and the Omanisation rate stands at 97%, reflecting the company’s commitment to increasing local talents and contributing to national employment goals.

NDS made great strides in enhancing the diversity of the team, with the aim to foster a more inclusive and innovative work environment. The HR team has worked diligently to recruit, retain, and develop skilled professionals to drive the company’s success in the future.

In line with its growth strategy, the company prioritized human resources development and continuous learning. Throughout the year, employees have received approximately 40,000 training hours, focusing on improving technical and soft skills for organizational success. Additionally, the company welcomed 14 new hires across various departments, enriching the team with fresh perspectives and expertise. Nama Dhofar Services remains committed to equipping its cadres with the necessary resources and opportunities for professional growth, ensuring a sustainable and high-performing organization.

Health, Safety and Environment

Nama Water Services (NWS) believes that health, safety, and environmental protection are essential principles of its work culture and corporate responsibility, rather than just operational requirements. Committed to this philosophy, the company continuously develops safety standards while enhancing employee and customer awareness of best practices in these areas.

This commitment led to the company obtaining ISO 45001 certification for its Occupational Health and Safety Management System and ISO 14001 certification for its Environmental Management System. Additionally, the company conducted related internal and external audits to ensure maintaining these certifications and implementing the best HSE practices in the workplace.

In 2024, the company achieved an impressive operational milestone, reaching 32,811,986 working hours and covering a distance of 55,997,750 kilometers. It also performed 1,032 HSE inspections, alongside 54 evacuation and emergency drills, demonstrating the company's preparedness and commitment to prevention and safety in all situations.

These accomplishments reinforce Nama Water Services' strong commitment to ensuring a safe and sustainable work environment, aligned with its goals for corporate excellence and environmental responsibility.

Customer Service

In 2024, Nama Water Services continued to provide an exceptional experience for customers through technical innovation and ongoing service improvements.

Significant progress has been made in expanding the distribution of Automated Meter Reading (AMR) smart meters, covering 91.5% of the total water customer base. Additionally, approximately 15,870 prepaid accounts were activated during the year. The total number of new customers increased by 6.5%, bringing the overall customer base to 763,993 in 2024. Furthermore, the Days Sales Outstanding (DSO) improved by 11.7%, decreasing from 163 days to 144 days.

As a result of these efforts, the company achieved a compliance rate of 94% in 2024.

Human Resources

In 2024, the People & Culture (P&C) unit at Nama Water Services maintained its commitment to creating a positive and dynamic work environment. Significant advancements were made in workforce optimization, leadership development, employee engagement, and technology enhancement. These strategic initiatives were essential in strengthening organizational culture, improving the employee experience, and promoting talent retention and operational efficiency.

Throughout the year, Nama Water Services strengthened its workforce by hiring 18 employees, achieving a high Omanization rate of 99.60%, reaffirming its commitment to national workforce development.

The company has embraced modern digital methods to improve operational efficiency. One significant achievement was the successful implementation of the HR ticketing system. This system streamlined the management of employee inquiries, allowing for quicker responses while ensuring transparency and tracking for each request until it was resolved. Additionally, the company integrated employee data into its electronic human resources management system (HRMS). This enhanced data accuracy and accessibility, which in turn improved the efficiency of human resources management and the quality of decision-making.

In terms of learning and development, the company achieved significant milestones, including the implementation of 504 training programs designed to enhance employees' technical skills. A total of 3,094 employees participated in specialized training programs focused on health, safety, and environment. To promote self-learning and continuous development, 2,036 employees actively engaged in e-learning programs through the ‘Rawafed’ platform, achieving an adoption rate of 71.75%. Additionally, 81 employees attended international conferences and events, providing them with opportunities to share knowledge and strengthen professional collaborations.

Recognizing the importance of investing in national cadres, the company offered training opportunities for 410 students, aiding in the development of young national talent and equipping the sector with promising skills. The company also enhanced its partnerships with Petroleum Development Oman and the Saudi Water Academy to provide practical learning experiences that contribute to the development of trainees' skills.

Health, Safety and Environment

Nama Electricity Distribution Company (NEDC) remains committed to prioritizing HSE across all operations, ensuring the safety of employees, contractors, and the public. In 2024, NEDC recorded 16.93 million safe man-hours without Lost Time Injury (LTI).

The company implemented an HSE Assurance Program, conducting 945 site inspections and reviewing 66 major projects and 94 extension projects. Safety initiatives, including 'Goal Zero', 'Test Prove Test', and 'Life-Saving Rules', contributed to zero fatalities with more than 94% success rate. Additionally, road safety measures were enhanced with the In-Vehicle Monitoring System (IVMS) to track driver behavior, reducing accidents and fuel consumption.

NEDC remains committed to enhancing public safety through comprehensive awareness initiatives. In 2024, the company conducted the electrical safety campaign, featuring exhibitions, workshops, and awareness sessions across 41 Wilayats in Oman, reaching 66 educational institutions and nearly 20,000 students. Additionally, the 'Nama Ta'azeez Wa Aman' campaign for asset security and safety continued to educate the public on reducing electrical network incidents and preventing disruption, ensuring a safer infrastructure. These initiatives reinforce NEDC's dedication to fostering a strong safety culture and minimizing operational risks.

Customer Service

NEDC recorded a 3.6% customer growth in 2024, increasing its total customer base from 1.303 million in 2023 to 1.35 million in 2024. The company accelerated its digital transformation strategy, focusing on enhancing service efficiency and real-time energy monitoring. A key achievement was the deployment of more than 1.008 million smart meters, achieving a 75% completion rate and improving meter reading accuracy to 96.17%, resulting in reducing billing discrepancies and operational inefficiencies.

The Call Center service efficiency improved from 80% to 85%, with a 99% customer satisfaction rate in complaint resolution. The company fully automated key customer support processes, ensuring a 100% complaint resolution rate, while site visits were optimized for faster issue handling. Service accessibility was further enhanced through self-service digital platforms, integration with government entities, and a unified one-stop shop with Nama Supply, streamlining approvals and reducing processing times.

Human Resources

Reflecting its strong commitment to national employment policies, NEDC achieved an Omanization rate of 98.6% by the end of 2024. With a total workforce of 1,328 employees, NEDC provided 1,686 training opportunities, surpassing its annual training plan with an achievement rate of 127%. These initiatives were supported by an investment of more than OMR 600, which covered a total of 34,047 training hours and offered specialized health and safety awareness training to 405 employees.

As part of its commitment to empowering Omani youth, NEDC hosted six graduates in 'Eidad' Program for a 10-month training period in collaboration with Petroluem Development Oman (PDO) and provided 660 internship opportunities for students and graduates across Oman. These programs not only bridge the gap between academic learning and industry requirements but also play a vital role in shaping the next generation of energy sector professionals.

Health, Safety and Environment

Health, Safety, and Environment (HSE) are critical components of modern organizational practices, focusing on the well-being of employees, the safety of work environments, and the protection of the natural ecosystem.

Nama Supply (NESC) has been diligently working to foster a strong and sustainable HSE culture among its employees and contractors, successfully reaching a significant milestone of zero Lost Time Injury (LTI) in 2024.

During this period, a total of 605,099 safe man-hours were recorded. This accomplishment reflects a strong commitment to HSE leadership at all levels and demonstrates ongoing improvement in all related areas of health, safety, and environment policies and procedures.

Customer Service

As part of its commitment to enhancing customer experience and operational efficiency, and in alignment with Oman Vision 2040, NESC has made significant strides in digitizing the bill distribution process. Through advanced digital billing via SMS and email, NESC ensures timely, accurate, and accessible delivery for all customers. In 2024, a total of 13,841,537 digital bills were generated, with 98.16% successfully delivered electronically.

NESC maintains financial stability and efficiency while improving customer satisfaction by offering reliable and accessible service. Multiple payment channels, including the Nama Service Application, online portal, and six additional platforms, allow customers to conveniently manage their payments. Moreover, 296 Payment Machines and 206 Collection Centers across Oman provide seamless access to billing and payment services.

NESC's service level performance reflects its ongoing dedication to meeting customers' needs and expectations. The company maintains a variety of accessible service channels like online portal, dedicated service offices, and a contact center, through which customers can submit inquiries, service requests, or complaints.

To further strengthen customer relations, NESC has established a specialized team focused on managing and resolving customer complaints. Trained to handle issues efficiently, the team ensures customer concerns are promptly addressed. As a result, NESC achieved an average 99.4% satisfaction rate in complaint resolution, with an average resolution time of 2.8 days.

Human Resources

Nama Supply firmly believes that developing human capital is fundamental to organizational success. The company focuses on enhancing national competencies, promoting employee engagement, and supporting continuous professional development.

As part of its commitment to empowering local talent, Nama Supply achieved an impressive Omanization rate of 99.24%, actively preparing employees to take on leadership roles across various functions. In 2024, the company delivered 82 training programs, designed to address specific employees' needs and guide them toward professional excellence and organizational readiness.

These initiatives are aligned with the company's strategic goals, aiming to enhance employees' performance, build adaptability, and foster a culture of innovation, productivity, and operational excellence.

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OMAN ELECTRICITY TRANSMISSION COMPANY S.A.O.C
إحدى شركات مجموعة نماء
Member of Nama Group

Health, Safety and Environment

Oman Electricity Transmission Company (OETC) made significant achievements in adhering to safe practices and quality management system within the framework of health, safety and environment. In 2024, the company achieved a total of 8.4 million man-hours, demonstrating the dedication of the workforce towards their roles and responsibilities. Moreover, the company recorded 53 million safe man-hours of Lost Time Injury (LTI), which reflected employees' focus on safety procedures. The company accomplished an exemplary record with zero major environmental incidents in 2024.

OETC showcased an unwavering commitment to quality management, achieving a flawless 100% compliance in maintaining and enhancing the Quality Management System (ISO 9001:2015). The company also attained a perfect score in executing HSE training plans, emergency drills, and HSE inspections and audits. In 2024, the company conducted a thorough customer satisfaction survey. The results showed a 4% increase in customer satisfaction compared to the previous year, which was partly due to enhanced service delivery.

OETC continues its efforts to reduce its environmental impact by conducting several initiatives and projects for minimizing GHG emissions, mitigating carbon footprint, energy efficiency, waste generation, and natural resources utilization.

To enhance the culture of Health, Safety, and Environment (HSE), the company actively participated in various events that promote these principles. Notable events include the Global Safety Conference held in Dubai, the Fire Safety Conference, and the Vital Facilities Security Symposium in Dhofar. Additionally, the company conducted site visits to its operational projects to ensure the proper implementation of security and safety standards.

Oman Electricity Transmission Company implemented several training programs for its employees, including First Aids Training, Fire Warden Training, and OETC System Safety Rules Training. To further promote HSE practices among employees, the company launched several campaigns, including HSE Campaigns, Environmental Campaigns, Traffic Safety and the Emergency Moch Drills.

Human Resources

Human Resource Management is a crucial element in the company's operational framework, strengthening its commitment to the ongoing development of various HR functions to achieve strategic objectives.

In 2024, the company employed 402 staff members across its offices and branches, covering both technical and non-technical roles, with an outstanding Omanization rate of 97%. During the year, OETC successfully filled 56 vacant positions through internal and external recruitment.

It is worth noting that the company has implemented training and development plans for 21 recently appointed department heads. The goal is to enhance their leadership skills and prepare them to adapt to business dynamics and transformations while achieving high levels of performance in a competitive environment.

The company is dedicated to continuous learning, considering it as a vital factor in enhancing performance efficiency and supporting corporate growth. Over the past year, OETC conducted a total of 93 training programs in various technical and administrative areas. Additionally, it offered 13,011 e-learning courses through the Rawafed platform.

The company cooperated with several colleges and universities to train around 74 students from different specializations for two months. The internship program aims to provide a dynamic platform to equip trainees with rich practical experience through working across real projects and benefit from mentoring by experienced leaders.

The company has also cooperated with the Chinese National Grid (SGID) to develop employees, expand their knowledge, and ensure learning and benefiting from their experiences. Oman Electricity Transmission Company provided a unique opportunity and sent 4 batches for up to 23 engineers from several technical departments to China to attend the programs, namely: Power Grid Dispatching Training, Substation O&M Program, and Relay Protection Program.

In 2024, the Human Resources Department launched a series of strategic initiatives aimed at cultivating a dynamic, supportive, and high-performing work environment in alignment with the company's policies and long-term vision. A flagship initiative was the well-being program, developed to create a healthier, more engaging, and productive workplace. This comprehensive program addressed mental health, financial well-being, and teamwork, offering employees tailored support and resources to enhance their professional and personal well-being. To further strengthen employee engagement, the department conducted a detailed employee satisfaction survey, gathering valuable insights into workplace experiences, challenges, and areas for enhancement.

Health, Safety and Environment

The Health, Safety, and Environment (HSE) role within Nama Power & Water Procurement (NPWP) is crucial for ensuring the well-being of employees, minimizing environmental impact, and maintaining safe working conditions. In line with ISO 45001, which is the international standard for Occupational Health and Safety (OHS), the HSE department is responsible for understanding and addressing internal and external factors that may impact health and safety performance, ensuring a robust HSE culture that aligns with the company's values and objectives.

The HSE ensures that management is committed to health and safety, promoting a culture of worker involvement and establishing clear roles and responsibilities for safety. This includes evaluating policies, procedures, and practices, encouraging employees to align their conduct accordingly, and reinforcing the importance of safety in every aspect of the business, including contractual terms.

The HSE team at NPWP is responsible for identifying hazards, assessing risks, and creating objectives and plans to effectively eliminate or control these risks. They ensure that the company's policies and practices foster a sustainable HSE culture throughout the entire organization.

Adequate resources, competence, and awareness activities were provided to promote safety across all operations. The HSE role encourages continuous evaluation of policies, procedures, and practices to maintain relevance and efficacy in managing health, safety, and environmental risks.

To maintain robust operational controls, the company oversees the implementation of risk controls and safe working practices to prevent incidents and ensure compliance with legal and regulatory requirements within its locus of control, including the evaluation and integration of contractual terms that align with health and safety responsibilities.

Nama Power and Water Procurement Company maintains close oversight of contractor performance, particularly during construction phases. This is achieved through regular field inspections and evaluation meetings, ensuring that actions are promptly implemented when needed. The company is committed to fostering a strong safety culture, recognizing that safety is a shared responsibility. This begins with guiding individual behavior toward safe practices and is reinforced through active collaboration with stakeholders to achieve an accident-free work environment.

Human Resources

Nama Power and Water Procurement remains dedicated to improving its core competencies and capabilities through strategic initiatives.

In 2024, the company utilized 100% of its training budget to support diverse learning programs, including leadership, technical, and soft skills training. Additionally, NPWP has continued to foster a positive and motivating work environment through internal knowledge-sharing sessions, where employees are encouraged and valued for sharing their expertise. To further promote professional growth, NPWP expanded its internal rotation program, providing employees with greater opportunities to explore different areas of the company, develop new skills, and gain fresh perspectives.

In terms of human resources development, NPWP welcomed 12 new employees in 2024, bringing the total workforce to 95 by the end of the year, while maintaining an impressive Omanisation rate of 100%.

Moreover, the company continued providing internship opportunities for fresh graduates, including Eidad program, offering hands-on experience and active involvement in the company's operations to support their career development.

In 2024

Nama Shared Services (NSS) delivered exceptional performance across all its strategic pillars, reaffirming its unwavering commitment to operational excellence, digital transformation, and customer-centric innovation. Through seamless collaboration across departments, NSS played a key role in ensuring business continuity and strengthening IT infrastructure across Nama Group.

The Governance, Risk, and Compliance (GRC) team secured four key ISO certificates for the next three years. These include a certificate in Information Security (ISO 27001:2022), Service Management (ISO 20000-1:2018), Business Continuity (ISO 22301:2019), and Quality Management (ISO 9001:2015). The team achieved all objectives and established a solid framework for effective governance, risk mitigation, and organizational resilience.

Digital Enterprise (DE) team played a strategic role by offering technical consulting to the Tax Authority in implementing the national e-invoicing project, a landmark initiative aligned with Oman Vision 2040. Key project completions included: Phase II of the Proposal System, Enhancements to the NIMS mobile application, and Upgrade of the Oracle Single Sign-On system.

To accelerate digital transformation, Nama Shared Services launched advanced AI initiatives such as Microsoft Copilot, enhancing process automation and boosting employee productivity. The successful implementation of Phase II of the smart metering project, using the VMware VCCP private cloud platform, further improved performance and system agility.

On the digital infrastructure front, major upgrades to the Nama Data Center enhanced cybersecurity, improved data flow, and enabled smoother system integration. Asset and human capital management also saw significant improvements, including a seamless transition of Nama Holding employees and real-time IT asset tracking via interactive dashboards. Additionally, a renewed agreement with Microsoft (2024–2027) ensures continued access to cutting-edge technologies, driving cost-efficiency and institutional growth.

The Digital Utility team played a critical role in supporting several high-impact technology initiatives, including:

- Assisting Nama Electricity Distribution Company in achieving its 2024 smart metering goals.
- Conducting a business readiness assessment for Nama Dhofar Services to enable a unified billing system.
- Completing a comprehensive MDM migration for over 1.5 million customers, ensuring seamless data integration.

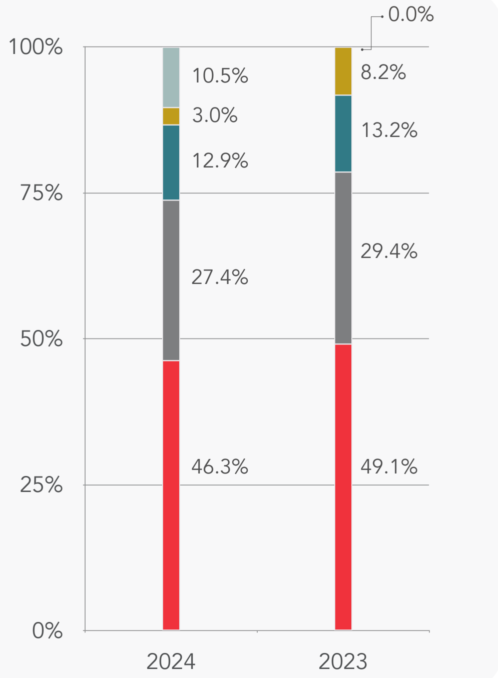
In addition, Nama Shared Services entered a strategic Oracle ULA agreement, resulting in significant financial savings and regulatory compliance.

The company launched comprehensive e-services for Nama Dhofar Services, empowering customers with self-service access and real-time data. These innovations include the introduction of advanced models for customer classification and fixed payment services, improving billing accuracy and operational efficiency. The company also provided automated, regulator-compliant reports, reinforcing transparency, accountability, and alignment with digital governance standards.

These achievements position Nama Shared Services as a strategic digital enabler within Nama Group, bridging technology with business objectives, driving efficiency, and delivering enhanced value to stakeholders and customers alike.

FINANCIAL & OPERATIONAL PERFORMANCE

Total Revenue of Nama Group in 2023 and 2024

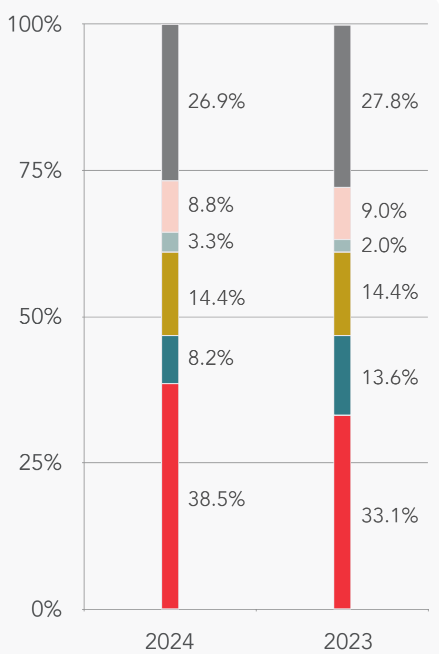


TOTAL REVENUE 2024
1,957
Billion OMR

2023
1,698
Billion OMR

- Amortisation of deferred revenue and others
- Other operating revenue
- Water and Wastewater Sales
- Government Subsidy (Electricity)
- Electricity Sales

Total Expenses of Nama Group in 2023 and 2024

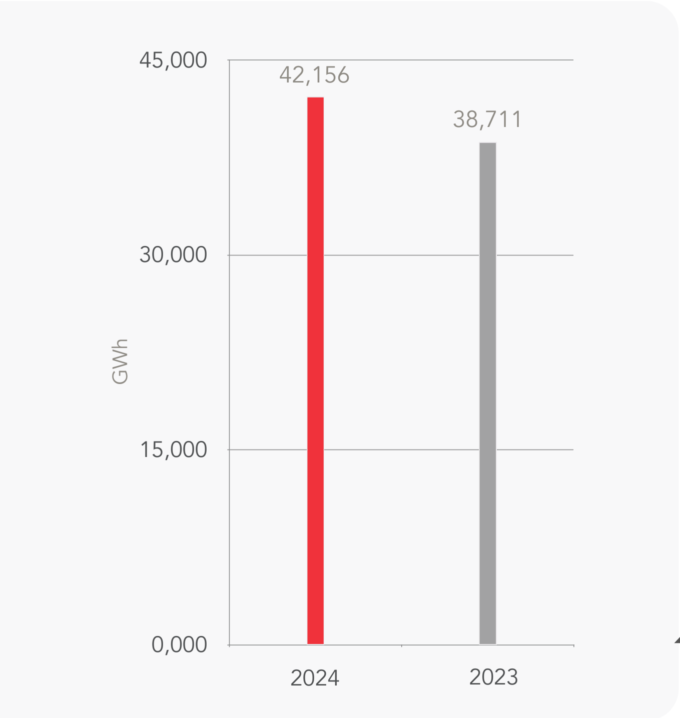


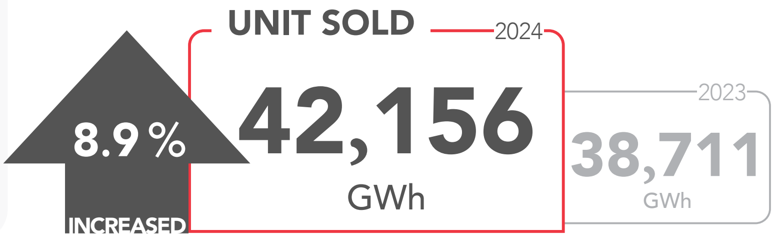
TOTAL EXPENSES 2024
1,562
Billion OMR

2023
1,590
Billion OMR

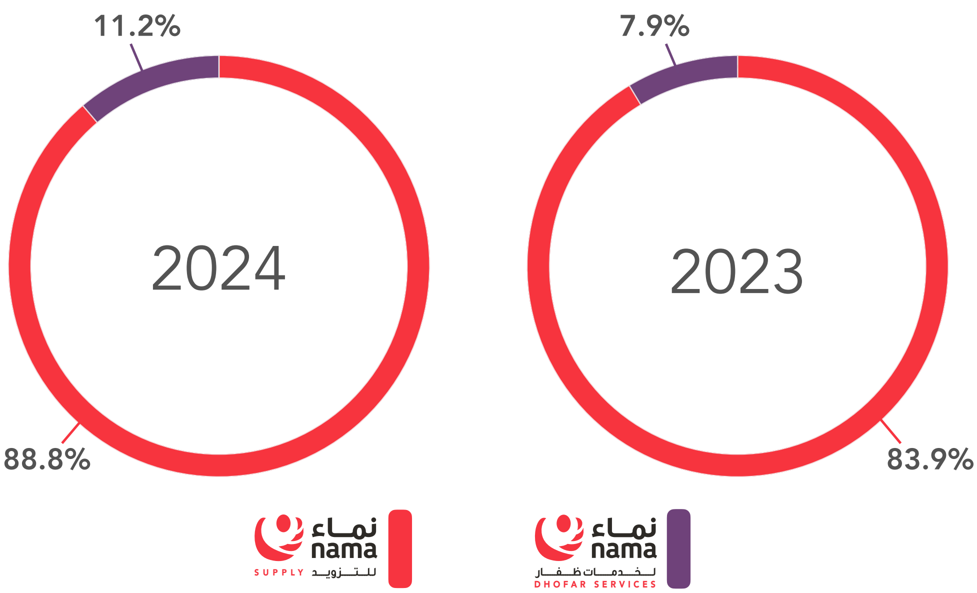
- General & Administrative Expenses
- Other Operating Cost
- Water Purchases
- Energy Purchases
- Depreciation & Amortization
- Employees Benefit Expenses

Unit Sold for Electricity in 2023 and 2024





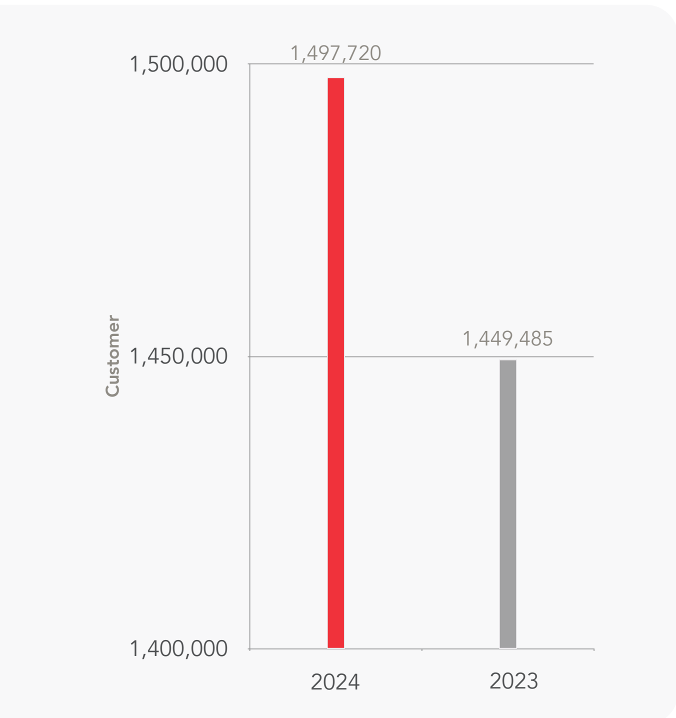
Unit Sold (GWh) per Company in 2023 and 2024



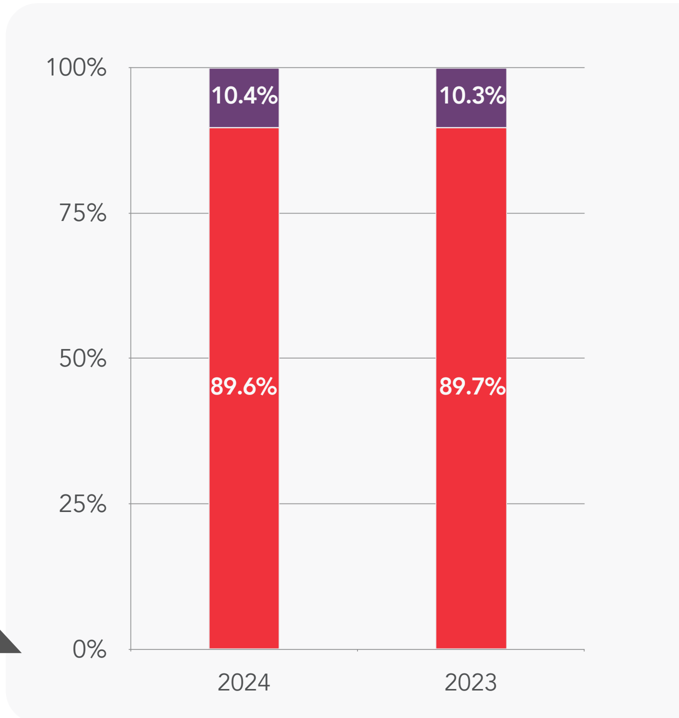
MIS Unit Sold (GWh) per Category in 2023 and 2024

Category	2023	2024
PRIVATE CRT	19.9 %	19.7 %
PRIVATE RESIDENTIAL	44.4 %	44.1 %
PRIVATE NON RESIDENTIAL	9.2 %	9.3 %
GOVERNMENT CRT	9.0 %	8.0 %
GOVERNMENT NON CRT	2.1 %	1.9 %
TRANSMISSION CONNECTED - GOVT	0.6 %	0.6 %
TRANSMISSION CONNECTED - PVT	14.8 %	16.3 %

Number of Electricity Customers per Company in 2023 and 2024



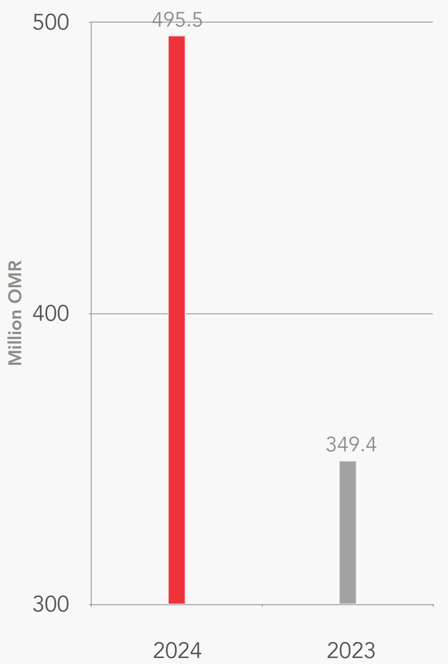
3.3%
INCREASED



Number of Electricity Customers per Category in 2023 and 2024

	2023	2024
PRIVATE CRT	1.1 %	1.1 %
PRIVATE RESIDENTIAL	72.2 %	%72.0
PRIVATE NON RESIDENTIAL	24.0 %	%24.3
GOVERNMENT CRT	0.4 %	0.4 %
GOVERNMENT NON CRT	2.3 %	2.3 %
TRANSMISSION CONNECTED - GOVT	0.0 %	0.0 %
TRANSMISSION CONNECTED - PVT	0.0 %	0.0 %

Nama Group Total Capital Expenditure in 2023 and 2024



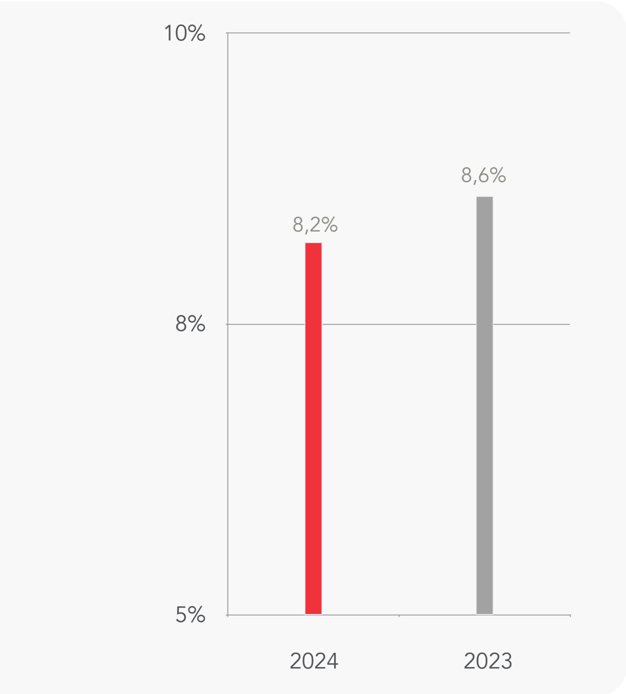
CAPITAL EXPENDITURE 2024

495,5
Million OMR

2023

349,4
Million OMR

Electricity Losses per Company in 2023 and 2024



ELECTRICITY LOSSES* 2024

8.2%

2023

8.6%

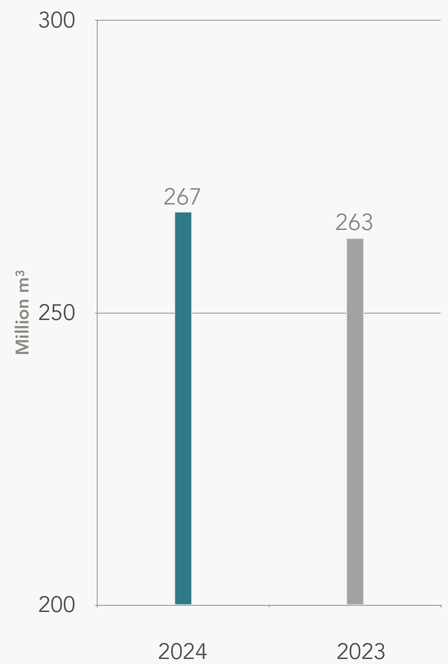
*MIS and NDS

Company	2023	2024
NEDC	8.23%	7.9%
NDS	11.9%	9.6%

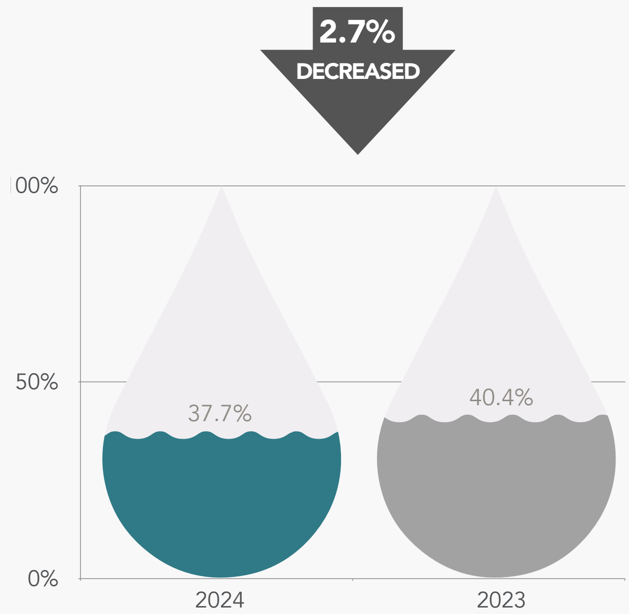
Distribution of the Capital Expenditure per Company in 2023 and 2024

Company	2023	2024
RAECO	1.9%	0.2%
MJEC	4.8%	0.0%
Nama Electricity Distribution/MZEC	26.2%	30.5%
Nama Dhofar Services	9.7%	6.6%
Nama Supply / MEDC	3.7%	0.0%
OETC	19.4%	30.5%
Nama Water Services	34.1%	32.0%
Others / adjustments	0.2%	0.2%

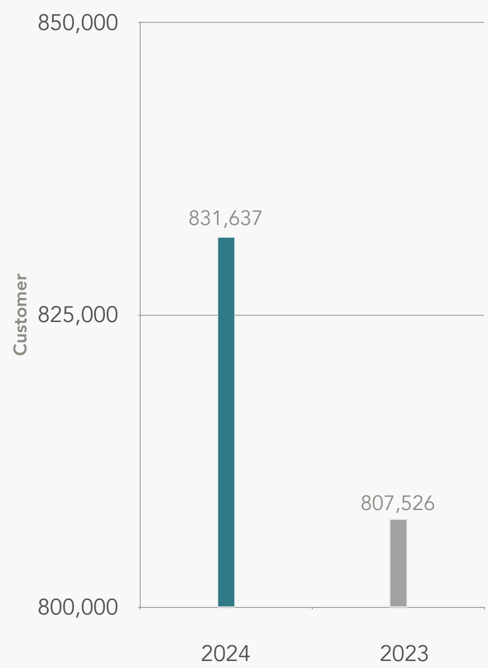
Unit Sold for Water in 2023 and 2024

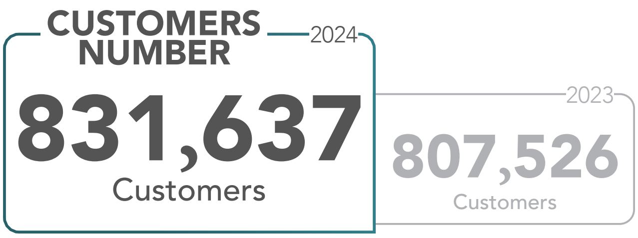


Water Losses in 2023 and 2024

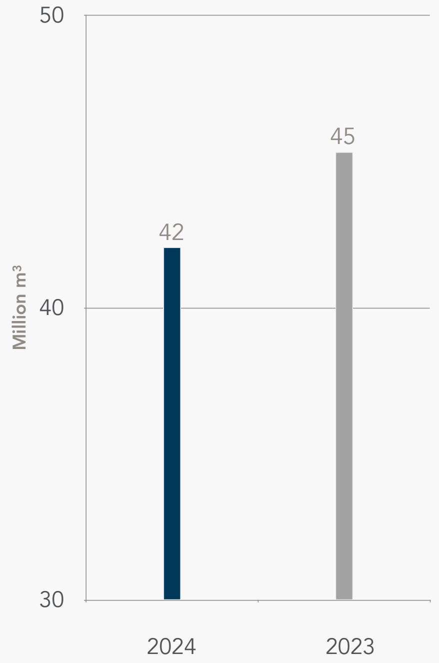


Number of Water Customers in 2023 and 2024

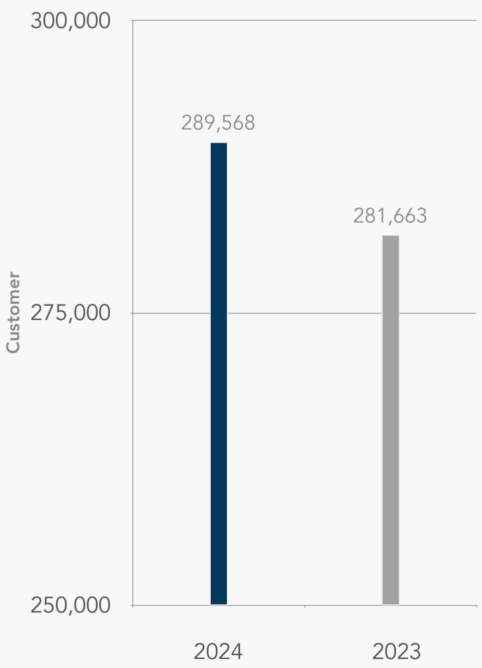




Unit Sold for Wastewater in 2023 and 2024



Number of Wastewater Customers in 2023 and 2024



CUSTOMERS NUMBER

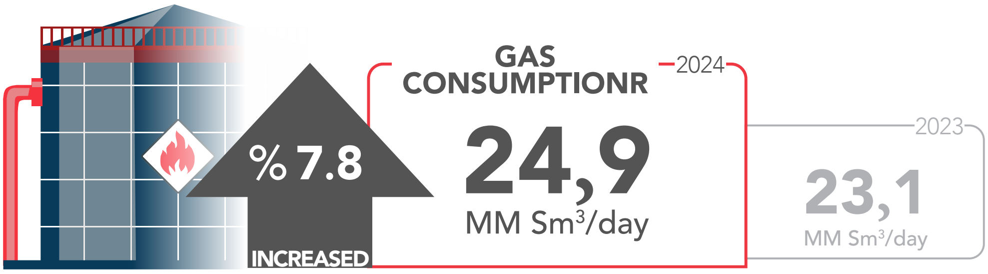
2024

289,568
Customers

2023

281,663
Customers

Gas Consumption for Electricity in 2023 and 2024



Nama Power & Water Procurement: Electricity & Water Supply & Demand in 2023 and 2024

	2023	2024
Total Capacity (MW)	9,803	9,803

Energy (MWh)	2023	2024	GROWTH
MIS	37,697,022	40,278,640	6.8%
DPS	4,102,344	5,016,285	22.3%
Musandum	410,418	452,958	10.4%

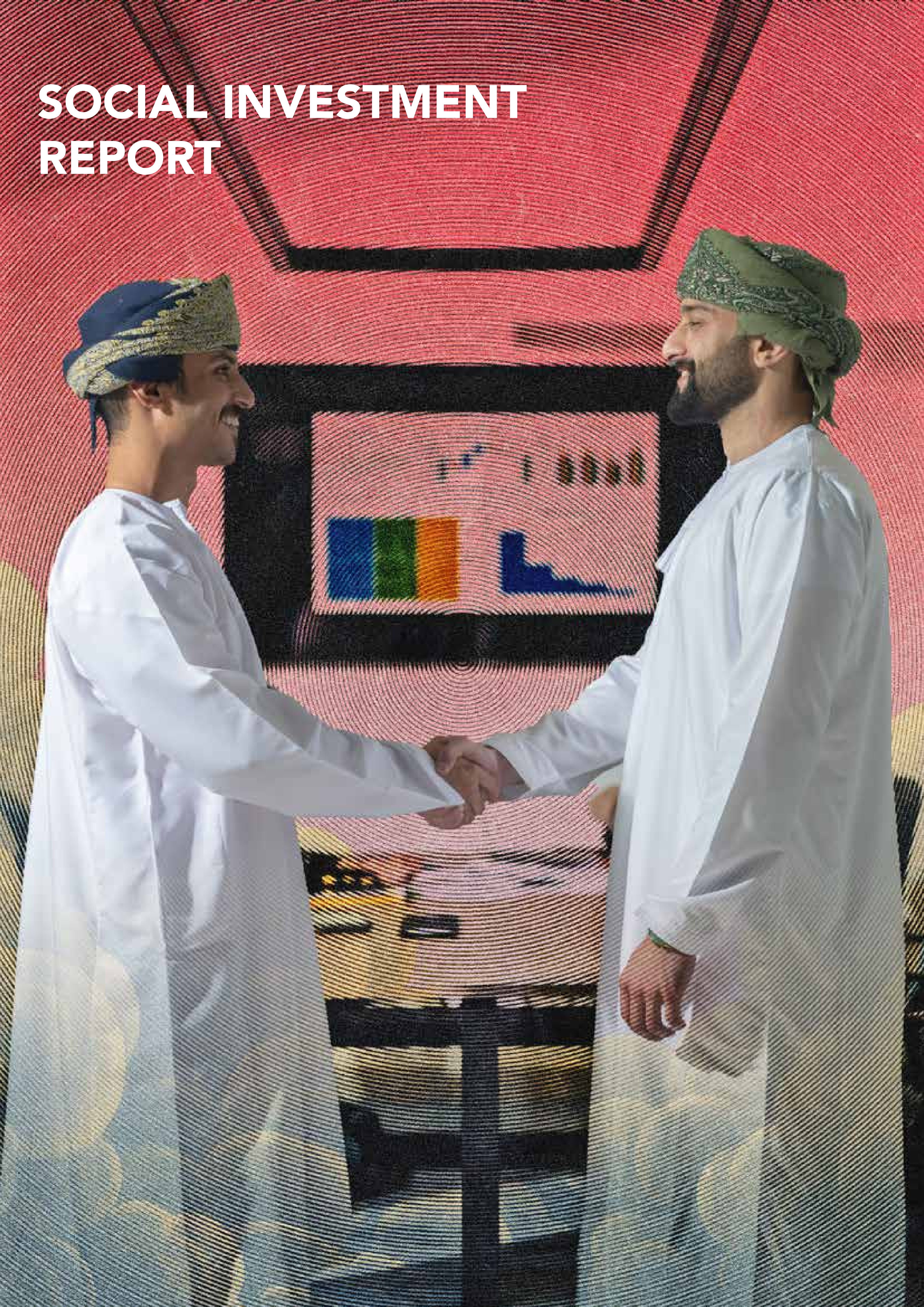
WATER (M^3)	2023	2024	GROWTH
MIS + A'Sharqiyah	375,790,396	378,245,941	0.7%
DPS	42,360,473	43,844,713	3.5%

MIS (MWh)	2023	2024	GROWTH
Peak	7112.0	7503.2	5.5%
Average	4303.0	4585.5	6.6%

DPS (MWh)	2023	2024	GROWTH
Peak	634.1	795.9	25.5%
Average	457.4	567.6	24.1%

MUSANDUM (MWh)	2023	2024	GROWTH
Peak	82.2	90.7	10.4%
Average	46.9	51.6	10.1%

SOCIAL INVESTMENT REPORT



Social Investment Plan

As part of its unwavering commitment to social responsibility, Nama Group continues to play a pivotal role in enhancing the socio-economic landscape of the Sultanate of Oman. The Social Investment Plan 2024 represents this commitment through implementing a range of projects and initiatives designed to enrich community life, foster innovation, and promote sustainability, in alignment with Oman Vision 2040 and the Sustainable Development Goals (SDGs).

This year's plan is built on a strategic approach that focuses on key areas like the economic, social, and environmental spectrum. As a leading player in the utility sector, Nama Group seeks to reinforce strategic partnerships with both government and private entities to create meaningful, wide-reaching social impact that empowers individuals and communities alike.

In 2024, Nama Group has allocated OMR 500,000 to implement a range of social programs and initiatives. These efforts focus on supporting education, skills development, youth empowerment, innovation, and social entrepreneurship. Additionally, the Group sponsored events that promote community development. This approach aligns with the directives of Oman Investment Authority, which aims to ensure that the objectives of government-owned companies support national priorities and uphold the principles of social responsibility.

The Social Investment Plan is not merely a commitment to social responsibility; it is a long-term strategic vision for driving sustainable, positive change within society. The Social Investment Report 2024 offers a comprehensive overview of Nama Group's contributions and community-focused initiatives that are based on the values of integrity, responsibility, and effective partnership.

As Nama Group represents its achievements for the year, this report reaffirms its dedication to establishing a solid foundation for a more sustainable and prosperous future, contributing to enhancing the quality of society in the Sultanate of Oman and creating a sustainable environment for future generations.

Social Investment Performance Highlights 2024

7 SPONSORSHIP
PROGRAMS

OMR 500,000
TOTAL INVESTMENT

6 COMMUNITY
PROJECTS & INITIATIVES

Social Investment Projects

Nama Group continues to play a pioneering role in advancing social and economic development across the Sultanate of Oman by implementing thoughtful projects and initiatives that drive sustainable change. In 2024, the Group dedicated to community development by launching a series of initiatives, targeting diverse segments of society. These projects were developed in collaboration with relevant entities to ensure effective outcomes.

To support these efforts, Nama Group allocated OMR 285,000 to implement social investment projects. This funding was strategically directed to initiatives aligned with national development goals, promoting long-term progress and sustainability at various levels. The key areas of investment are outlined below:

No.	Initiative	Description	Company	Expenses
1	Green Road (Phase I)	An innovative project aims to reimagine the traditional public walkway by developing an integrated smart green road. This transformation will create a vibrant, multifunctional space that enhances the quality of life for community individuals. By utilizing cutting-edge technology, renewable energy solutions, and solar-powered lighting, the road is designed to minimize environmental impact while maximizing user experience. The project includes interactive activities, fitness stations, digital art displays, and green social zones, establishing it as a pioneering model for sustainable, community - centered infrastructure.	Nama Dhofar Services	OMR 35,000
2	Awareness Program on Electricity Conservation	An integrated awareness initiative aims to increase awarness among younger generations about the importance of using electricity efficiently and safely. This project, implemented in collaboration with the Ministry of Education, includes a variety of interactive activities and innovative competitions designed for school students. Key components of the initiative are the Green Schools Program, participation in the Oman Science Festival, the Nama Ambassadors Program, and the Conservation Competition in the North Al Batinah Governorate. The initiative seeks to promote a culture of sustainability and inspire students to adopt conservation practices in their daily lives.	Nama Supply	OMR 50,000
3	Daymah AI Program	An innovative training program aims to empower participants to utilize artificial intelligence technologies in the renewable energy sector. This program targets university students and recent graduates, equipping them with the essential skills needed to analyze data, apply advanced tools, and design intelligent solutions to efficiently manage energy projects.	Nama Power & Water Procurement	OMR 35,000
4	Installing Solar Rooftop on Social Buildings (Healthy Village Initiative)	Installing rooftop solar energy systems on residential buildings in Barka (Al Khuwairat), targeting selected eligible groups. It aims to provide a sustainable and reliable energy source that enhances energy efficiency, improves quality of life, and supports the transition toward greener residential communities. This initiative reflects a forward-looking vision to meet community needs while promoting environmental sustainability and long-term well-being.	Nama Electricity Distribution	OMR 50,000
5	Electric Vehicle Charging Stations	The project involves the installation of electric vehicle (EV) charging stations at designated locations, enabling EV owners to charge their vehicles at approved tariffs. This initiative supports the growth of sustainable transportation and contributes to accelerating the adoption of electric vehicles across Oman.	Nama Electricity Distribution	OMR 100,000

6	Planting Samail STP	An environmental initiative aims to preserve public health and enhance ecological sustainability through the expansion of green spaces. Covering an area of 2,400 m² along the main road in Al Dakhiliyah Governorate, the project involves the installation of an integrated irrigation system, the planting of natural grass, and the addition of curbstone barriers. These features are designed to maintain the site's visual appeal while supporting environmental objectives.	Nama Water Services	OMR 15,000
TOTAL EXPENSES				**OMR 285,000**

Project Implementation Status

- **Green Road (Phase I)**

In line with its commitment to enhancing quality of life and supporting sustainable development, Nama Dhofar Services undertook an initiative to explore an innovative project concept designed to deliver value to the community. The proposed project seeks to develop an integrated smart public walking path, a transformative reimagining of the traditional walkway. This dynamic, multi-use space aims to serve both residents and visitors by promoting active lifestyles, community engagement, and environmental stewardship.

Designed as a model of modern infrastructure, the smart walking path will incorporate cutting-edge technologies and renewable energy solutions to create a seamless and sustainable experience to meet the community's needs. Solar-powered lighting systems and intelligent energy management tools will be integrated to minimize environmental impact and maximize operational efficiency, in alignment with Nama Dhofar Services' core values of environmental harmony and innovation.

The project's feasibility study was successfully completed in collaboration with Dhofar Municipality. The final proposal is set to be submitted in 2025, marking a key milestone toward securing broader governmental support and enabling project implementation over the following two years.

This initiative represents a pioneering step in Nama Dhofar Services' long-term vision in merging advanced technology with sustainable practices to create a lasting community asset that enriches life of individuals while protecting the environment.

- **Awareness Program on Electricity Conservation**

Nama Supply has launched a comprehensive awareness program that aims to promote the importance on reducing electricity consumption, with a special focus on engaging younger generations, particularly school students. The program is designed to reach a wider audience through diverse channels, including direct awareness campaigns and a sustained partnership with the Ministry of Education. It employs a range of interactive methods such as educational activities and targeted competitions, to ensure its goals are effectively met.

The initiative is being implemented in several phases, with a strong focus on promoting sustainability. Key highlights include supporting green school initiatives in collaboration with the Ministry of Education and sponsoring the Oman Science Festival by hosting an interactive corner that emphasizes the role of individuals in conserving electricity. A key component of the initiative is the 'Nama Ambassadors' program, which delivers in-school awareness sessions including activities that aim to instill a culture of safe and efficient use of electricity among students through direct engagement and practical knowledge-sharing.

In addition, the program featured an electricity conservation competition in North Al Batinah Governorate, conducted in partnership with the Directorate General of Education. The competition included multiple categories such as best scientific research, best awareness video, best short story on efficient energy use, along with other artistic, literary, and scientific contributions that promote the values of electricity conservation.

The initiative seeks to achieve several core objectives like promoting a culture of sustainability in younger generations, equipping students with the knowledge and skills needed to adopt and promote conservation practices, and encouraging creativity and active involvement in spreading awareness within the community.

This program reflects Nama Supply's deep-rooted commitment to environmental responsibility and community engagement, affirming its belief in the vital role that the company plays in shaping a greener and more sustainable future.

- **Daymah AI Program**

Through its pioneering "Daymah" initiative, Nama Power and Water Procurement aims to accelerate the digital transformation in Oman's energy sector by integrating artificial intelligence (AI) technologies into renewable energy systems. Daymah AI program is designed to offer specialized training that focuses on leveraging AI applications to enhance the efficiency and performance of renewable energy projects.

By utilizing advanced data analysis techniques and developing strategic approaches to energy management, this program aspires to convert innovative ideas into practical, high-impact solutions that strengthen the local economy and promote environmental sustainability. Daymah AI Program also seeks to empower Omani youth to face future challenges in the energy sector, support innovation, and unlock emerging skills. It specifically targets university students and fresh graduates who are interested in AI and renewable energy, providing them with the resources and knowledge to lead in this evolving field.

The program's implementation is currently in progress. A contract has been awarded to the designated academy, the final concept has received approval, and a comprehensive media campaign is now underway. The program is set to launch in the second quarter of 2025.

- **Installing Solar Rooftop on Social Buildings (Healthy Village Initiative)**

In line with its commitment to enhancing sustainability and energy efficiency, Nama Electricity Distribution Company (NEDC) collaborated with the Ministry of Health to install solar energy systems on the rooftops of social buildings in Barka (Al Khuwairat). This initiative aims to deliver clean and renewable energy solutions that enhance quality of life, reduce reliance on traditional power sources, and support national efforts to transition toward renewable energy.

As part of the project, an 8 kW solar energy system will be installed to serve 17 eligible beneficiaries. The goal is to reduce electricity costs for this category while improving overall energy efficiency. This initiative underscores NEDC's commitment to its social responsibility, providing sustainable infrastructure that aligns with the national objectives of Oman Vision 2040 in developing resource-efficient and environmentally responsible cities.

Beyond its environmental and economic impact, the project also aims to raise public awareness about the importance of clean energy and its role in creating a more sustainable future for the coming generations.

Due to the initial bids exceeding the allocated budget, the tender was re-floated. Following re-evaluation, both the technical and financial assessments have been completed. The results have been submitted to the Procurement Department to be presented to the relevant committee, which will make the final decision on awarding the contract and proceeding with the implementation processes.

- **Electric Vehicle Charging Stations**

As part of its commitment to supporting the transition to sustainable transportation, Nama Electricity Distribution Company is installing electric vehicle (EV) charging stations at strategic locations, enabling EV owners to charge their vehicles conveniently at approved tariffs. This initiative aims to encourage the adoption of electric vehicles across the Sultanate of Oman and reduce carbon emissions, thereby contributing to environmental sustainability and the development of a cleaner energy future.

The first phase of the project focuses on installing electric vehicle (EV) charging stations in three key locations: Nama Electricity Distribution buildings in Muscat and Al Batinah Governorates, and Al Sahwa Park. These locations were carefully selected to ensure accessibility and enhance the EV charging infrastructure in areas with high traffic. This initiative demonstrates the company's commitment to its strategic goals and supports national efforts to promote clean transportation solutions. It also aligns with the objectives of Oman Vision 2040, which emphasizes creating smart cities and improving the quality of life for all residents.

The technical and financial evaluation of the submitted bids has been completed in accordance with established procedures, ensuring the selection of the most suitable proposal for project implementation. The Tender Committee is currently awaiting final approval to award the contract and proceed with execution as per the approved timeline.

- **Planting Samail STP**

This project demonstrates Nama Water Services Company's commitment to environmental preservation, public health, and the enhancement of green spaces. Strategically located along the main road connecting the wilayats of Al Dakhiliyah Governorate, the project involves developing a 2,400 m² area in front of the station. The land has been leveled and prepared, and a fully integrated irrigation system has been installed and connected directly to the plant. In the next phase, natural grass will be planted at the beginning of the upcoming agricultural season. Additionally, curbstone borders will be installed to protect the landscaped area, maintain its aesthetic appeal, and support the project's environmental objectives.

Community Sponsorship and Donation Programs

As part of its commitment to social responsibility, Nama Group supported a wide range of sponsorship and donation programs throughout the year. These initiatives focused on youth empowerment, community awareness, and social well-being. Highlights of these efforts include contributions to the Oman Charity Organization (OCO), sponsorship of social and economic events that foster community development, and implementation of awareness campaigns on sustainable consumption and energy efficiency.

A total of OMR 135,000 was allocated from the 2024 social investment budget to support and sponsor these programs. This investment underscores Nama Group's continued dedication to enhancing community well-being.

No.	Initiative	Description	Expenses
First: Donation			
1	Donation to Oman Charity Organization (OCO)	According to OIA's directives, 20% of the total social investment budget has been allocated to Oman Charity Organization (OCO). This allocation demonstrates our strong commitment to advancing social responsibility.	OMR 100,000
Second: Sponsorships			
1	Expo Japan 2025 - Osaka	A global event organized by the Bureau International des Expositions (BIE), which will be held in Osaka, Japan in 2025. This expo aims to promote global efforts to unite people of different cultures under the theme 'Designing Future Society for Our Lives'. Expo focuses on three main strategic themes: 'Saving Lives', 'Empowering Lives' and 'Connecting Lives'. To support this event, Nama Group contributed a total of OMR 75,000, which will be distributed over three years, effective from 2023.	OMR 25,000
2	Oman Sustainability Week 2024	Positioning itself as a leader in promoting principles of sustainability, Nama Group participated in Oman Sustainability Week annually. This prominent national event showcases innovative and sustainable initiatives. During the event, the Group highlights its significant achievements in supporting sustainability principles through various projects and programs that align with Oman Vision 2040 and the United Nations Sustainable Development Goals (UNSDG).	OMR 17,500 (From the 2023 Sustainability Budget)
3	Funding the Procurement of Medical Equipment and Surgical Instruments for Khoula Hospital's Secondary Intensive Care Unit	As part of its ongoing commitment to enhancing the quality of healthcare services in the Sultanate of Oman, Nama Group supports Khoula Hospital by funding the procurement of medical equipment and surgical instruments for the hospital's secondary intensive care unit.	OMR 10,000
TOTAL EXPENSES			**OMR 135,000**

- **Donation to Oman Charity Organization (OCO)**

Nama Group reaffirms its commitment to supporting social initiatives and projects that aim to help the underprivileged segments of society. As part of this commitment, the Group has donated OMR 100,000 to Oman Charity Organization (OCO) to support social initiatives. This donation, which constitutes 20% of the total budget of Nama Group's social investment plan, has been allocated to fund OCO's projects. This step comes in alignment with the directives of Oman Investment Authority, which aims to enhance local communities and create a positive impact that contributes to social well-being.

- **Expo Japan 2025 Osaka**

Expo 2025 Japan is a prestigious international exhibition organized by the Bureau International des Expositions (BIE), set to take place in Osaka. This global event aims to bring together people from diverse cultures to collaborate in shaping a better future, under the theme 'Designing Future Society for Our Lives'. It will explore three core sub-themes, including: 'Saving Lives', 'Empowering Lives', and 'Connecting Lives', which are aligned with the broader goal of building a more sustainable and inclusive world.

The expo serves as a platform to strengthen international cooperation and advance the United Nations Sustainable Development Goals (SDGs) by encouraging innovation, knowledge exchange, and cross-sector collaboration. Nama Group's sponsorship of this global event highlights its role in supporting global initiatives that enhance sustainability and contribute to community cohesion and comprehensive development.

- **Oman Sustainability Week 2024**

Oman Sustainability Week is an annual event that reflects Oman's commitment to sustainability and its aspiration for leadership in this field. The event showcases forward-thinking strategies and projects aligned with both the United Nations Sustainable Development Goals (SDGs) and Oman Vision 2040.

Reiterating its leading role in promoting sustainable development, Nama Group actively participated in Oman Sustainability Week 2024, a national platform dedicated to advancing sustainability initiatives and fostering strategic partnerships among key stakeholders.

During the event, Nama Group highlighted its pioneering achievements and distinctive initiatives that contribute to national development. In recognition of its impactful contributions, Nama Group was awarded the Platinum Award in the Medium and Large Enterprises category at Oman Sustainability Week Awards ceremony. This recognition reflects the Group's continued commitment to create a positive impact on individuals, communities, and sustainable development efforts.

- **Supporting Khoula Hospital**

In its ongoing commitment to enhance the quality of healthcare services in the Sultanate of Oman and as part of its social investment activities, Nama Group supports Khoula Hospital by funding the procurement of medical equipment and surgical instruments for the hospital's secondary intensive care unit.

Recognizing its unwavering dedication to enhancing the healthcare sector, Nama Group was honored during a special ceremony organized by the Directorate General of Khoula Hospital. The event, held under the theme 'Partners in Excellence for Sustainable Health'. This accolade underscores the Group's commitment to its social responsibility and represents its active role in building a healthier future for the local community.

Sponsorship of OIA's Programs

In line with its commitment to social responsibility and its role in fostering socio-economic development, Nama Group contributes to key initiatives of Oman Investment Authority (OIA) as part of its Social Investment Plan. These contributions are directed toward programs that support economic growth, empower national talent, and promote strong governance and responsible investment practices.

To support these efforts, a total of OMR 80,000 has been allocated for OIA-related programs in 2024. The following are details of the programs:

No.	Initiative	Description	Expenses
1	Rawabit Program	A specialized program aims to align its subsidiary policies and regulations with Oman Investment Authority's policies to ensure consistency and alignment with Oman Vision 2040.	OMR 15,000
2	On-the- Job Training Program	An intensive training program has been specially designed for Omani graduates, offering them on-the-job training through working on joint projects across the Gulf region. The program aims to develop both specialized skills and personal competencies, enhancing graduates' readiness for the job market. In its initial phase, the program targets 100 Omani graduates, equipping them with practical experience.	OMR 57,142.180 (out of a total of OMR 192,500)
3	People Strategy Development Plan for OIA's Entities	A collaborative project to develop a human resources strategy for Oman Investment Authority's entities. The goal is to align human capital with the strategic objectives of OIA. This plan focuses on talent acquisition, workforce development, leadership growth, employee engagement, and retention strategies to cultivate a high-performing workforce.	OMR 7,857.820
TOTAL EXPENSES			**OMR 80,000**

- **Rawabit Program**

The Rawabit program is a strategic initiative launched by Oman Investment Authority (OIA) to align the policies and regulations of its entities with the Authority's framework, and in alignment with Oman Vision 2040. The program supports national priorities by advancing economic diversification, increasing non-oil revenues, attracting foreign direct investment, and reinforcing the role of the private sector as a key driver of economic growth.

This program aims to enhance the performance of OIA's subsidiaries through local value-added investments, stock market development, and the cultivation of national talent. It also fosters collaboration between the public and private sectors, enabling investments that deliver sustainable impact such as job creation and the development of vital economic sectors. As a comprehensive platform, Rawabit promotes the exchange of knowledge, the adoption of best practices, and active engagement among stakeholders, all in pursuit of the Sultanate's long-term economic and social goals.

- **On-the- Job Training**

Nama Group places great emphasis on developing national talent and preparing them for the job market. The On-the-Job Training program is a key initiative designed to help local graduates acquire specialized and hands-on skills that qualify them for professional careers both within the Sultanate and abroad.

As part of this effort, Nama Group has launched an intensive training program to offer practical training through joint projects across the Gulf region for fresh graduates. This program lasts for up to 12 months and aims to enhance participants' technical skills while fostering their personal and professional development. In addition to technical training, the program introduces graduates to diverse work environments, helping them gain the confidence and skills needed to thrive in real-world settings. In its initial phase, the program targets 100 Omani graduates, equipping them with the resources to build successful careers aligned with the evolving needs of the local job market.

- **People Strategy Development Plan**

The People Strategy Development Plan for OIA entities aims to create a comprehensive framework that aligns human capital with organizational goals. This plan focuses on talent acquisition, workforce development, leadership growth, employee engagement, and retention strategies to ensure a high-performing and future-ready workforce.

FINANCIAL STATEMENTS

Electricity Holding Company SAOC and its Subsidiaries

Consolidated financial statements

For the year ended 31 December 2024

Registered office	**Principal place of business**
PO Box 850 Mina Al Fahal PC 116, Al-Qurum Sultanate of Oman	Beach One Building Mina Al Fahal Sultanate of Oman

Building a better working world

Ernst & Young LLC
P.O. Box 1750, Ruwi 112
5th Floor, Landmark Building
Opposite Al Ameen Mosque
Bowsher, Muscat
Sultanate of Oman

Tax Card No. 8218320

Tel: +968 22 504 559
Fax: +968 22 060 810
muscat@om.ey.com
ey.com

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ELECTRICITY HOLDING COMPANY SAOC AND ITS SUBSIDIARIES

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Electricity Holding Company SAOC and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2024 and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

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 consolidated financial statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in 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.

Material uncertainty related to going concern

We draw attention to Note 1.1(c) to the consolidated financial statements. As set out therein, the current liabilities of the Group exceeded its current assets by RO 1,075 million (2023: RO 1,135 million), which may indicate the existence of a material uncertainty related to going concern as the Group will require additional funding and financial support to meet its financial obligations as they fall due and continue its operations for the foreseeable future. Management, based on the measures as detailed therein has determined that the Group will be able to continue as a going concern and these consolidated financial statements are accordingly prepared on a going concern basis. Our opinion is not modified in respect of this matter.

Other information

The other information comprises of Chairman's report. Management is responsible for the other information.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the 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.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ELECTRICITY HOLDING COMPANY AND ITS SUBSIDIARIES

Report on the audit of the consolidated financial statements (continued)

Responsibilities of management and Audit Committee for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB and their preparation in compliance with the relevant requirements of the Commercial Companies Law of 2019 of the Sultanate of Oman, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Audit Committee is responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group'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 consolidated 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 group to cease to continue as a going concern.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ELECTRICITY HOLDING COMPANY AND ITS SUBSIDIARIES

Report on the audit of the consolidated financial statements (continued)

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit Committee 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.

Report on other legal and regulatory requirements

As required by the applicable provisions of the Commercial Companies Law of 2019 and the Ministerial Decision 146/2021, we report that:

- we have obtained all the information and explanations we considered necessary for the purposes of our audit;
- the Group has maintained accounting records, and the consolidated financial statements are in agreement therewith;
- the Group has carried out physical verification of inventories;
- the financial information included in the Chairman's report is consistent with the books of accounts of the Group; and
- based on the information that has been made available to us, nothing has come to our attention, which causes us to believe that the Group has contravened, during the year ended 31 December 2024, any of the applicable provisions of the Commercial Companies Law of 2019 or its Articles of Association, which would materially affect the financial performance of the Group for the year ended 31 December 2024 or its financial position as at 31 December 2024.

Ernst + Young

Mohamed Al Qurashi
26 March 2025
Muscat

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2024

	Notes	***31-December 2024 RO'000***	*31-December 2023 RO'000*
ASSETS			
Non-current assets			
Property, plant and equipment	6 (a)	**5,499,327**	5,234,824
Intangible assets and goodwill	6 (b)	**8,880**	8,444
Long term bank deposits	7	-	164,339
Right-of-use assets	16	**1,292,314**	1,329,534
Other non-current assets	14	**43,201**	18,494
Total non-current assets		**6,843,722**	6,755,635
Current assets			
Short term bank deposits	7	**136,522**	5,000
Inventories	8	**26,757**	33,989
Trade and other receivables	9	**793,521**	787,477
Cash and cash equivalents	10	**176,632**	88,210
Total current assets		**1,133,432**	914,676
TOTAL ASSETS		**7,977,154**	7,670,311
EQUITY AND LIABILITIES			
Equity			
Share capital	11	**477,313**	477,313
Additional shareholders' contribution		**771,657**	707,192
Legal reserve	12	**318,180**	312,477
General reserve	13	**72,070**	90,315
Cumulative changes in fair value	14 (a)	**3,391**	5,921
Retained earnings		**340,643**	255,470
Equity attributable to owners of the Parent Company		**1,983,254**	1,848,688
Non-controlling interest	34	**331,826**	310,765
Total equity		**2,315,080**	2,159,453
Non-current liabilities			
Long term borrowings	15	**1,397,457**	1,317,902
Lease liabilities	16	**1,280,246**	1,317,917
Other non-current payables and provisions	18	**108,038**	123,423
Deferred revenue	19	**418,675**	477,164
Deferred tax liabilities	28	**249,742**	224,494
Total non-current liabilities		**3,454,158**	3,460,900
Current liabilities			
Long term borrowings- current portion	15	**451,158**	126,625
Short term borrowings	20	**833,853**	1,035,132
Deferred revenue	19	**43,438**	30,946
Lease liabilities	16	**240,752**	227,646
Trade and other payables	17	**557,582**	549,496
Current tax liabilities	28	**81,133**	80,113
Total current liabilities		**2,207,916**	2,049,958
Total liabilities		**5,662,074**	5,510,858
TOTAL EQUITY AND LIABILITIES		**7,977,154**	7,670,311

These consolidated financial statements were approved by the Board of Directors on ------------- and signed on their behalf by:

Eng. Ahmed Hamad Al Subhi	**Omar Mahmoud Al Mahrizi**	**Ahmed Al Mahrizi**
Chairman	**Director**	**Chief Executive Officer**

The accompanying notes on 1 to 36 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	***31-December 2024 RO'000***	*31-December 2023 RO'000*
Revenue	21	**1,957,424**	1,697,762
Operating costs	22	**(1,367,372)**	(1,402,960)
Gross profit		**590,052**	294,802
General and administrative expenses	23	**(194,529)**	(187,380)
Allowance for expected credit losses	5	**(10,583)**	(34,083)
Impairment loss on property, plant and equipment	6 (a)	**(14,182)**	(1,828,250)
Impairment loss on intangible assets	6 (b)	**(448)**	(8,349)
Other income	25	**12,643**	8,771
Operating profit / loss		**382,953**	(1,754,489)
Finance income	26	**14,723**	12,807
Finance costs	27	**(250,203)**	(243,218)
Subsidy income (wastewater)	21.1	**16,947**	28,599
Profit / loss before tax		**164,420**	(1,956,301)
Income tax expense	28	**(30,728)**	(32,711)
Net profit / loss for the year		**133,692**	(1,989,012)
Other comprehensive loss:			
Items that may be reclassified subsequently into profit or loss:			
Net movement in fair value of cash flow hedge, net of tax	14 (a)	**(2,530)**	(2,943)
TOTAL COMPREHENSIVE INCOME / LOSS FOR THE YEAR		**131,162**	(1,991,955)
Net profit / loss for the year attributable to:			
Non-controlling interest	1 & 34	**21,061**	20,436
Owners of the Parent Company		**112,631**	(2,009,448)
		133,692	(1,989,012)
Total comprehensive income / loss attributable to:			
Non-controlling interest	1 & 34	**21,061**	20,436
Owners of the Parent Company		**110,101**	(2,012,391)
		131,162	(1,991,955)

The accompanying notes on 1 to 36 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Share capital RO'000	*Additional shareholders' contribution RO'000*	*Legal reserve RO'000*	*General reserve RO'000*	*Cumulative changes in fair value RO'000*	*Retained earnings RO'000*	*Equity attributable to owners of the Company RO'000*	*Non-Controlling interest (NCI) RO'000*	*Total RO'000*
At 1 January 2024	**477,313**	**707,192**	**312,477**	**90,315**	**5,921**	**255,470**	**1,848,688**	**310,765**	**2,159,453**
Net profit for the year	-	-	-	-	-	133,692	133,692	-	133,692
Net profit attributable to NCI	-	-	-	-	-	(21,061)	(21,061)	21,061	-
Other comprehensive loss	-	-	-	-	(2,530)	-	(2,530)	-	(2,530)
Total comprehensive income	-	-	-	-	(2,530)	112,631	110,101	21,061	131,162
Transactions with Owners of the Group:									
Transfer to legal reserve	-	-	5,703	-	-	(5,703)	-	-	-
Transfer to general reserve	-	-	-	(18,245)	-	18,245	-	-	-
Additional shareholders' contribution	-	64,465	-	-	-	-	64,465	-	64,465
Dividend (note 30)	-	-	-	-	-	(40,000)	(40,000)	-	(40,000)
At 31 December 2024	**477,313**	**771,657**	**318,180**	**72,070**	**3,391**	**340,643**	**1,983,254**	**331,826**	**2,315,080**

The accompanying notes on 1 to 36 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended 31 December 2024

	Share capital RO'000	*Additional shareholders' contribution* RO'000	*Legal reserve* RO'000	*General reserve* RO'000	*Cumulative changes in fair value* RO'000	*Retained earnings* RO'000	*Equity attributable to owners of the Company* RO'000	*Non Controlling interest (NCI)* RO'000	*Total* RO'000
At 1 January 2023 (restated)	477,313	2,876,945	356,479	107,738	8,864	(110,685)	3,716,654	290,329	4,006,983
Net loss for the year	-	-	-	-	-	(1,989,012)	(1,989,012)	-	(1,989,012)
Net profit attributable to NCI	-	-	-	-	-	(20,436)	(20,436)	20,436	-
Other comprehensive loss	-	-	-	-	(2,943)	-	(2,943)	-	(2,943)
Total comprehensive loss	-	-	-	-	(2,943)	(2,009,448)	(2,012,391)	20,436	(1,991,955)
Transactions with Owners of the Group:									
Transfer to legal reserve	-	-	(44,002)	-	-	44,002	-	-	-
Transfer to general reserve	-	-	-	(17,423)	-	17,423	-	-	-
Additional shareholders' contribution (restated)	-	184,430	-	-	-	-	184,430	-	184,430
Transfer from additional shareholders' contribution to retained earnings	-	(2,354,183)	-	-	-	2,354,183	-	-	-
Dividend (note 30)	-	-	-	-	-	(40,005)	(40,005)	-	(40,005)
At 31 December 2023	477,313	707,192	312,477	90,315	5,921	255,470	1,848,688	310,765	2,159,453

The accompanying notes on 1 to 36 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	***31-December 2024 RO'000***	*31-December 2023 RO'000*
Operating activities			
Profit/ loss before tax		**164,420**	(1,956,301)
Adjustments for:			
Depreciation of right-of-use assets	16	**203,411**	191,750
Depreciation of property, plant and equipment	6 (a)	**214,859**	246,977
Impairment of property, plant and equipment	16	**14,182**	1,828,250
Amortization of intangible assets	6 (b)	**1,393**	2,775
Amortization of deferred revenue		**(1,650)**	(8,209)
Allowance for inventory obsolescence	8	**5,252**	2,756
Accruals for employees' benefits	18	**2,336**	309
Loss on disposal of property, plant and equipment		**1,905**	17
Allowance for expected credit losses	5	**10,583**	34,083
Impairment loss on intangible assets	6 (b)	**448**	8,349
Provision for decommissioning cost	18	**54**	52
Finance costs	27	**250,203**	243,218
Finance income	26	**(14,723)**	(12,807)
		852,673	581,219
Changes in working capital:			
Decrease / increase in inventories		**1,980**	(6,964)
Increase/ decrease in trade and other receivables		**(23,747)**	61,093
Decrease / increase in deferred revenue		**(45,997)**	46,951
Increase / decrease in trade and other payables		**16,844**	(99,718)
Cash generated from operations		**801,753**	582,581
Employees of end of service benefits paid	18	**(3,556)**	(1,311)
Income tax paid	28	**(4,426)**	(1,566)
Net cash flows from operating activities		**793,771**	579,704
Investing activities			
Acquisition of property, plant and equipment	6 (a)	**(496,465)**	(349,394)
Acquisition of intangibles	6 (b)	**(2,266)**	2,023
Movement in bank deposits		**32,817**	22,314
Acquisition of financial asset at amortized cost	14	**(7,004)**	-
Finance income received	26	**14,723**	12,807
Net cash flows used in investing activities		**(457,195)**	(312,250)
Financing activities			
Repayment of / proceeds from short-term borrowings		**(201,279)**	117,155
Proceeds from term loans	15	**476,130**	89,663
Repayment of term loans	15	**(72,042)**	(68,956)
Payment of lease liabilities (principal and interest)	16	**(307,261)**	(317,050)
Dividend paid	30	**(10,000)**	(40,005)
Interest paid		**(133,771)**	(121,442)
Net cash flows used in financing activities		**(248,223)**	(340,635)
Net change in cash and cash equivalents		**88,353**	(73,181)
Cash and cash equivalents at 1 January		**88,593**	161,774
Cash and cash equivalents at 31 December	10	**176,946**	88,593

Refer note 33 for significant non-cash transactions.

The accompanying notes on 1 to 36 form an integral part of these consolidated financial statements.

1 GENERAL AND SIGNIFICANT AGREEMENTS

1.1 General

Electricity Holding Company SAOC (the "Company" or "Parent Company") is a closed Omani joint stock company registered under the Commercial Companies Law of Oman on 19 October 2002.

The establishment and operations of the Company are governed by the provisions of the Law for the Regulation and Privatisation of the Electricity and Related Water Sector (the "Sector Law") promulgated by Royal Decree 78/2004, as amended.

The Company is wholly owned by the Government of Sultanate of Oman through the Oman Investment Authority ("OIA") which was formed during 2020.

The principal activities of the Company and its subsidiaries (together referred as "the Group") comprise the:

- Management of Government investments in the electricity and related water and wastewater sector in the Sultanate of Oman.
- Regulated distribution and supply of electricity, collection, treatment of sewage water, electricity generation and electricity transmission and dispatch and undertaking procurement activities pertaining to electricity and desalinated water.
- Provision of training and support services mainly to the Group companies.

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and the requirements of the Commercial Companies Law of 2019 of the Sultanate of Oman.

(b) Basis of preparation

These consolidated financial statements have been prepared on the historical cost basis except for derivative financial instruments which are measured at fair value. The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

(c) Fundamental accounting concept

As at 31 December 2024, the current liabilities of the Group exceeded its current assets by approximately RO 1,075 million (2023: RO 1,135 million), which may indicate the existence of a material uncertainty relating to going concern as the Group will require additional funding and financial support to meet its financial obligations as they fall due and continue its operations for the foreseeable future.

Management believes that it is appropriate to prepare the consolidated financial statements on a going concern basis on the strength of continued financial support from the shareholders including the undertaking from the Government, under the Sector Laws, to secure the availability of the necessary finance for the Group to undertake its activities and achieve its objectives as long as its capital is wholly owned by the Government. The above factors will enable the Group to continue to operate as a going concern for the foreseeable future and to discharge its liabilities to other parties, as they fall due, and management has no reason to doubt such support will continue. Accordingly, these consolidated financial statements are prepared on a going concern basis and management concluded that material uncertainty in respect of going concern does not exist.

1 GENERAL AND SIGNIFICANT AGREEMENTS (continued)

1.1 General (continued)

(d) The details of the Group subsidiaries are as follows:

Subsidiary companies	*Shareholding percentage*		*Principal activities*
	2024	*2023*	
1. Al Gubrah Power and Desalination Company LLC (GPDC)	**100%**	100%	Electricity generation and related water desalination.
2. Wadi Al Jizi Power Company LLC (WJPC)	**100%**	100%	WJPC ceased its operation and under the process of decommissioning.
3. Oman Electricity Transmission Company SAOC (OETC)	**51%**	51%	Electricity transmission.
4. Oman Power and Water Procurement Company SAOC (OPWP)	**100%**	100%	Bulk purchase and sale of electricity and also sell water/ buy water from desalination plants.
5. Nama Electricity Supply Company SAOC (NESC) (formerly Muscat Electricity Distribution Company SAOC)	**100%**	100%	Undertaking regulated supply of electricity in the all around Oman except Dhofar Govenorate under a license issued by the Authority for Public Services Regulation.
6. Nama Electricity Distribution Company SAOC (NEDC) (formerly Mazoon Electricity Company SAOC)	**100%**	100%	Undertaking the regulated distribution of electricity in all governorates of Oman excluding Dhofar governorate under a license issued by the Authority for Public Services Regulation.
7. Majan Electricity Company SAOC (MJEC)	**100%**	100%	Distribution and Supply of electricity and maintenance of distribution networks in the wilayats of A'Dhahirah, Buraimi and North Batinah region. The shareholders have resolved to initiate the process of liquidation.
8. Numo Institute for Competency Development LLC (NICD)	**100%**	100%	Provides human resource services, consultancy and training services primarily to the group companies.
9. Nama Shared Services LLC (NSS)	**100%**	100%	Provides IT related support services to the group companies.
10. Rural Areas Electricity Company SAOC (RAECO / TANWEER)	**100%**	100%	Undertaking electricity generation, water desalination and electricity distribution activities in the Musandam Governorate, Alwusta region, Masirah Island, Khuweima and Qroon areas in Sharqiya region, Aswad area in Dahirah region, Dhofar Governate (the area outside Dhofar Power Company SAOC's authorised area) and in Dakhliya region (the area outside Mazoon Electricity Company SAOC's authorised area) under a license issued by the Authority for Public Services Regulation.
11. Dhofar Integrated Services Company SAOC (DISC)	**99.06%**	99.03%	Undertaking regulated distribution and supply of electricity, water and treatment of waste water in the Dhofar region under a license issued by the Authority for Public Services Regulation and is authorised to design, develop, construct, manage and operate the water and wastewater system.
12. Salalah Sanitary Drainage Services Company SAOC (SSDC)	**100%**	100%	SSDC is in the process of liquidation.
13. Oman Water and Wastewater Services Company SAOC (OWWSC)	**100%**	100%	Design, develop, construct, manage and operate the water and wastewater system in Oman except for Dhofar region.

1 GENERAL AND SIGNIFICANT AGREEMENTS (continued)

1.2 Significant agreements

OWWSC

Bulk supply agreement
OWWSC entered into a Bulk Supply Agreement (BSA) with OPWP (a related party) in prior years. Under BSA, the entire water produced by the following identified Independent Water Plants (IWPs) supplied to OWWSC, as per the dispatch instructions issued by OWWSC. OWWSC is authorized to supply water to its customers in entire Sultanate of Oman, except for Dhofar region, OPWP do not have any substantive substitution rights to bulk supply water to another company. Accordingly, this bulk supply of water arrangement, has been recognized as leases as per the guidelines of IFRS 16 'Leases'. These leases have terms ranging 8 to 25 years.

Funding agreement
OWWSC has entered into a Funding agreement with the Government on 18 May 2010 represented by the Ministry of Finance. The Funding agreement between OWWSC and Government specifies the terms of funding of infrastructure development and net operating expenses incurred by OWWSC. As per Funding agreement, the Government is responsible for 100% funding of Concession infrastructure to be developed by OWWSC and all assets developed under Concession agreement will be owned by the Government, OWWSC will have access to operate and maintain the Concession assets. Further, as per Funding agreement net operating losses incurred by OWWSC during each year will be reimbursed by the Government in form of subsidy.

PCR promulgated from 1 January 2024, has superseded the funding agreement from 1 January 2024.

Usufruct agreement
The Usufruct Agreement is with the Government represented by the Ministry of Housing, Electricity and Water. Pursuant to clause 3.3 of the Agreement, the Government and OWWSC have agreed to execute this usufruct agreement to grant OWWSC right to benefit, under Royal Decree 5/81 (as amended) (issuing the law regulating the use/benefit of the Sultanate's lands) and Royal Decree 88/82 (as amended) (issuing the implementing regulations for the use/benefit of the Sultanate's lands), in the usufruct area and certain rights of way and easements, so as to enable OWWSC to construct new facilities and the operation and maintenance of the wastewater system and in general to enjoy its rights and to perform its obligations under the Agreement.

Treated effluent sale and purchase agreement
Under the term of the Agreement, OWWSC has entered into Treated effluent sale and purchase agreement with the Government represented by the Diwan of the Royal Court, Muscat Municipality (the Municipality). Under the agreement, per day 50,000 m3 of treated effluent, at take or pay basis at the agreed rate, is billed on monthly basis to the Municipality.

Concession Agreement
OWWSC has entered into Concession agreement (" the Agreement") with the Government represented by the Ministry of Finance, for the development and operation of the wastewater system in the Governorate of Muscat for a period of 30 years commencing from 1 January 2006, as per which:

- The Government requires the development and operation of wastewater system in the concession area and the availability for purchase of treated effluent.
- The Government desires OWWSC to develop, design, finance, own, operate, maintain, construct and commission both the existing assets and the new assets for the purpose of providing the services and implementing the works in the concession area in accordance with the master plan.
- OWWSC shall be granted certain rights and interests in the existing assets.
- Conditions permitting, it is the intention of the Government that OWWSC will be privatized in whole or in part.
- On expiry or early termination of the Concession period, OWWSC shall transfer back to the Government the wastewater system and all other rights and interests provided for in this agreement.
- This Agreement and the rights and obligations are granted and executed by the Government pursuant to the Royal Decree; and
- The Government and OWWSC wish to record matters referred to above and do so in the Agreement.

1 GENERAL AND SIGNIFICANT AGREEMENTS (continued)

1.2 Significant agreements (continued)

DISC

DISC has following agreements:

Meter Reading Agreement with Oman National Engineering and Investment Company SAOG ("ONEIC") for the meter reading activities in the Salalah region till 31 July 2026.

Bill printing and bill delivery agreement with ONEIC for the bill delivery and bill printing activities in the Salalah region till 31 July 2026.

Recovery and defaulter management services on Factoring Agreement with ONEIC for the recovery and defaulter management services on Factoring activities in the Salalah region till 31 July 2026.

Power Bulk Supply agreement with Oman Power and Water Procurement Company SAOC ("OPWP"), this will cover the power purchase cost and regularize the purchasing process. The Company entered to the agreement in January 2014. In addition, there is also an agreement with OPWP for the rural area to regularize the purchase of power in the rural area.

Water Bulk Supply agreement with OPWP, this will cover the water purchase cost and regularize the purchasing process. The Company entered to the agreement in January 2019.

Built Operate and Transfer (BOT) agreement with ONEIC for executing stage I water reclamation plant in Sahlnoot. This agreement w signed early 2020 and shall last for 15 years. The operation phase of this agreement started from June 2024.

Bulk Supply Agreement (BSA) with Oman Power and Water Procurement Company SAOC ("OPWP") (a related party) in prior years. Under BSA, the entire water produced by the "Sembcorp Salalah Power and Water Company SAOC and Dhofar Generating Company SAOC, an Independent Water Producer ("IWP"), supplied to DISC, as per the dispatch instructions issued by DISC.

DISC is authorised to supply water to its customers in Dhofar region, OPWP do not have any substantive substitution rights to bulk supply water to another company. Accordingly, this bulk supply of water arrangement, has been recognized as leases as per the guidelines of IFRS 16 'Leases'. These leases have terms ranging 15 to 20 years.

2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

New and amended standards and interpretations
The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024 (unless otherwise stated).

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7
The amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

Lease Liability in a Sale and Leaseback - Amendments to IFRS 16
The IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains.

The amendments must apply retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS") (CONTINUED)

New and amended standards and interpretations (continued)

Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants – Amendments to IAS 1

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

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. The amendments must be applied retrospectively.

The above amendments are not expected to have a material impact on the Group's consolidated financial statements.

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 Group's financial statements are disclosed below. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

	Date effective from
Lack of exchangeability – Amendments to IAS 21	1 January 2025
IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7	1 January 2026

The following new and amended standards may be applicable to the Group and may have impact on the consolidated financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Group is currently working to identify all impacts the amendments will have on the consolidated financial statements and notes to the consolidated financial statements.

3 MATERIAL ACCOUNTING POLICY INFORMATION

Leases (IFRS 16)

(a) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses if any and adjusted for certain re measurements of the lease liability. Generally, the Group uses its incremental borrowing rate as the discount rate. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee or if the Group changes its assessment of whether it will exercise a purchase extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Group presents right-of-use assets and lease liabilities separately in the consolidated statement of financial position. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The principal estimated remaining useful lives used for this purpose are:

Assets	***Years***
Usufruct agreement	1 to 60
Leased vehicles	1 to 7
Building rent	1 to 10
Bulk supply agreements	15 to 24

Short term leases and leases of low value assets
The Group has elected not to recognise right-of-use assets and lease liabilities for short term assets that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(b) As a lessor

The Group has not entered into any arrangement in which it is acting as a lessor.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(b) As a lessor (continued)

Financial instruments
IFRS 9 Financial Instruments has principle-based requirements for the classification of financial assets. The standard contains two primary measurement categories for financial assets: amortised cost and fair value. The classification of financial assets under IFRS 9 is generally based on the business model in which the financial asset is managed and contractual cash flows characteristics. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification. Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

1. Trade and other receivables
2. Cash and cash equivalents
3. Term deposits
4. Amounts due from related parties
5. Government subsidy receivable
6. Term loans
7. Long term borrowing - Sukuk
8. Short term borrowings
9. Bank overdrafts
10. Trade and other payables
11. Lease liabilities
12. Derivatives

Initial recognition

Financial assets
On initial recognition, a financial asset is classified as measured at amortised cost; fair value through other comprehensive income – debt instruments; fair value through other comprehensive income – equity instruments; or fair value through profit or loss account.

Financial assets 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 fair value through profit or loss account:

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

Financial liabilities
Financial liabilities are classified as measured at amortised cost or fair value through profit or loss account. A financial liability is classified as at fair value through profit or loss account if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities, at initial recognition, may be designated at fair value through profit or loss if the following criteria are met:

a) The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis;

b) The liabilities are part of a group of financial liabilities which are managed, and their performance evaluated on fair value basis, in accordance with a documented risk management strategy; or

c) The financial liability contains an embedded derivative that would otherwise need to be separately recorded.

Financial liabilities at fair value through profit or loss account are measured at fair value and net gains and losses, including any interest expense, are recognised in the profit or loss account.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Subsequent measurement of financial assets

<u>Financial assets at amortised cost</u>
These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the profit or loss account. Any gain or loss on derecognition is recognised in the profit or loss account.

Subsequent measurement of financial liabilities
The Group categorises its financial liabilities into two measurement categories: FVTPL and amortised cost. The Group 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 comprehensive income, and the remaining amount in profit or loss. Cumulative gains or losses presented in 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 Group's financial liabilities include accounts payable, fair value of derivatives, short term borrowings and term loans. Except for fair value of derivatives which is measured at fair value, all other financial liabilities of the Group are measured at amortised cost.

Reclassification

Financial assets
The Group only reclassifies financial assets if, and only if, the objective of the business model for managing those financial assets is changed. Such changes are expected to be very infrequent as these changes must be significant to the Group's operations and demonstrable to external parties. If the Group determines that its business model has changed in a way that is significant to its operations, then it reclassifies all affected assets prospectively from the first day of the next reporting period (the reclassification date). Prior periods are not restated.

Financial liabilities
The Group determines the classification of financial liabilities on initial recognition. Subsequent reclassification is not allowed.

Modification

Financial assets
If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised, and a new financial asset is recognised at fair value. If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the profit or loss account.

Financial liabilities
If the terms of a financial liability are modified and the cash flows of the modified liability are substantially different then, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the profit or loss account.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Derecognition

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

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

b) The Group retains the right to receive cash flows from the asset, but assumes an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or

The Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

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

Any cumulative gain/loss recognised in the statement of other comprehensive income in respect of equity instrument designated as fair value through other comprehensive is not recognised in the profit or loss account on derecognition of such instrument. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability.

When the Group 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 Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss account.

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

Impairment of financial assets
IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' ('ECL') model. This requires considerable judgement about how changes in economic factors affect expected credit losses, which will be determined on a probability-weighted basis.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Impairment of financial assets (continued)
The Group recognises loss allowances for ECLs on the following instruments that are not measured through fair value through profit or loss account:

- Financial assets measured at amortised cost;
- Debt instruments measured at fair value through other comprehensive income;
- Lease receivable in the scope of IAS 17;
- Financial guarantee contracts and loan commitments in scope of IFRS 9; and
- Contract assets (as defined in IFRS 15).

Measurement of loss allowances
The financial assets at amortized cost consist of trade receivables and cash and cash equivalents. Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and

- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group has elected to measure loss allowances for trade receivables at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since the initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk. The Group assumes that the credit risk on a financial asset has significantly increased since initial recognition and while estimating expected credit loss, when there is objective evidence or indicator for the financial assets. Examples of such indicators include:

- Significant financial difficulty of the borrower or issuer;
- Delinquency by borrower;
- Restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a borrower or issuer will enter bankruptcy;
- The disappearance of an active market for a security; or
- If it past due for more than 30 days.

Loss allowances for trade and other receivables, contract assets and lease receivable without significant financing are always measured at an amount equal to lifetime expected credit loss.

IFRS 9 does not define the term ‘default’, but instead requires each entity to do so. The definition has to be consistent with that used for internal credit risk management purposes for the relevant financial instrument and has to consider qualitative indicators e.g. breaches of covenants – when appropriate.

Lifetime expected credit losses: These losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument, if there is significant increase in credit risk or under simplified approach 12-month expected credit losses: These losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk. An asset is credit-impaired if one or more events have actually occurred and have a detrimental impact on the estimated future cash flows of the asset.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Measurement of loss allowances (continued)
The term 'significant increase in credit risk' is not defined in IFRS 9. An entity decides how to define it in the context of its specific types of instruments. An entity assesses at each reporting date whether the credit risk on a financial instrument has increased significantly since initial recognition. To make the assessment, an entity considers changes in the risk of default instead of changes in the amount of expected credit losses.

An entity assesses whether there has been a significant increase in credit risk at each reporting date. The impairment model in IFRS 9 is symmetrical, and assets can move into and out of the lifetime expected credit losses category.To be 'significant', a larger absolute increase in the risk of default is required for an asset with a higher risk of default on initial recognition than for an asset with a lower risk of default on initial recognition.

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

Financial assets that are not credit-impaired at the reporting date
Measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

Financial assets that are credit-impaired at the reporting date
Measured as the difference between the gross carrying amount and the present value of estimated future cash flows discounted at the financial asset’s original effective interest rate. Any adjustment is recognised in the profit or loss account as an impairment gain or loss.

*Presentation of expected credit losses*Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets and is charged to the profit or loss account or the statement of other comprehensive income as applicable.

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 Group 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 Group’s procedures for recovery of amounts due.

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

For the purpose of hedge accounting, hedges are classified as:

- Hedges of the exposure to changes in fair value of recognised assets or liabilities or firm commitments (fair value hedge); or
- Hedges of highly probable future cash flows attributable to a recognised asset or liability, or a forecasted transaction (cash flow hedge).

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group 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, the nature of the risk being hedged and how the entity will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined).

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Derivative financial instruments and hedge accounting (continued)
A hedging relationship qualifies for hedge accounting only if all of the following criteria are met:

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

As part of risk management strategies, the Group 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 Group 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 Group 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 other comprehensive income and any remaining gain or loss is hedge ineffectiveness which is recognised in profit or loss.

When the Group 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 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 Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The Group 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.

Cash and cash equivalents
Cash and cash equivalents comprise cash in hand, all bank balances including overdraft balances and short-term deposits with a maturity of three months or less from the date of placement.

Trade and other payables
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 profit and loss and other comprehensive income over the period of the borrowings on an effective interest basis.

Determination of fair values
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Determination of fair values (continued)
In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are catagorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

As at 31 December 2024, the Group held interest rate swap derivatives instruments measured at fair value. The fair values of the interest rate swap arrangements are determined using level 2 valuation technique.

Basis of consolidation

Subsidiaries
The consolidated financial statements incorporate the financial statements of the Parent Company and entities controlled by the Group. The control is achieved when the Group:

- has power over the investee;
- is exposed, or has right, to variable returns from its investment with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are circumstances to indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than majority of voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power.

Consolidation of a subsidiary commences when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Parent Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Parent Company and to the non-controlling interests even if this results in the non-controlling interests having deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with Group's accounting policies. All intra group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries
Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amounts by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Parent Company.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Basis of consolidation (continued)

Non-controlling interests ("NCI")
NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control
When the Group loses control over a subsidiary, it:

Derecognize:

- The assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost, and
- The carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them),
- The cumulative transaction differences recorded in equity.

Recognize:

- The fair value of the consideration received, if any, from the transaction, event or circumstances that resulted in the loss of control;
- If the transaction, event or circumstances that resulted in the loss of control involves a distribution of shares of the Subsidiary to owners in their capacity as owners, that distribution; and
- Any investment retained in the former subsidiary at its fair value at the date when control is lost.

Any resulting gain or loss is recognised in the statement of profit or loss.

Business combinations
Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair value of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

The Group applies book value accounting for the transfers under the common control transactions in recognizing the assets acquired and liabilities assumed in the consolidated financial statements. In applying book value accounting, an adjustment is made (if any) within equity to reflect any difference between the consideration paid and the share capital of the acquiree.

Goodwill
Goodwill is measured as the excess if the sum of the consideration transferred, the amount of any non-controlling interests in the acquire and the fair value of the acquirer's previously held equity interest in the acquire (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Goodwill is carried at cost as established at the date of acquisition of the business, as explained above, less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rate based on carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in the profit or loss. An impairment loss recognized for goodwill not reversed in subsequent period. On disposal of a relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Functional and presentation currency
Items included in the consolidated financial statements of the Group are measured and presented using Rials Omani ("RO") which is the currency of the Sultanate of Oman, being the economic environment in which the Group operates (the functional currency). The consolidated financial statements are prepared in RO, rounded to the nearest thousand.

Foreign currency
In preparing the consolidated financial statements, transactions in currencies other than the Group's functional currency (foreign currencies) are recorded at the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing at the reporting date. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rates at the date of the transaction. Translation gains and losses related to monetary items are recognized in the profit or loss in the year in which they arise.

Property, plant and equipment
Construction in progress is stated at cost, net of accumulated impairment losses, if any. Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Property, plant and equipment transferred from customers are initially measured at cost at the date on which control is obtained.

A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus. An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Depreciation
Depreciation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The principal estimated useful lives used for this purpose are:

	Years
Buildings	30 to 50
Transmission and related assets	Up to 60
Distribution and related assets	20 to 40
Other plant and machinery	2 to 50
Decommissioning assets	8 to 20
Furniture, vehicles and equipment	2 to 10
Plant spares	20 to 40
Production assets	10 to 30
Network and storage assets	10 to 50

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Property, plant and equipment (continued)

Depreciation (continued)
The Group reviews the estimated residual values and expected useful lives of assets at least annually. In particular, the Group considers the impact of health, safety and environmental legislation in its assessment of expected useful lives and estimated residual values. An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

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

An impairment loss is recognized if the carrying amount of an asset or cash generating unit exceeds its recoverable amount. Recoverable amount is the greater of its value in use and its fair value less costs to sell. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Intangible assets

Recognition and measurement
Intangible assets represent softwares. These intangible assets are initially recognised at cost and subsequently remeasured at cost less accumulated amortisation and any impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and charged to statement of profit and loss in the period in which the expenditure is incurred.

Amortisation
Intangible assets with finite useful life are amortised over the estimated useful economic life and assessed for impairment whenever there is an indication that intangible asset may be impaired. The amortisation period and method is reviewed at each reporting date. Change in expected useful life on the expected pattern of consumption of future economic benefits embodied in the intangible asset is accounted for by changing the amortisation period or method, as appropriate and treated as change in accounting estimate and accordingly accounted for prospectively. The amortisation charge is recognised in the profit and loss in the expense category consistent with the function of intangible asset.

The intangible assets are amortised over the period of 5 to 7 years.

Dividend
Dividends are recognised as a liability in the period in which they are approved by the shareholders. Dividends for the period that are approved after the reporting date are dealt with as an event after the reporting date and disclosed as proposed dividend only.

The Group will disclose in the notes, the amount of dividends proposed or declared before the consolidated financial statements were authorized for issue but not recognized as a distribution to owners during the period, and the related amount per share. The Group will not declare dividend in the event of losses brought forward.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Current versus non-current classification
The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period.
- 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 the 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.
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Revenue from Contracts with Customers
Revenue represents the sale of electricity to the Government, commercial and residential customers within the Group's distribution network, sale of desalinated water, sale of treated effluent and compost, subsidy from Government and wastewater. Revenue is measured at fair value of the consideration received or receivable. Revenue is reduced for estimated rebates and other similar allowances.

The Group recognises revenue based on the five-step model set out in IFRS 15:

Step 1: Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify the performance obligations in the contract: A performance obligation is a unit of account and a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as and when the Group performs; or

- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

- The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Revenue from Contracts with Customers (continued)
For performance obligations where none of the above conditions are met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Variable consideration
Variable consideration amount is estimated at either their expected value or most likely amount and included in revenue to the extent that it is highly probable that the revenue will not reverse.

Significant financing component
The Group evaluates significant financing component, if the period between customer payment and the transfer of goods/ services (both for advance payments or payments in arrears) is more than one year. The Group adjusts the promised amount of consideration for the time value of money using an appropriate interest rate reflecting the credit risk.

Contract modification
A contract modification occurs when the Group and the customer approve a change in the contract that either creates new enforceable rights and obligations or changes the existing enforceable rights and obligations. Revenue related to a modification is not recognised until it is approved. Approval can be in writing, oral, or implied by customary business practices. The Group treats the contract modification as a separate contract if it results in the addition of a separate performance obligation and the price reflects the standalone selling price of that performance obligation. Otherwise, a modification (including those that only affect the transaction price) is accounted for as an adjustment to the original contract, either prospectively or through a cumulative catch-up adjustment. The Group accounts for a modification prospectively if the goods or services in the modification are distinct from those transferred before the modification. Conversely, the Group accounts for a modification through a cumulative catch-up adjustment if the goods or services in the modification are not distinct and are part of a single performance obligation that is only partially satisfied when the contract is modified.

Cost of obtainment and fulfilment
The Group capitalises incremental costs to obtain a contract with a customer except if the amortisation period for such costs is less than one year. If the costs incurred in fulfilling a contract with a customer are not in the scope of other guidance - e.g. inventory, intangibles, or property, plant and equipment - then the Group recognises an asset only if the fulfilment costs meet the following criteria:

- relate directly to an existing contract or specific anticipated contract;
- generate or enhance resources that will be used to satisfy performance obligations in the future; and
- are expected to be recovered.

If the costs incurred to fulfil a contract are in the scope of other guidance, then the Group accounts for such costs using the other guidance. The Group amortises the asset recognised for the costs to obtain and/or fulfil a contract on a systematic basis, consistent with the pattern of transfer of the good or service to which the asset relates. In the case of an impairment, the Group recognises these losses to the extent that the carrying amount of the asset exceeds the recoverable amount.

(a) Revenue from supply of electricity

Revenue represents fair value of income receivable from supply of electricity, in the ordinary course of business, to the Government and private customers within the Group's operating area, including the estimated unbilled revenue during the period from the last billing date to the end of reporting period. The estimate is made using historical consumption patterns and included in trade receivables in these consolidated financial statements.

(b) Deferred revenue

(i) Installation and connection revenue

Before application of IFRS 15, the Group was recognizing the revenue from installation, connection and metering charges at point of time. Upon application of IFRS 15, it has been identified that there is no separate distinct performance obligation on the Group with regard to this revenue stream, and these services cannot be distinguished from the primary business activity of Group i.e. supply of electricity and water. Accordingly, these revenues have been deferred and will be recognized throughout the useful life of the related connections (i.e. 15 to 25 years).

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Cost of obtainment and fulfilment (continued)

(b) Deferred revenue (continued)

(ii) Assets transfer from customers

Previously recorded revenue under IFRIC 18 - 'Assets transferred from customers', has now been covered under IFRS 15, and recognition of revenue at point of time i.e. when asset is received from customer, is no longer applicable. Under IFRS 15, it has been identified that there is no separate performance obligation with respect to customer-contributed assets other than supply of electricity in the future. Therefore, consideration received (or fair value of the assets transferred) should be treated as part of the transaction price (non-cash consideration) and revenue to be recognized as and when electricity is provided to the customer in future. Accordingly, this revenue has been deferred and recognized throughout the useful life of the relevant assets transferred from customers.

(iii) Government sponsored projects

It represents the funds received from the Government for the construction of assets for the benefit of public at large or specific Government authorities. These funds are deferred and recognised as revenue over the period of the useful life of the assets.

(c) Revenue from services

Revenue from connection charges, monthly rental tariff, basic service tariff, tanker offloading revenue, tanker hire revenue is recognized as the performance obligation is satisfied over time.

(d) Revenue from sale of treated effluent and compost

Revenue from the sale of treated effluent is recognized on monthly basis based on metered sales i.e., performance obligation is satisfied over time. Revenue from sale of compost is recognized when the performance obligation is satisfied i.e., compost is delivered to the customer. Control of the goods is transferred at the time of delivery and accordingly revenue is recognized point in time.

(e) Revenue from metered, non-metered and bulk water sales

Revenue is measured at fair value of the consideration that is expected to be received for the services rendered in the normal course of business. Revenue primarily comprises of charges for the consumption of water. This includes water supply to residential, commercial and Government customers. Revenue is recognised during the period in which the water is consumed, based on the actual meter readings and/or estimated water consumption.

(f) Connection and installation fee

Connection fee represents charges billed to the customers, which is amortised as income over the estimated useful life of the related assets on straight line basis. The Group has concluded that in all of its revenue arrangements the Company is principal, since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to credit risks.

(g) Revenue from the connection to the grid contracts

The services included in the contract (i.e. connection service and continue access to the electricity grid) represents single performance obligation to fulfil over time, as they are not distinguished within the context of the contract. Revenue from the connection contracts is deferred on the basis of the nature of the obligation arising from the contract with the customer. The Group considers all relevant facts and circumstances in assessing whether a contract contains a financing component and whether that financing component is significant to the contract. In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In this regard, the Group recognizes the obligation to transfer the customer said connection services for which it has received consideration as contract liabilities and recognize contract assets for the amount accrued to the Group based on the financing element.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Finance costs and income
Finance income comprises interest received or receivable on funds invested. Interest income is recognised in the profit or loss using effective interest rate method when Group's right to receive is established. Interest expense is recognised in the profit or loss as it accrues using the effective interest rate method.

(a) Other income

Other income includes sale of scrap, tender fees and fines accounted on an accrual basis.

(b) Government subsidy / grant

The Group's revenue is regulated by the price control mechanism and the maximum allowed revenue is determined for every reporting period. The excess of economic cost over customer and other revenue is received as Government subsidy. In accordance with the price control mechanism actual regulated revenue includes electricity sales to private and Government customers, Government subsidy and other income including installation and connection charges. Any reduction in the actual regulated revenue would be compensated by corresponding increase in Government subsidy. Total revenue in excess / (short) of the maximum allowed revenue determined under the price control mechanism is shown as other current assets.

Inventories
Inventories are stated at the lower of cost and net realizable value.

Costs comprise purchase cost and where applicable, direct labor costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated principally using the weighted average method. Allowance is made for slow moving and obsolete inventory items where necessary, based on management's assessment.

Taxation
Under fiscal regulation of the Sultanate of Oman each legal entity is liable for tax liability.

Income tax is calculated as per the fiscal regulations of the Sultanate of Oman. Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous period.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax is calculated on the basis of the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates and tax laws that have been enacted or substantially enacted by the reporting date. The tax effects on the temporary differences are disclosed under non-current liabilities as deferred tax liability.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. The carrying amount of deferred tax assets is assessed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax is recognised as an expense or benefit in profit or loss except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity.

Provisions
Provisions are recognised in the consolidated statement of financial position when the Group has a legal or constructive obligation as a result of a past event and it is probable that it will result in an outflow of economic benefit that can be reliably estimated.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding 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.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Provisions (continued)
Where some or all of the economic benefits required to settle a provision are expected to be recovered from third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

Provision for employees' benefits
A liability is recognised for benefits accruing to employees in respect of wages, salaries and annual leave when it is probable that settlement will be required, and they are capable of being measured reliably.

Provision for employee benefits is accrued having regard to the requirements of the Oman Labour Law 2003 as amended or in accordance with the terms and conditions of the employment contract with the employees, whichever is higher. Employee entitlements to annual leave are recognised when they accrue to employees and an accrual is made for the estimated liability arising as a result of services rendered by employees up to the reporting date. These accruals are included in current liabilities, while that relating to end of service benefits is disclosed as a non-current liability.

End of service benefits for Omani employees are contributed in accordance with the terms of the Social Securities Law 1991 and Civil Service Employees Pension Fund Law. Gratuity for Omani employees who transferred from the Ministry of Housing, Electricity and Water on 1 May 2005 is calculated based on the terms agreed between the Group and the Government. An accrual has been made and is classified as a non-current liability in the statement of financial position.

In accordance with the provisions of IAS 19, Employee Benefits, management carries out an exercise to assess the present value of the Group's obligations as of the reporting date, in respect of employees' end of service benefits payable to determine whether it is not materially different from the provision made.

Under this method, an assessment is made of an employee's expected service period with the Group and the expected basic salary at the date of leaving the service, discounted over the period of remaining expected period using the country's risk-free rate.

Provision for decommissioning
A provision for decommissioning is recognised when there is a present obligation as a result of activities undertaken pursuant to the Usufruct agreements, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of provision can be measured reliably. The estimated future obligations include the costs of removing the facilities and restoring the affected areas. The provision for future decommissioning cost is a best estimate of the present value of the expenditure required to settle the decommissioning obligation at the reporting date based on the current requirements as per the Usufruct agreement. Future decommissioning cost is reviewed annually and any changes in the estimate are reflected in the present value of the decommissioning provision at each reporting date. Changes in the estimate of the provision for decommissioning is treated in the same manner, except that the unwinding of the effect of the provision is recognised as a finance cost in the profit or loss rather than being capitalised into the cost of the related asset.

Government grants
Grants from the Government are recognised at their nominal value for rent-free usufruct lands and fair value for other grants where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions, if applicable. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to construction of assets are included in deferred revenue within non-current liabilities and are credited to profit or loss on a straight-line basis over the expected useful lives of related assets.

Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets is substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for authorization. All other borrowing costs are recognised in the profit or loss in the year in which they are incurred.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas requiring a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are set out below:

Estimates
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, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Useful lives of property, plant and equipment
The Group'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.

Provision for inventory obsolescence
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. Any difference between the amounts actually realised in future periods and the amounts expected will be recognised in the statement of profit or loss and comprehensive income.

Expected credit loss allowance
The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance). The provision matrix is initially based on the Group's historical observed default rates.

The Group 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 Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the statement of comprehensive income.

The impact of total financial assets as at 31 December 2024, is disclosed in the note 5 of the consolidated financial statements.

4 CRITICAL ACCOUNTING ESTIMATES (continued)

Estimates (continued)

Impairment of non-financial assets
Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

During the year, the Group has assessed the recoverable amount of water and wastewater sector assets and based on the assumptions using the future cash flows based on the PCR applied from 1 January 2025. Accordingly, an impairment of RO 14.2 million (2023: RO 1,828.3 million) was recognised in consolidated statement of profit or loss.

Revenue recognition
Due to the nature of the business, a certain portion of the Group's revenue is estimated rather than based on actual billing. Detailed computations were made on the basis of pre-determined billing patterns and unit usage related criteria in order to arrive at the estimated revenue from those customers where the Group is unable to obtain meter readings and differential days' revenue estimation for those customers billed before year end. If the actual meter readings for such customers differ from the estimates, the Group's revenue would be impacted to the extent of such differences.

Installation and connection revenue
Before application of IFRS 15, the Group was recognizing the revenue from installation, connection and metering charges at point of time. Upon application of IFRS 15, it has been identified that there is no separate distinct performance obligation on the Group with regard to this revenue stream, and these services cannot be distinguished from the primary business activity of the Group i.e. supply of electricity. Accordingly, these revenues have been deferred and will be recognized throughout the useful life of the related assets (i.e. 25 years).

Provision for current tax and deferred tax
Uncertainties exist with respect to the interpretation of tax regulations and the amount and timing of future taxable income. Given the wide range of business relationships and nature of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group reviews the provision for tax on a regular basis.

In determining the provision for tax, laws of particular jurisdictions (where applicable entity is registered) are taken into account. The management considers the provision for tax to be a reasonable estimate of potential tax liability after considering the applicable laws and past experience. The Group has evaluated the available evidence about future taxable income and other possible sources of realisation of income tax assets, and the amount recognised has been limited to the amount that, based on management's best estimate, is more likely than not to be realised.

Impairment of goodwill
The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. These calculations use current period actual free cash flows, contractual cash flows and projections based on management's best estimates considering the future market outlook. The net carrying amount of goodwill at 31 December 2024 was RO 4.3 million (2023: RO 4.3 million).

Leases – estimating the incremental borrowing rate
The Group 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 Group 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 Group '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 Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity.

4 CRITICAL ACCOUNTING ESTIMATES (continued)

Judgement
In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements.

Determining the lease term
In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Potential future cash outflows have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

The Group has the option, under some of its leases to lease the assets for additional terms. The Group 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 Group 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).

Modification / extinguishment of financial liabilities
As per requirements of IFRS 9, an exchange between an existing borrower and lender of debt instruments with substantially different terms shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the debtor) shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 percent different from the discounted present value of the remaining cash flows of the original financial liability. IFRS 9 also requires entity to evaluate the qualitative factors including change in interest rates and extension in term of the debt. Therefore, this assessment requires considerable judgement. The details of restructuring of loans have been disclosed in note 16 to the financial statements. As the loans were originally obtained under syndication structure, therefore judgement is required to determine whether the IFRS 9 extinguishment/modification requirements would be applied on lead lender or individual borrower level. Accordingly, the management has considered Group's rights and obligation under the loan agreement and concluded that the Group had loans with individual borrowers and therefore the assessment is made at individual borrower level. Such rescheduling at individual borrower level is considered as modification of financial liability for accounting purposes under the requirements of IFRS 9 for the reason that the difference in present value of the cashflows before and after the rescheduling was much below than 10% threshold and interest rate deduction in certain facilities was based on Group's and Country improved credit ratings. Accordingly, modification gain has been recorded in the consolidated statement of profit or loss.

5 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks including market risk (including foreign exchange risk and interest rate risk), liquidity risk and credit risk. However, the Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Credit, liquidity and market risk management is carried out by the Group's management under policies approved by the Board of Directors ("the Board").

The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, and credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

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.

5 FINANCIAL RISK MANAGEMENT (continued)

Financial risk factors

Price risk
The permitted tariff (prices) for supply of electricity and water and wastewater services is determined either by long-term agreements with the customers or under the Permitted Tariff Regulations issued by the Regulator. Hence, the Group is not subject to significant price risk.

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

Interest rate risk

Bank deposits and borrowings
The Group has deposits which are interest bearing and are exposed to changes in market interest rates. The Group carries out periodic analysis and monitors the market interest rate fluctuations taking into consideration the Group's needs in order to manage interest rate risk. The Group has interest bearing liabilities, which expose the Group to interest rate risk.

A 1% increase or decrease in interest rate on bank deposits would have increased / decreased the profit, by the amounts and at the reporting date, the Group's interest-bearing financial instruments are as below:

	31-December 2024 RO'000	*31-December 2023 RO'000*
1% +/- on bank deposits	**1,377**	1,703
1% +/- on variable interest-bearing borrowings	**26,825**	14,781
Borrowings		
Long term loans	**1,848,615**	420,273
Short term borrowings	**833,853**	1,035,132
Bank overdrafts	**-**	22,676
	2,682,468	1,478,081

Sukuks and bonds are issued at fixed rate of interest and accordingly, are not exposed to any interest rate risk.

The interest rate on the Group's bank overdrafts, long term loans (excluding sukuks and bonds) and short-term borrowings is subject to change as and when renewed.

After taking into account the effect of interest rate swaps a change of +/- 1% in the interest rates (net of hedging) on variable interest rate borrowing would have had a pre-tax annual impact of approximately RO 1.5 million (2023: RO 5 million) on the profits of the Group for the year ended 31 December 2024.

Liquidity risk
Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

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

5 FINANCIAL RISK MANAGEMENT (continued)

Financial risk factors (continued)

Liquidity risk (continued)
Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding from an adequate amount of committed credit facilities.

Management maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors the Group's liquidity by forecasting the expected cash flows.

The table below analyses the Group's financial liabilities and net-settled derivative financial liabilities that will be settled on a net basis into relevant maturity grouping based on the remaining period at the reporting date to the contractual maturities date.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances, as the impact of discounting is not significant.

	Carrying amount RO'000	***Total contractual cash flows RO'000***	***Less than 1 year RO'000***	***1 year to 5 years RO'000***	***More than 5 years RO'000***
31 December 2024					
Non-interest bearing					
Trade and other payables	**611,156**	**599,697**	**557,582**	**42,115**	-
Interest bearing					
Long term borrowings	**1,848,615**	**2,086,063**	**37,927**	**2,048,136**	**-**
Short term borrowings	**833,853**	**883,884**	**883,884**	**-**	**-**
Lease liabilities	**1,520,998**	**2,147,143**	**304,416**	**965,900**	**876,827**
Trade and other payables	**16,578**	**28,037**	-	**2,482**	**25,555**
	4,220,044	**5,145,128**	**1,226,227**	**3,016,518**	**902,382**

	Carrying amount RO'000	*Total contractual cash flows RO'000*	*Less than 1 year RO'000*	*1 year to 5 years RO'000*	*More than 5 years RO'000*
31 December 2023					
Non-interest bearing					
Trade and other payables	627,320	614,049	549,496	64,553	-
Interest bearing					
Long term borrowings	1,444,527	1,792,992	136,792	1,656,200	-
Short term borrowings	1,035,132	1,097,240	1,097,240	-	-
Bank overdrafts	22,676	23,923	23,923	-	-
Lease liabilities	1,545,563	2,397,533	214,029	453,767	1,729,737
Trade and other payables	17,388	30,659	-	2,622	28,037
	4,065,286	5,342,347	1,471,984	2,112,589	1,757,774

Credit risk
Credit risk is the risk of financial loss to the Group, if a customer or counterparty to financial instruments fails to meet its contractual obligations. The credit risk of the Group is primarily attributable to trade receivables, contract assets, investment in bank deposits and bank balances.

5 FINANCIAL RISK MANAGEMENT (continued)

Financial risk factors (continued)

Credit risk (continued)
The exposure to credit risk at the reporting date is on account of:

	31 December 2024 RO'000	*31 December 2023 RO'000*
Trade receivables (gross) (note 9)	**479,931**	531,907
Government subsidy receivable (note 9)	**96,259**	64,972
Amounts due from related parties (note 9)	**198,032**	130,773
Other receivables, excluding prepayments (note 9)	**147,154**	217,306
Bank deposits (note 7)	**137,551**	170,292
Cash at bank (note 10)	**176,915**	111,188
	1,235,842	1,226,438

Trade receivables
The Group's exposure to credit risk on trade receivables is influenced mainly by the individual characteristics of each customer. The Group has established credit policies and procedures that are considered appropriate and commensurate with the nature and size of receivables. Trade and other receivables primarily represent amounts due from government and private customers and receivable from government and related parties. The exposure to credit risk for trade receivable at the reporting date by type of customers are with in Sultanate of Oman.

The Group has applied simplified approach for the assessment of ECL for trade receivables general approach has been applied the assessment of ECL under IFRS 9.

31 December 2024	***ECL rate %***	***Estimated total gross carrying amount at default RO'000***	***Lifetime ECL RO'000***	***Net carrying value RO'000***
Not past due	**5.1%**	**82,697**	**(4,218)**	**78,479**
31 to 90 days	**13.8%**	**141,962**	**(19,591)**	**122,371**
91 to 365 days	**33.9%**	**73,451**	**(24,898)**	**48,553**
1 to 3 years	**59.4%**	**102,458**	**(60,825)**	**41,633**
> 3 years	**100.0%**	**79,363**	**(79,363)**	**-**
		479,931	**(188,895)**	**291,036**

31 December 2023	*ECL rate %*	*Estimated total gross carrying amount at default RO'000*	*Lifetime ECL RO'000*	*Net carrying value RO'000*
Not past due	23.5%	104,734	(24,624)	80,110
31 to 90 days	8.9%	153,129	(13,695)	139,434
91 to 365 days	22.9%	93,244	(21,331)	71,913
1 to 3 years	63.3%	112,240	(71,026)	41,214
> 3 years	69.5%	68,560	(47,643)	20,917
		531,907	(178,319)	353,588

5 FINANCIAL RISK MANAGEMENT (continued)

Financial risk factors (continued)

Credit risk (continued)

Trade receivables (continued)

31 December 2024	*Notes*	***ECL Model***	***12 months or Lifetime ECL***	***Gross amount RO'000***	***ECL RO'000***	***Net carrying amounts RO'000***
Trade receivables	9	**External rating**	**12 months**	**479,931**	**(188,895)**	**291,036**
Cash and cash equivalents	10	**External rating**	**12 months**	**176,946**	**(314)**	**176,632**
Contracts assets	14	**External rating**	**12 months**	**10,200**	**(39)**	**10,161**
Bank deposits	7	**External rating**	**12 months**	**137,680**	**(1,029)**	**136,651**
				804,757	**(190,277)**	**614,480**

31 December 2023	*Notes*	*ECL Model*	*ECL Model*	*12 months or Lifetime ECL RO*	*Gross amount RO*	*ECL RO*
Trade receivables	9	External rating	12 months	531,907	(178,319)	353,588
Cash and cash equivalents	10	External rating	12 months	111,188	(383)	110,805
Contracts assets	14	External rating	12 months	11,168	(39)	11,129
Bank deposits	7	External rating	12 months	170,292	(953)	169,339
				824,555	(179,694)	644,861

Bank balances and bank deposits
The Group limits its credit risk with respect to bank deposits by only dealing with banks with high credit rating. The Group's bank accounts are placed with reputed financial institutions.

The table below shows the balances with banks categorised by short term credit ratings as published by Moody's Service at the reporting date.

5 FINANCIAL RISK MANAGEMENT (continued)

Financial risk factors (continued)

Credit risk (continued)

Bank balances and bank deposits (continued)
Customers past due 360 days has been considered as default. 100% provision has been created for full exposure more than one year.

Bank and deposits balances	*Rating*	***31 December 2024 RO'000***	*31 December 2023 RO'000*
Bank Muscat SAOG	Ba1	**114,463**	138,161
First Abu Dhabi Bank	Aa3	**319**	1,770
Sohar Islamic Bank	Ba1	**232**	7,974
Al Ahli Bank Oman	A2	**12,527**	3,295
National Bank of Oman	Ba1	**44,819**	44,815
Bank Dhofar SAOG	Ba1	**41,436**	2,706
Oman Arab Bank	Ba1	**28,159**	20,032
Bank Nizwa	Ba1	**15,583**	-
Maisa rah Islamic Bank	Ba1	**20,051**	20,000
Meethaq Islamic Bank	Ba1	**-**	20,051
Oman Housing Bank	Ba1	**5,000**	-
Sohar Interbational	Ba1	**2,335**	-
Qatar International Bank	A2	**15,216**	-
Tageer Finance	NA	**7,000**	-
Government Bonds	Ba1	**7,004**	-
		314,144	258,804

At the reporting date, ECL provision established on the intercompany balances has not been eliminated, as the amount is not significant and will have no material impact on the consolidated financial statements.

Break down of provision as at 31 December:	***31-December 2024 RO'000***	*31-December 2023 RO'000 (Restated)*
Trade receivable (note 9)	**188,895**	178,319
Cash and cash equivalents (note 10)	**314**	383
Contract assets (note 14)	**39**	39
Bank deposits (note 7)	**1,029**	953
	190,277	179,694
Movement in ECL for the financial assets:		
At 1 January	**179,694**	145,611
Impairment during the year	**10,583**	34,083
At 31 December	**190,277**	179,694

Investment in bank deposits and bank balances
The Group manages credit risk on bank balances by placing balances with reputed financial institutions with a good credit rating. The gross carrying amount of financial assets represents the maximum credit exposure.

5 FINANCIAL RISK MANAGEMENT (continued)

Financial risk factors (continued)

Credit risk (continued)
Government subsidy receivables
In accordance with the article 18 of the *'Law for the Regulation and Privatisation of the Electricity and Related Water Sector'*, the MOF shall pay the value of the annual financial subsidy to licensed suppliers. Accordingly, Management believes that Government subsidy balance is fully recoverable, and no provision is required in the consolidated financial statements.

The categories of Group's financial instruments at their carrying values are as follows:

	31-December 2024	*31-December 2023*
Financial assets	***RO'000***	*RO'000*
Amortised cost:		
Trade receivables (note 9)	**291,036**	353,588
Government subsidy receivable (note 9)	**96,259**	64,972
Amount due from related parties (note 9)	**198,060**	130,773
Other receivables, excluding prepayments	**116,957**	217,306
Bank deposits (note 7)	**136,552**	169,339
Cash and cash equivalents (note 10)	**176,632**	110,886
	1,015,496	946,864
Financial liabilities		
Amortised cost:		
Long term borrowings – non-current (note 15)	**1,397,457**	1,317,902
Long term borrowings- current (note 15)	**451,158**	126,625
Short term borrowings (note 20)	**833,877**	1,035,132
Bank overdrafts (note 10)	**-**	22,676
Trade and other payable (note 17)	**596,202**	549,496
Lease liabilities (note 16)	**1,520,998**	1,545,563
	4,799,692	3,573,140
Fair value:		
Derivative financial instruments	**3,989**	6,966

Fair value of financial assets and liabilities
The Management of the Group believes that the fair value of financial assets and liabilities are not significantly different from their carrying values in the consolidated financial statements.

Capital risk management
The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, and to provide an adequate return to shareholders.

The Group's policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development of the business. The capital structure of the Group comprises share capital, reserves, retained earnings and shareholders' funds.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

Other than the requirements of the Commercial Companies Law, as amended, some of the subsidiaries are subject to externally imposed capital requirements under the "Dual currency term facility agreement" which requires them to maintain a certain debt-equity gearing ratio and the same has been maintained by those subsidiaries.

Fair value estimation
The carrying amounts of financial assets and liabilities with a maturity of less than one year are assumed to approximate to their fair values.

6 (a) PROPERTY, PLANT AND EQUIPMENT

The Group's building and substations are constructed on lands leased from the Ministry of Housing, Government of Sultanate of Oman.

'Capital work-in progress includes works which are in different stages of completion and relates to (a) construction and upgrading of substations and feeders and production assets, (b) and transmission works networks and networks and storage assets, (c) drilling Wells (d) expansion of water network (e) expansion of water reclamation plant (f) extension of power supply to customers, (g) furniture and fixtures, computers and software, and (h) other common assets.

Assets with Net book Value of RO 751 Million (31 December 2023: RO 192.7 Million) identified and described in the transaction documents and agreements between the Group and its 99.99 percent owned subsidiary Mazoon Assets Company SAOC, for the 10 Year US$ 500 Million Sukuk Certificate issued in 2017, the 5 Year US$ 500 million Sukuk Certificate issued in February 2024 and the 7 Year US$ 750 million Sukuk certificate issued in October 2024 as on the date of the transaction, are continued to be shown under the respective assets categories, while recognizing the receipt of the proceeds from Mazoon Assets Co. SAOC as a long term borrowing. By virtue of the license issued by the Authority for Public Services Regulation ("APSR"), Oman, only the Group is authorized to operate and maintain the assets which forms part of the distribution network of the Group within the authorised area. The risk and rewards associated with the assets continue to be with the Group as per the transaction documents executed.

DISC:
During the year ended 31 December 2023, the Maximum Allowed Revenue related to transferred assets in the Water and Wastewater segment was restricted to 35%, as per the PCR notification received from APSR. The management has identified this as an indicator of potential impairment for the assets associated with the Water and Wastewater segment. Consequently, an assessment of the recoverable amount of these assets was conducted as of the reporting date. As of 31 December 2024, the recoverable amount of the property, plant, and equipment within the Water and Wastewater segment (cash-generating unit) was determined to be RO 93 million (2023: RO 126.2 million). This amount was calculated based on a value in use approach, utilizing cash flow projections derived from PCR model as agreed with APSR for a fourteen-year period. A pre-tax discount rate of 4.86% was applied to these cash flow projections. The analysis concluded that the fair value less costs of disposal did not exceed the value in use. As a result, management recognized an impairment charge of RO 14.2 million in the current year (2023: RO 73.4 million) against the assets of the Water and Wastewater segment, which had a carrying amount of RO 107.2 million as of 31 December 2024 (2023: RO 199.6 million).

The impairment charge is recorded in the consolidated statement of profit or loss and other comprehensive income.

6 (a) PROPERTY, PLANT AND EQUIPMENT (continued)

	Buildings	*Transformation and related assets*	*Distribution and related assets*	*Other plant And machinery*	*Decomm-Issioning assets*	*Furniture, vehicle and equipment*	*Plant spares*	*Production assets*	*Network and storage*	*Capital work in progress*	*Total*
	RO'000	*RO'000*	*RO'000*	*RO'000*	*RO'000*	*RO'000*	*RO'000*	*RO'000*	*RO'000*	*RO'000*	*RO'000*
Cost											
1 January 2024	654,173	1,922,561	2,486,478	574,623	13,285	122,204	19,651	748,300	2,049,510	613,006	**9,203,791**
Additions	1,291	372	3,577	1,474	-	9,678	1,340	(67)	5,976	471,824	**495,465**
Transfers from WIP	30,408	68,567	64,926	26,427	591	1,926	68	18,770	396,317	(608,000)	**-**
Disposals	(1,043)	(1,109)	-	(1,343)	-	(809)	-	-	-	-	**(4,304)**
31 December 2024	**684,829**	**1,990,391**	**2,554,981**	**601,181**	**13,876**	**132,999**	**21,059**	**767,003**	**2,451,803**	**476,830**	**9,694,952**
Depreciation											
1 January 2024	248,539	455,639	662,750	223,355	12,827	104,924	11,572	523,054	1,356,336	369,971	**3,968,967**
Impairment	2,435	-	-	2,433	-	121	-	258	8,935	-	**14,182**
Charge for the year	19,798	81,969	42,779	20,389	301	5,543	1,176	19,290	23,614	-	**214,859**
Related to disposals	(661)	(208)	-	(929)	-	(585)	-	-	-	-	**(2,383)**
31 December 2024	**270,111**	**537,400**	**705,529**	**245,248**	**13,128**	**110,003**	**12,748**	**542,602**	**1,388,885**	**369,971**	**4,195,625**
Net book value 31 December 2024	**414,718**	**1,452,991**	**1,849,452**	**355,933**	**748**	**22,996**	**8,311**	**224,401**	**1,062,918**	**106,859**	**5,499,327**

6 (a) PROPERTY, PLANT AND EQUIPMENT (continued)

	Buildings	*Transformation and related assets*	*Distribution and related assets*	*Other plant and machinery*	*Decomm-issioning assets*	*Furniture, vehicle and equipment*	*Plant spares*	*Production assets*	*Network and storage*	*Capital work in progress*	*Total*
	RO'000	*RO'000*	*RO'000*	*RO'000*	*RO'000*	*RO'000*	*RO'000*	*RO'000*	*RO'000*	*RO'000*	*RO'000*
Cost											
1 January 2023	592,205	1,585,336	2,400,554	530,917	13,169	116,089	18,983	747,179	1,880,963	972,348	8,857,743
Additions	9,641	230	28,840	20,340	-	5,271	740	407	19,249	264,676	349,394
Transfers from WIP	52,339	336,995	57,297	22,265	116	859	(68)	714	149,298	(622,888)	(3,073)
Disposals	(12)	-	(213)	1,101	-	(15)	(4)	-	-	(1,130)	(273)
31 December 2023	654,173	1,922,561	2,486,478	574,623	13,285	122,204	19,651	748,300	2,049,510	613,006	9,203,791
Depreciation											
1 January 2023	139,265	336,781	629,033	191,591	12,601	89,197	9,855	158,200	327,412	(180)	1,893,755
Impairment	89,090	-	32,746	9,638	-	8,620	192	339,928	977,885	370,151	1,828,250
Charge for the year	20,184	118,858	971	22,126	226	7,109	1,538	24,926	51,039	-	246,977
Related to disposals	-	-	-	-	-	(2)	(13)	-	-	-	(15)
31 December 2023	248,539	455,639	662,750	223,355	12,827	104,924	11,572	523,054	1,356,336	369,971	3,968,967
Net book value 31 December 2023	405,634	1,466,922	1,823,728	351,268	458	17,280	8,079	225,246	693,174	243,035	5,234,824

6(b) INTANGIBLE ASSETS AND GOODWILL

	2024 RO'000	*2023 RO'000*
Software	**4,560**	4,124
Goodwill	**4,320**	4,320
	8,880	8,444
Software		
Cost		
At 1 January	**39,495**	33,169
Additions	**1,988**	6,326
Transfer	**279**	-
At 31 December	**41,762**	39,495
Accumulated amortization		
At 1 January	**35,371**	24,247
Charge for the year (note 23)	**1,393**	2,775
Transfer	**(12)**	-
Impairment of software	**448**	8,349
At 31 December	**37,200**	35,371
Net book value	**4,560**	4,124

Software
The Group performed an assessment on its investment in the implementation of CC&B software for customer database and billing management. As a result, the management concluded that the intended purpose from the use of the software has not been fulfilled. Accordingly, an impairment loss of RO 448 thousand (2023: RO 8.3 million) has been recognized for the software.

Goodwill
Goodwill is attributable to excess of consideration paid and fair value to net assets acquired at the acquisition date of DISC, which was acquired in 2009. No impairment for goodwill has been accounted for in these consolidated financial statements as the recoverable amount is higher than the carrying value for the goodwill based upon management assessment. The recoverable amount is calculated as higher of fair value less cost of disposal and value in use is calculated based upon the present value of discounted cash flows using appropriate discount rate as mentioned below. The fair value measurement was categorised as a Level 3 fair value based on the inputs in the valuation technique used. The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends and have been based on historical data from both external and internal sources.

	31 December 2024 RO	*31 December 2023 RO*
Discount rate	**5.64%**	5.64%
Terminal value growth rate	**1%**	1%
Budgeted profit from operations (average of next five years)	**3.6%**	3.6%

The cash flow projections included specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long-term compound annual growth rate, consistent with the assumptions that a market participant would make.

7 BANK DEPOSITS

Bank deposits have a maturity period of less than one year (2023: 180 days to 1,064 days) from the reporting date and are held with commercial banks in Oman at interest ranging from 4.7% to 7 % per annum (2023: 3.8% to 4.5 % per annum).

	31-December 2024 RO'000	*31-December 2024 RO'000*
Non-current		
Bank deposits	**-**	165,292
Less: Allowance for expected credit losses (note 5)	**-**	(953)
	-	164,339
Current		
Bank deposits	**137,551**	5,000
Less: Allowance for expected credit losses (note 5)	**(1,029)**	-
	136,522	5,000

8 INVENTORIES

	31-December 2024 RO'000	*31-December 2023 RO'000*
Inventories	**41,581**	43,561
Less: Allowance for inventories obsolescence	**(14,824)**	(9,572)
	26,757	33,989
Movement in allowance for inventories obsolescence		
At 1 January	**9,572**	6,816
Charge for the year	**5,252**	2,756
At 31 December	**14,824**	9,572

9 TRADE AND OTHER RECEIVABLES

	31-December 2024 RO'000	*31-December 2023 RO'000*
Trade receivables	**479,931**	531,907
Less: Allowance for expected credit losses	**(188,895)**	(178,319)
Net trade receivables	**291,036**	353,588
Government subsidy receivable	**96,259**	64,972
Amounts due from related parties (note 29)	**198,060**	130,773
Other receivables*	**207,211**	238,144
Other current assets	**955**	-
	793,521	787,477
Movement in allowance for expected credit losses		
At 1 January	**178,319**	144,107
Charge for the year	**10,576**	34,212
At 31 December	**188,895**	178,319

* Other receivables includes mainly revenue receivable on account of short fall of actual regulated revenue over maximum allowed as per price control formula and Value Added Tax (VAT) receivables. Oman Tax Authority has directed the Group that 5% VAT is applicable upon entire amount of billing issued to the customers including subsidy part.

9 TRADE AND OTHER RECEIVABLES (continued)

The Tax Authority issued letter to APSR to agree on VAT mechanism in this respect. Group has calculated VAT from 16 April 2021 (the date of VAT implementation) and recognized VAT payable which is included in accruals and other payables and with same amount booked as receivable from MOF. The Group has agreed VAT recovery mechanism with MOF during 2022. The Group has received a letter from MOF to confirm and agreed on VAT recovery mechanism.

10 CASH AND CASH EQUIVALENTS

At the reporting date, the Group has the available overdraft facilities with the different local commercial banks to finance the working capital requirements and to support its other operational requirements.

Interest on such overdrafts ranges from 3.5% to 6% per annum (2023: 3.5% to 5% per annum). Bank overdrafts are repayable on demand and carry interest at commercial rates, negotiated with the banks.

	31-December 2024 RO'000	*31-December 2023 RO'000*
Cash at bank	**176,915**	111,188
Less: Allowance for expected credit losses (note 5)	**(314)**	(383)
	176,601	110,805
Bank overdrafts	**-**	(22,676)
Cash in hand	**31**	81
Cash and cash equivalents in the statement of financial position	**176,632**	88,210
Cash and cash equivalents in the statement of financial position	**176,632**	88,210
Add: Allowance for expected credit losses	**314**	383
Cash and cash equivalents in the statement of cash flows	**176,946**	88,593

11 SHARE CAPITAL

The Group's authorised, issued and paid-up capital consists of 477.313 million (2023: 477.313 million) shares of RO 1 each.

12 LEGAL RESERVE

Article 132 of the Commercial Companies Law of 2019 requires that 10% of a company's net profit after deduction of taxes to be transferred to a non-distributable legal reserve until the amount of the legal reserve becomes equal to one-third of the company's fully paid share capital.

This reserve is not available for distribution.

13 GENERAL RESERVE

In accordance with the Group's policy and Article 133 of Commercial Companies Law of 2019, an amount not exceeding 20% of the profit after transfer to legal reserve should be transferred to the general reserve until the balance of the general reserve reaches one half of the share capital. This reserve is available for distribution to shareholders. This policy is applied at the subsidiary level.

14 OTHER NON-CURRENT ASSETS

	31-December 2024 RO'000	*31-December 2023 RO'000*
Fair value derivative financial instruments [14(a)]	**3,989**	6,966
Contract assets	**10,161**	11,129
Customer sponsored receivable	**22,047**	-
Advances to contractors	**-**	399
Financial asset at amortized cost- Government bond *	**7,004**	-
	43,201	18,494

*During the year, the Group has invested in a government bond with an interest rate of 4.85% per annum, maturing in April 2026.

14(a) Fair value of derivative financial instruments and cumulative changes in fair value

	31-December 2024 RO'000	*31-December 2023 RO'000*
At 1 January	**6,967**	10,429
Change in fair value of derivative financial instruments	**(2,978)**	(3,462)
At 31 December	**3,989**	6,967
Less: related deferred tax (note 28)	**(448)**	(519)
At 31 December	**3,541**	6,448
Net movement in fair value of cash flow hedge, net of tax	**(2,530)**	(2,943)

The hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognized and accumulated under the heading of changes in fair value of hedge will be reclassified to profit or loss only when the hedged transaction affects the profit or loss or included as a basis adjustment to the non-financial hedged item, consistent with the Group's accounting policy.

			Notional by term to maturity more than		
	Fair value RO'000	***Notional amount RO'000***	***1 to 12 Months RO'000***	***1 to 5 years RO'000***	***Over 5 years RO'000***
31 December 2024					
Interest rate swaps	**3,989**	**141,580**	**31,534**	**110,046**	-
31 December 2023					
Interest rate swaps	6,967	165,104	31,534	133,570	-

14 OTHER NON-CURRENT ASSETS (continued)

14(a) Fair value of derivative financial instruments and cumulative changes in fair value (continued)

DISC

The Company has entered into interest rate swap arrangement with various banks covering Tranche 1 of the term loan with a fixed interest rate of 2.065% per annum in addition to agreed spread rate ranged from 0.23% to 0.25%. During the year, the Company has restructured the above loan, referred as Tranche B, which carries floating interest rate with fixed margin rate of 1.37% per annum plus SOFR ranging from 4.6% to 5.4% per annum. The fair value of the interest rate swaps is based on valuation provided by the counter party bank on the reporting date. The interest rate swaps are designated as cash flow hedges and the fair value thereof has been dealt within other comprehensive income.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the interest rate swap match the terms of the fixed rate Tranche B of the loan (i.e., notional amount, maturity, payment and reset dates). The Company has established a hedge ratio of 80% for the hedging relationships post restructuring of the loan. The Company performs the critical terms match to test the hedge effectiveness as of the reporting date.

NEDC

At the reporting date, the Group has Interest Rates Swap (IRS) agreements covering 42% (31 December 2023: 42%) of the term loans with a fixed interest rate of 2.2% per annum. The fair value of the interest rate swaps is based on valuation provided by the counter party bank on the reporting date. The interest rate swaps are designated as cash flow hedges and the fair value thereof has been dealt within other comprehensive income.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the interest rate swap match the terms of the fixed rate Tranche B of the loan (i.e., notional amount, maturity, payment and reset dates). The Company has established a hedge ratio of 80% for the hedging relationships post restructuring of the loan. The Company performs the critical terms match to test the hedge effectiveness as of the reporting date.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the interest rate swap match the terms of the fixed rate loan 1 (i.e., notional amount, maturity, payment and reset dates). The Group has established a hedge ratio of 66% for the hedging relationships as the underlying risk of the interest rate swap is identical to the hedged risk component. The Group performs the critical terms match to test the hedge effectiveness as of the reporting date.

The hedge ineffectiveness can arise from:

- Different interest rate curve applied to discount the hedged item and hedging instrument
- Differences in timing of cash flows of the hedged item and hedging instrument
- The counterparties' credit risk differently impacting the fair value movements of the hedging instrument and hedged item

There is no hedge ineffectiveness in the interest rate swap arrangements.

Valuation techniques and significant inputs:

The following tables show the valuation techniques used in measuring Level 2 fair values for financial instruments in the statement of financial position and there are no significant unobservable inputs used.

Type	***Valuation techniques***
Interest rate swaps	The fair value is based on the valuation provided by the counter party banks.

Contract assets

Contract assets arises from the Group's right for consideration for work completed. The Group recognizes contract assets on customer transmission connection contracts where payment terms are longer as compared to the life of the asset. Revenue is settled over time throughout the life of the assets. A provision amounting to RO 40 thousand (2023: RO 39 thousand) has been recognised in the books of OETC against the other assets (note 9).

15 LONG TERM BORROWINGS

The movement of the long-term borrowing is as follows:

	Long term loans		***Sukuk***		***Bonds***		***Total***	
	31-December 2024 RO'000	*31-December 2023 RO'000*	***31-December 2024 RO'000***	*31-December 2023 RO'000*	***31-December 2024 RO'000***	*31-December 2023 RO'000*	***31-December 2024 RO'000***	*31-December 2023 RO'000*
At 1 January	**445,273**	422,715	**192,066**	192,500	**807,188**	808,605	**1,444,527**	1,423,820
Additions	**-**	95,207	**481,276**	-	**1,417**	-	**482,693**	95,207
Less: unamortized transaction costs	**(1,699)**	(3,693)	**(3,992)**	(434)	**(872)**	(1,417)	**(6,563)**	(5,544)
Payments	**(72,042)**	(68,956)	**-**	-	**-**	-	**(72,042)**	(68,956)
At 31 December	**371,532**	445,273	**669,350**	192,066	**807,733**	807,188	**1,848,615**	1,444,527
Movement in the unamortized transaction costs is as under:								
At 1 January	**3,693**	5,380	**434**	548	**1,417**	1,962	**5,544**	7,890
Additions during the year	**408**	-	**4,227**	-	**-**	-	**4,635**	-
Less: amortisation	**(2,402)**	(1,687)	**(669)**	(114)	**(545)**	(545)	**(3,616)**	(2,346)
At 31 December	**1,699**	3,693	**3,992**	434	**872**	1,417	**6,563**	5,544

Long term borrowings are classified as current and non-current as below:

Non-current	**305,330**	318,648	**669,350**	192,066	**422,777**	807,188	**1,397,457**	1,317,902
Current	**66,202**	126,625	**-**	-	**384,956**	-	**451,158**	126,625
	371,532	445,273	**669,350**	192,066	**807,733**	807,188	**1,848,615**	1,444,527

15 LONG TERM BORROWINGS (continued)

The brief description of significant long term borrowings with respect to individual subsidiaries is as follows:

Long term loans

DISC:
On 8 June 2016, DISC has entered into a "Dual Currency Term Facility Agreement" as a syndicate loan as Tranche 1 with National Bank of Abu Dhabi PJSC (Facility Agent) for an amount of RO 100 million (USD 260 million) which was fully utilized by 31 December 2017. The Tranche 1 term loan carries an interest rate of SOFR plus 3.25% and is repayable in 40 quarterly payments started from 31 March 2017. The loan is unsecured and is payable in cash.

On 24th December 2017, DISC entered into a "Dual Currency Term Facility Agreement" as a unsecured syndicate loan as Tranche II with Ahli Bank SAOG (Facility Agent) for an amount of RO 41 million (USD 107 million) with interest rate of (3.25% + SOFR). DISC has fully availed the facility by May 2019 and is repayable in 40 quarterly payments started from June 2019.

On 13 June 2024, DISC entered into a netting agreement with lenders and the facilities as disclosed above have been rescheduled referring as Tranche A in RO and Tranche B in USD. Under the new agreement, the interest rates on facilities have been reduced and maturity dates of the loans have been extended to 30 September 2029 as below:

- Tranche A of RO 16.1 million, at a fixed interest rate of 6.1% per annum, interest to be reviewed annually. At the reporting date, the balance of this facility availed amounted to RO 13.8 million (31 December 2023: Nil). The loan is repayable on a quarterly basis.

- Tranche B of USD 126.4 million (OMR equivalent to OMR 48.7 million), at a floating interest rate with fixed margin rate of 1.37% per annum plus SOFR ranging from 4.6% to 5.4% per annum. At the reporting date, the balance of this facility availed amounted to RO 42.9 million (31 December 2023: Nil). The loan is repayable on a quarterly basis.

As a result of the above restructuring, the old financial liabilities amounting to USD 66.4 million (RO 25.5 million) have been derecognized and related transaction costs of RO 0.1 million have been charged to statement of comprehensive income. Accordingly, the new financial liabilities amounting to USD 66.4 million (RO 25.5 million) have been recognized. Further, the remaining loans of RO 39.2 have been modified and net modification gain of RO 2.2 million has been recognized in the statement of profit or loss.

The facility agreement with the bank contains certain covenants pertaining to maintaining debt service coverage ratio and total net indebtedness to total equity. As at 31 December 2024, DISC was in compliance with debt service coverage ratio and total net indebtedness to total equity.

MJEC:
In April 2016, MJEC availed USD 330 million equivalent approximately to RO 127.05 million term loan from consortium of banks and is repayable in 40 quarterly payments started from 31 March 2017 with a final bullet payment in December 2026.

In November 2017, MJEC obtained an additional USD 165 million equivalent approximately to RO 63.53 million term loan from consortium of banks and is repayable in 38 quarterly payments started from 30 September 2018.

All terms loans have been transferred to NEDC under the business transfer agreement at 1 June 2023 as part of restructuring and related loan agreements have been novated subsequently in the name of NEDC.

NEDC:
NEDC entered into a Dual Currency Term Loan Facility Agreement dated 17 September 2015 with a consortium of Lenders, with Ahli Bank acting as Facility Agent and Account bank, for an amount of RO 240 million.

- RO 117 million, at a fixed interest rate for a period of 5 years from the date of first utilization dated 10 October 2015 of the tranche of the Term Loan, thereafter interest to be reviewed annually. At the reporting date, the balance of the facility availed amounted to RO Nil million (31 December 2023: RO 46.8 million).

15 LONG TERM BORROWINGS (continued)

NEDC: (continued)

- USD 320 million (equivalent to RO 123 million), at floating interest rate. At the reporting date, the balance of the facility availed amounted to RO Nil million (31 December 2023: RO 49.3 million).

As part of the reorganization of the electricity sector the following term facilities pertaining to distribution businesses have been novated from Nama Electricity Supply Group SAOC ("NESC") formerly known as Muscat Electricity Distribution Group SAOC ("MEDC").

- RO 85 million Dual Currency Term Loan Facility Agreement dated 17 September 2015, at a fixed interest rate for a period of 5 years from the date of first utilization of the tranche of the Term Loan, thereafter interest to be reviewed annually. At the reporting date, the balance of the facility availed amounted to RO Nil million (31 December 2023: RO 34 million).
- USD 221 million (equivalent to RO 85.1million) Dual Currency Term Loan Facility Agreement dated 17 September 2015, at floating interest rate. At the reporting date, the balance of the facility availed amounted to RO Nil million. (31 December 2023: RO 34 million)
- USD 211 million (equivalent to RO 81.2 million) Dual Currency Term Loan Facility Agreement dated 26 November 2017, at floating interest rate. At the reporting date, the balance of the facility availed amounted to RO Nil (31 December 2023: RO 38.6 million)

As part of the reorganization of the electricity sector the following term facilities pertaining to distribution businesses have been novated from Majan Electricity Group SAOC ("MJEC").

- USD 330 million (equivalent to RO 127 million) Dual Currency Term Loan Facility Agreement dated 18 April 2016, at floating interest rate. At the reporting date, the balance of the facility availed amounted to RO Nil million (31 December 2023: RO 59.9 million)
- USD 165 million (equivalent to RO 63.5 million) Dual Currency Term Loan Facility Agreement dated 1 November 2017, at floating interest rate. At the reporting date, the balance of the facility availed amounted to RO Nil (31 December 2023: RO 28.6 million).

The facilities as disclosed in note 19 (A, B and C) have been rescheduled in June 2024. Under the new agreement, the interest rate on USD facilities have been reduced due to improved credit ratings of the Country and Company. Maturity dates of the loans have been extended to 30 June 2029. All the remaining terms are the same as previously as described as follows:

- RO 92.7 million, at a fixed interest rate, interest to be reviewed annually. At the reporting date, the balance outstanding amounted to RO 82.3 million (31 December 2023: Nil).
- USD 430.4 million (OMR equivalent to OMR 165.7 million), at a floating interest rate. At the reporting date, the balance outstanding amounted to RO 147.5 million (31 December 2023: Nil).

During the year, term loans of the Group with the banks have been rescheduled. As the loans were originally obtained under syndication structure, therefore judgement is required to determine whether the IFRS 9 extinguishment/modification requirements would be applied on lead lender or individual borrower level. Accordingly, the management has considered Parent Company's rights and obligation under the loan agreement and concluded that the Parent Company had loans with individual borrowers and therefore the assessment is made at individual borrower level. Such rescheduling at individual borrower level is considered as modification of financial liability for accounting purposes under the requirements of IFRS 9 for the reason that the difference in present value of the cashflows before and after the rescheduling was much below than 10% threshold and interest rate deduction in certain facilities was based on Parent Company's and Country improved credit ratings. Accordingly, modification gain of RO 3.6 million has been recorded in the consolidated statement of comprehensive income. Further, as a result of above restructuring, the old term loans repaid to individual lenders under the netting arrangement amounting to USD 260.8 million (OMR equivalent to OMR 100.4 million) have been derecognised and related transaction costs of RO 0.59 million have been charged to consolidated statement of comprehensive income. Accordingly, the new term loans amounting to USD 260.8 million (OMR equivalent to OMR 100.4 million) disbursed from existing and new lenders under the netting arrangement have been recognised at their fair value which is not different from the transaction value.

15 LONG TERM BORROWINGS (continued)

NEDC: (continued)

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 NEDC is required to comply. The details of financial covenants are as below:

- Net debt to equity ratio of the Parent Company as of reporting date was 1.45 times (31 December 2023: 1.37 times) against the maximum limit of 2.33 times.
- Debt service coverage ratio of the Parent Company for the year was 1.55 times (31 December 2023: 1.31 times) against the minimum requirement of 1.10.

At 31 December 2024 and 2023, NEDC was in compliance with these covenants.

Sukuks

NEDC:
During the year 2017, NEDC raised long term finance to meet the capital expenditure needs through assets backed Sukuk route. In order to facilitate the funding, the Group formed Mazoon Assets Company SAOC, a Special Purpose Vehicle ("SPV") purely for the purpose of raising the Sukuk finance. On 1 November 2017, Mazoon Assets Company SAOC successfully priced its debut Reg S/144A US$ 500 million (RO 192,500 million) 10-year Sukuk offering following the Shari'a compliant Ijara Structure. The profit rate payments are due on 8 May and 8 November every year during the tenure of the Sukuk certificate and the certificates are due for repayment in full on 8 November 2027.

During the year 2024, NEDC raised long-term finance to meet the capital expenditure and to refinance its short-term bridge facilities availed for capital expenditure through assets backed Sukuk route. The issuance was done through Mazoon Assets Company SAOC, a Special Purpose Vehicle ("SPV") purely to raise the Sukuk finance. The following issuances were made in 2024 under the program:

a) On 12 February 2024, Mazoon Assets Company SAOC successfully priced its Reg S/144A US$ 500 million (RO 192.5 million) 5-year Sukuk offering, structured under the Shari'a-compliant Ijara structure, with a profit rate set at 5.50%. Profit payments are due on 14 February and 14 August each year during the Sukuk's tenure, and the certificates are due for full repayment on 14 February 2029. The certificates were issued on 14 February 2024 and are listed on the London Stock Exchange.

b) On 7 October 2024, Mazoon Assets Company SAOC successfully priced its Reg S/144A US$ 750 million (RO 288.75 million) 7-year Sukuk offering, structured under the Shari'a-compliant Ijara structure, with a profit rate set at 5.25%. Profit payments are due on 9 April and 9 October each year during the Sukuk's tenure, and the certificates are due for full repayment on 9 October 2031. The certificates were issued on 9 October 2024 and are listed on the London Stock Exchange.

The legal form of contracts entered into for the purpose of raising, servicing and repayment of the Sukuk finance includes:

a) Sale by NEDC and purchase by Mazoon Assets Group SAOC of PPE assets.
b) Lease back of these assets by Mazoon Electricity Group SAOC from NEDC under a Lease Agreement and Servicing Agency Agreement.
c) Subscription agreement.
d) Declaration of trust agreement.
e) Purchase undertaking agreement and sale and substitution agreement.

Mazoon Assets Company SAOC, which is a 99.99 percent owned subsidiary, has no economic purpose to serve other than to act as a Special Purpose Vehicle. As per agreement, Mazoon Electricity Group SAOC is obliged to bear all the initial issue costs as well as all recurring costs of operation. NEDC recognises the financial liability in respect of the Sukuk obligation while retaining the property, plant and equipment on its consolidated statement of financial position.

15 LONG TERM BORROWINGS (continued)

Bonds

OETC:
During 2015, OETC obtained long-term loan - bonds of USD 1 billion (RO 385 million) from M/s Lamar Funding Limited by issue of an unconditional and irrevocable guarantee dated 7 May 2015 (the "Deed of Guarantee"). The loan is repayable on 7 May 2025 and interest on the loan is payable on a half yearly basis on 7 May and 7 November of each year.

M/s Lamar Funding Limited, an exempted Company incorporated in Cayman Islands, issued USD 1 billion (RO 385 million) 3.958% Guaranteed Notes due on 7 May 2025, listed on Irish Stock Exchange and provided the proceeds of the issue as a loan to the Company with the benefit of the Deed of Guarantee. The notes are rated Ba1 by Moodys Investor Services Ltd. and BB+ by Fitch Ratings Limited. There is no re-payment of loan principal during the year.

During 2017, OETC obtained a further long-term loan - bonds of USD 500 million (RO 192.5 million) from M/s OmGrid Funding Limited by issue of an unconditional and irrevocable guarantee dated 16 May 2017 (the "Deed of Guarantee"). The loan is repayable on 16 May 2027 and interest on the loan is payable on a half yearly basis on 16 February and 16 August of each year.

M/s OmGrid Funding Limited, an exempted Company incorporated in Cayman Islands, issued USD 500 (RO 192.5 million) million 5.196% Guaranteed Notes due on 16 May 2027, listed on Irish Stock Exchange and provided the proceeds of the issue as a loan to OETC with the benefit of the Deed of Guarantee. The notes are rated Ba3 by Moodys Investor Services Ltd. and BB- by Fitch Ratings Limited. There is no re-payment of loan principal during the year.

During 2021, OETC obtained long-term loan - bonds of USD 600 Million (approximately RO 231 million) from M/s Oryx Funding Limited by issue of an unconditional and irrevocable guarantee dated 3 February 2021(the "Deed of Guarantee"). The loan is repayable on 3 February 2031 and interest on the loan is payable on a half yearly basis on 3 February and 3 August of each year.

M/s Oryx Funding Limited, an exempted Company incorporated in Cayman Islands, issued USD 600 Million (RO 231 million) 5.80% Guaranteed Notes due on 3 February 2031, listed on Irish Stock Exchange and provided the proceeds of the issue as a loan to the Company with the benefit of the Deed of Guarantee. The notes are rated Ba3 by Moodys Investor Services Ltd. and BB- by Fitch Ratings Limited. There is no re-payment of loan principal during the year.

16 RIGHT OF USE ASSETS AND LEASE LIABILITIES

Right of use assets and lease liabilities mainly comprise of power purchase agreements with independent power generation companies, water purchase agreements with independent water producers and lands from Government of Sultanate of Oman under usufruct agreements.

	31-December 2024 RO'000	*31-December 2023 RO'000*
Right of use assets		
Cost		
1 January	**2,357,907**	2,344,644
Addition for the year	**153,305**	13,263
Modification	**11,900**	-
31 December	**2,523,112**	2,357,907
Accumulated depreciation		
1 January	**1,028,373**	818,289
Modification	**(986)**	18,334
Charge for the year	**203,411**	191,750
31 December	**1,230,798**	1,028,373
Carrying value		
31 December	**1,292,314**	1,329,534
Lease liabilities		
Movement in lease liabilities:		
1 January	**1,545,563**	1,725,883
Modification	**12,959**	1,691
Additions	**153,305**	13,263
Interest expense	**116,432**	121,776
Payment (principal and interest)	**(307,261)**	(317,050)
31 December	**1,520,998**	1,545,563

The maturity profile of these lease liabilities are as under:	***31-December 2024 RO'000***	*31-December 2023 RO'000*
Non-current portion	**1,280,246**	1,317,917
Current portion	**240,752**	227,646
	1,520,998	1,545,563
Amount recognized in profit or loss:		
Depreciation on right on use assets (note 22 and 23)	**203,411**	191,750
Interest on lease liabilities (note 27)	**116,116**	121,776
Amount recognized in the statement of cash flows:		
Total cash flow for leases	**307,261**	317,050

The maturity analysis of lease liabilities is describes in note 5.

17 TRADE AND OTHER PAYABLES

	31-December 2024 RO'000	*31-December 2023 RO'000*
Trade payables	**325,519**	145,238
Dividend payable	**30,000**	-
Accruals, retention payables and others*	**197,023**	400,780
Employees end of service benefits- Current (note 18)	**5,040**	3,478
	557,582	549,496

* This represent mainly retention payables for capital work in progress contracts, and contract liabilities that will be recognized as revenue when the company performs under the contract. The dividend payable will be adjusted against water restructuring and privatization consultancy expenses, approved by MOF, from the Company.

18 OTHER NON-CURRENT PAYABLES AND PROVISIONS

	2024 RO'000	*2023 RO'000*
Employee's end of service benefits – non-current	**24,848**	27,129
Provision for decommissioning costs	**1,136**	1,082
Project related payables (ONEIC)*	**37,886**	17,388
Retention payables and others	**44,168**	77,824
	108,038	123,423
Provision for employees' end of service benefits:		
Non - Current	**24,848**	27,129
Current (note 17)	**5,040**	3,478
	29,888	30,607
Movement		
At 1 January	**30,607**	33,446
Transfer	**(24)**	(1,837)
Charge for the year (note 24)	**2,336**	309
Payments	**(3,031)**	(1,311)
At 31 December	**29,888**	30,607
Provision for decommissioning costs:		
At 1 January	**1,082**	4,222
Released on asset decommissioned	**-**	(3,192)
	1,082	1,030
Charge for the year (note 27)	**54**	52
At 31 December	**1,136**	1,082

GPDC has the obligation to restore the plant side to its original state. Accordingly, a provision has been recorded based on the expected cash flows to be incurred discounted using the discount rate of 5%.

*In 2019, SSDC (transferred to DISC on 1 June 2021) entered into an agreement with ONEIC, for the construction, operations and maintenance of the Sewerage Network in Sahalnoot District of Salalah in Dhofar region of the Sultanate of Oman at agreed consideration of RO 33.3 million for construction and RO 11.8 million for operations and maintenance part of the agreement. The construction of the asset has been completed during 2023, and operations and maintenance part of the agreement has been started which will be finished by the end of 2038. After the completion of operations and maintenance part, the asset will be transferred to DISC at no additional consideration. The payment of construction part of the agreement is deferred over the period of 15 years will be made on semi-annual basis starting from 30 June 2024. DISC has computed the cash equivalent value by discounting the RO 33.3 million at the rate of 8% per annum, which represents available borrowing rate for DISC to fund the construction of this project to arrive at a value of RO 13.8 million (refer to note 1.2 for details).

19 DEFERRED REVENUE

Installation and connection charges
Installation and connection revenue represent the fee collected for the activities to provide services to the customer contracted for supply of electricity. Accordingly, the installation and connection revenue is recognized over the period of time as per IFRS 15. 'The Group has estimated the average life to be 25 years based on the useful life on connection and installation assets and recognized installation and connection fee over this period. Following the adoption of IFRS 15 the Group recognizes the installation and connection fee over 25 years.

Government sponsored projects/customers contributed assets
The Government provide funding towards the cost of property, plant and equipment and customer contributed assets. These funding/contributions are deferred over the life of the relevant property, plant and equipment.

Regulatory asset base adjustment
Regulatory asset base adjustment relates to excess of maximum allowed revenue arising from the difference in price control allowed capex and actual capex out turn that will be adjusted while setting the future price control.

Classification of deferred revenue into current and non-current portion
The following table includes revenue to be expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date.

	31-December 2024 RO'000	*31-December 2023 RO'000*
Revenue from installation and connection charges	**131,999**	143,373
Revenue from Government sponsored projects	**292,361**	283,109
Revenue from customer contributed assets	**13,191**	41,741
Regulatory asset base adjustment	**24,562**	39,887
	462,113	508,110
Deferred revenue- non-current	**418,675**	477,164
Deferred revenue- current	**43,438**	30,946
	462,113	508,110

20 SHORT TERM BORROWINGS

RAECO:
RAECO has availed a total facility amount of 54.6 million (2023: 54.64 million) from local banks at an interest rate ranging from 3.5% to 4.75% per annum (2023: 3.5% to 6% per annum). At 31 December 2024, RAECO utilized this Short-term loan to the extent of 25.64 million (31 December 2023: RO 54.64 million).

RAECO has also availed a letter of credit facility effective June 2021 from National Bank of Oman amounting to RO 6.16 million against a long-term power purchase agreement, at an interest rate of 2.4%. This letter of credit is valid until November 2024.

OWWSC:
OWWSC vide an agreement dated 30 June 2020 entered into a short-term borrowing agreement with Bank Muscat SAOG for an amount of RO 60 million. As at 31 December 2024, the outstanding balance under this facility is RO 60 million (31 December 2023: RO 60 million) at an interest rate of 4.25% (31 December 2023: 3.6%). The loan is unsecured and maturing on 30 June 2025.

OWWSC vide an agreement dated 21 December 2022 entered into a short-term borrowing agreement with Bank Muscat SAOG for an amount of RO 93 million. As at 31 December 2024, the outstanding balance under this facility is RO 93 million (31 December 2023: RO 93 million) at an interest rate of 5% (31 December 2023: 3.75%). The loan is unsecured and maturing on 31 July 2025.

20 SHORT TERM BORROWINGS (continued)

OWWSC: (continued)
OWWSC vide an agreement dated 24 July 2024 entered into a short-term borrowing agreement with Bank Muscat SAOG for an amount of RO 80 million. As at 31 December 2024, the outstanding balance under this facility is RO 80 million (31 December 2023: RO Nil) at an interest rate of 5.5% (31 December 2023: Nil). The loan is unsecured and maturing on 31 July 2025.

OWWSC vide an agreement dated 25 December 2024 entered into a short-term borrowing agreement with Bank Dhofar SAOG for an amount of RO 75 million. As at 31 December 2024, the outstanding balance under this facility is RO 36 million (31 December 2023: RO Nil) at an interest rate of 6% (31 December 2023: Nil). The loan is unsecured and maturing on 31 December 2025.

OWWSC vide an agreement dated 24 July 2023 entered into a short-term borrowing agreement with Bank Dhofar SAOG for an amount of RO 65 million. As at 31 December 2024, the outstanding balance under this facility is RO Nil (31 December 2023: RO 35 million) at an interest rate of Nil (31 December 2023: 6%). The loan is unsecured and repaid on 30 July 2024.

OWWSC vide an agreement dated 01 June 2022 entered into an Intercompany facility agreement with Electricity Holding Company SAOC (parent company) for an amount of R.O 27.5 million at an interest rate of 4.5%.

As at 31 December 2024, the outstanding balance under this facility is RO Nil (31 December 2023: RO Nil). The loan is unsecured and repaid on 09 January 2023.

OPWP:
OPWP has a short-term aggregate loan facility of RO 175 million from Bank Muscat. The loan carries a rate of interest in the range of 4% (2023: 4%) per annum on commercial terms and is repayable in ninety days.

OPWP is not required to pay any arrangement or commitment fees. Borrowings are secured by letter of comfort given by the Company.

NEDC:

Working capital facilities

Bridge loan facilities
During the year 2023 NEDC has availed a short-term loan facility vide agreement dated 12 April 2023 amounting to US$ 350 million (RO 135 million) refinancing the Ijara short-term facility. The outstanding balance of this facility as of 31 December 2024 was Nil (31 December 2023: RO 135 million). The loan is unsecured and was repaid on 22 February 2024 out of the proceeds of the US$ 500 million Sukuk Issuance. The Group vide an agreement dated 27th July 2022 entered into a Wakala Bridge facility agreement with Alizz Islamic Bank SAOC for an amount of RO 35 million. As at 31 December 2024, the outstanding balance under this facility is RO 20 million (31 December 2023: RO 35 million). The loan is unsecured and maturing on 31 January 2025 and further extendable for 6 months until final maturity date 31 July 2025. The loan was unsecured and RO 15 million was repaid on 20 October 2024 out of the proceeds of the US$ 750 million Sukuk Issuance.

In June 2023, as part of the reorganization of the electricity sector, RO 50 million part of the short-term facility with Bank Muscat SAOG pertaining to distribution business has been novated from NESC. As at 31 December 2024, the outstanding balance under this facility is RO Nil (31 December 2023: RO 50 million). The loan is unsecured and is maturing on 31 August 2025.

NEDC has taken over RO 28.50 million part of the bridge facility with National Bank of Oman SAOG from RAECO. As part of the reorganization of the electricity sector, the facility pertaining to distribution businesses has been novated from RAECO. As at 31 December 2024, the outstanding balance under this facility is RO Nil (31 December 2023: RO 28.50 million).

- NEDC has taken over RO 49 million short term bridge facility with Oman Arab Bank SAOG from MJEC. The loan is unsecured and is due for repayment on 12 January 2025 and final maturity on 28 March 2025. As at 31 December 2024, the outstanding balance under this facility is RO 49 million (31 December 2023: RO 49 million).

20 SHORT TERM BORROWINGS (continued)

NEDC: (continued)

Working capital facilities (continued)

Bridge loan facilities (continued)

- NEDC has taken over RO 40.5 million short-term bridge facility with Sohar International Bank SAOG from MJEC. As at 31 December 2024, the outstanding balance under this facility is RO Nil (31 December 2023: RO 40.5 million). The loan was repaid on 22 October 2024 out of the proceeds of the US$ 750 million Sukuk Issuance.

NEDC vide agreement dated 22 January 2024 has availed a short-term loan facility amounting to RO 22.5 million from Bank Muscat SAOG to meet its capital expenditure requirement. The outstanding balance of this facility as of 31 December 2024 is RO Nil (31 December 2024: Nil). The loan is unsecured and was repaid on 22 October 2024 out of the proceeds of the US$ 750 million Sukuk Issuance.

NEDC vide agreement dated 18 March 2024 has availed a short-term loan facility amounting to RO 22.5 million to meet its capital expenditure requirement from Sohar International Bank SAOG. The outstanding balance of this facility as of 31 December 2024 is RO 22.5 million (31 December 2023: Nil). The loan is unsecured and is maturing on 28 March 2025.

OETC:
OETC has working capital facilities of RO 20 million from Bank Muscat SAOG at an interest rate of 4% per annum. The utilized amount as at reporting date is RO 10 million. These facilities are 'unsecured' and available for available up to 31 August 2025. There are no covenants in working capital facility.

NESC:
NESC has working capital facilities of RO 122.5 million with Bank Muscat SAOG. The utilized amount as at reporting date is RO 100 million. These facilities are made available up to 31 August 2025. In addition, the Company has entered into a revolving working capital facility of OMR 20 million with Qatar National Bank SAOG available up to 31 March 2025. The facilities carry interest at commercial rates.

21 REVENUE

	31-December 2024 RO'000	*31-December 2023 RO'000*
Point of time:		
Electricity sales	**906,802**	834,271
Government subsidy (Electricity)	**535,459**	499,832
Water and wastewater sales	**252,008**	224,070
Government subsidy (Water and Wastewater) (note 21.1)	**204,977**	-
Other operating revenue, net of price control adjustments	**56,338**	132,070
	1,955,584	1,690,243
Over period of time:		
Amortisation of deferred revenue and others	**1,840**	7,519
	1,957,424	1,697,762

21.1 Subsidy income (wastewater) represents funds received as government subsidy relates to reimbursement for expenses other than PCR, incurred by the Group and accounted for under IFRS 15.

22 OPERATING COSTS

	31-December 2024 RO'000	*31-December 2023 RO'000*
Energy purchases	**601,578**	527,105
Water purchases	**127,717**	216,141
Depreciation of property, plant and equipment [note 6 (a)]	**210,826**	239,868
Depreciation of right of use assets (note 16)	**202,023**	190,427
Plant operation, maintenance costs and others	**185,276**	172,885
Material and chemical costs	**39,952**	56,534
	1,367,372	1,402,960

23 GENERAL AND ADMINISTRATIVE EXPENSES

	31-December 2024 RO'000	*31-December 2023 RO'000*
Employees' benefits expenses (note 24)	**136,772**	143,831
Depreciation on property, plant and equipment [note 6 (a)]	**4,033**	7,109
Depreciation on right of use asset (note 16)	**1,389**	1,323
Amortization of intangible assets [note 6 (b)]	**1,393**	2,775
Service expenses	**31,352**	17,655
Directors' remuneration and sitting fees (note 29)	**900**	1,412
Other expenses	**18,690**	13,275
	194,529	187,380

24 EMPLOYEES' BENEFITS EXPENSES

	31-December 2024 RO'000	*31-December 2023 RO'000*
Wages, salaries and other benefits	**134,436**	143,522
Employees' end of service benefits (note 18)	**2,336**	309
	136,772	143,831

25 OTHER INCOME

It represents mainly penalties and fines imposed on customers and sale of scrap.

26 FINANCE INCOME

It represents mainly interest on bank deposits / call account.

27 FINANCE COSTS

	31-December 2024 RO'000	*31-December 2023 RO'000*
Interest on lease liabilities (note 16)	**116,116**	121,776
Interest on long term borrowings (note 15)	**86,427**	80,386
Interest on short term borrowings (note 20)	**47,305**	34,376
Provision charge for the decommissioning costs (note 18)	**54**	52
Interest on overdraft facilities	**301**	6,628
	250,203	243,218

28 TAXATION

Income tax is provided as per the provisions of the Law of Income Tax on Companies in Oman after adjusting for items which are not taxable or disallowed. The deferred tax on all temporary differences has been calculated and dealt with in the profit or loss.

	31-December 2024 RO'000	*31-December 2023 RO'000*
Current tax	**(1,905)**	76,928
Deferred tax	**32,633**	(44,217)
	30,728	32,711
Reconciliation of income taxes:		
Accounting profit / loss before tax:	**164,420**	(1,956,301)
Income tax at Oman tax rate		
Add / (less) tax effect of:		
Temporary differences	-	78
Tax impact of non-deductible expenses and other adjustments	**30,728**	32,633
	30,728	32,711

The respective companies within the Group are liable to income tax in accordance with the Income Tax Law of the Sultanate of Oman at the enacted tax rate of 15% (2023: 15%).

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 15% (2023:15%).

Movement in current and deferred tax (liability) during the year is as below:

	Current tax		***Deferred tax***	
	2024 RO'000	*2023 RO'000*	***2024 RO'000***	*2023 RO'000 (Restated)*
At 1 January	**80,113**	8,882	**224,494**	269,231
Charge for the year- profit or loss	**(1,905)**	76,928	**32,633**	(44,217)
Charge for the year- OCI	**-**	-	**(448)**	(519)
Adjustments	**7,351**	(4,131)	**(1,515)**	-
Payment	**(4,426)**	(1,566)	**(5,422)**	-
At 31 December	**81,133**	80,113	**249,742**	224,494

The Group has submitted an appeal for tax year 2006 to 2016 with the Income Tax Committee and a decision is yet to be issued. Pending the appeal decision, the Group had paid the tax due as per the assessment orders issued by the tax authorities. The tax authorities have completed the assessments for tax years 2017 and 2018 in which the tax authorities, similar to earlier years, have attributed expenses to exempt income. Following are the status of pending assessment years of the Group with the Oman Taxation Authorities:

28 TAXATION (continued)

Name of subsidiaries	*Tax years pending*
NEDC	2021-2023
MJEC	2020-2023
NESC	2022-2024
RAECO	2023
OPWP	2022-2023
DISC	2019-2023
GPDC	2020-2023
WJPC	2019-2023
OETC	2022-2023
OWWSC	2021-2024
SSDC	2020-2020
NSS	2021-2022
NICD	2018-2023

Management is of the opinion that additional taxes, if any, relate to the open tax years would not be significant to the Group's consolidated financial position as at 31 December 2024.

On 31 December 2024, Oman issued Royal Decree Number 70/2024, enacting new global minimum tax rules to align with the Organization for Economic Co-operation and Development ("OECD") Base Erosion and Profit Shifting ("BEPS") Pillar Two project. Under Pillar Two, multinational enterprises " (MNEs") whose annual revenue exceeds EUR 750 million (in two of the last four years) are liable to pay corporate income tax at a minimum effective tax rate of 15% in each jurisdiction they operate. The enacted law includes the implementation of a Domestic Minimum Top-up Tax ("DMTT") and Income Inclusion Rule ("IIR"). These rules are effective for fiscal years beginning on or after 1 January 2025. For the period ending December 31, 2024, the global minimum tax rules are not expected to have a significant impact on income tax expense for Oman operations. We have applied the mandatory temporary exception provided under amendments to IAS 12 – Income Taxes to neither recognize nor disclose information on deferred tax assets / liabilities related to Pillar Two income taxes.

29 RELATED PARTIES TRANSACTIONS AND BALANCES

Related parties comprise the shareholders, directors, key management personnel and business entities in which they have the ability to control or exercise significant influence in financial and operating decisions (other related parties). The Government is a related party of the entity as it is the ultimate controlling party. The entity in the ordinary course of business transacts with other government owned entities.

However, in view of the exemption from disclosure requirements set out in IFRS in relation to related party transactions and outstanding balances with the government, that has control or joint control of, or significant influence over the Group and an entity that is a related party of the same government, the Group has applied the exemptions in IAS 24, related to government entities and only disclosed certain information to meet the disclosure requirements of IAS 24.

The Group entered into transactions in the ordinary course of business with related parties' other affiliates and parties in which certain members and senior management have a significant influence (other related parties). The related parties transactions are carried out at mutually agreed terms.

29 RELATED PARTIES TRANSACTIONS AND BALANCES (continued)

The year-end receivable balances with related parties are as below (note 9):

	31-December 2024 RO'000	*31-December 2023 RO'000*
Amounts due from related parties (note 9)		
Oman Investment Authority ("OIA")	**27**	-
Ministry of Finance ("MOF")	**198,033**	130,773
	198,060	130,773

The receivables from MOF represents mainly reimbursable expenses for water and privatization, payments to subsidiaries on behalf of MOF and 5% value added tax on the subsidy and electricity sold to citizens who are eligible for benefit under Special Protection Initiative ("SPI").

The receivables from OIA represent mainly the reimbursable expenses for secondments staff.

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

	31-December 2024 RO'000	*31-December 2023 RO'000*
Short term employee benefits	**4,981**	5,157
Post-employment benefits	**291**	773
Directors' remuneration and sitting fees (note 23)	**900**	1,412
	6,172	7,342
Number of staff included	**66**	72

Government and related entities
The Group has generated revenue of RO 129 million (31 December 2023: RO 181 million) from the sale of water and wastewater services to the Government and related entities during the current year.

The Group received subsidy of RO 205 million (2023: RO 213 million) from MOF to fund its net operating costs and capital expenditures under the Funding Agreement for wastewater business as well as financial support to fund its water operations.

The Group also received an electricity subsidy of RO 535 million (2023: RO 499 million) under PCR for electricity customers.

30 DIVIDEND

During the year, dividend aggregating to RO 10 million was paid out of the total proposed dividend of RO 40 million for the year ended 31 December 2023 and the remaining RO 30 million is payable as at the reporting date (refer note 17).

The Board of Directors in their subsequent meeting held on 25 March 2025 proposed a dividend of RO 0.025 per share aggregating to RO 12 million for the year ended 31 December 2024 subject to approval of the shareholders at the Annual General Meeting (AGM).

31 COMMITMENTS

	31-December 2024 RO'000	*31-December 2023 RO'000*
Capital commitments	**1,011,417**	340,754
Guarantees	**741**	741
	1,012,158	341,495

32 CONTINGENCIES

NESC

NESC has some legal cases/disputes filed by the different parties, however, management and its legal counsel are of the view that these cases will be dismissed, or final outcome will be in favour of NESC, except for those doubtful cases where provision has already been provided.

OWWSC

As of 31 December 2024, OWWSC is subject to significant litigations in the normal course of its business. The claims are around 11.3 (2023: RO 13.9 million) (not including interest where applicable). OWWSC believes that it has grounds to nullify the pending litigation disputes / arbitration awards and has taken the necessary legal steps provided under Oman law in this regard.

OETC

As on 31 December 2024, there are two civil and two commercial cases filed against the Company by citizens seeking compensation of approximately RO 7.5 million (2023: RO 7.8 million), for electricity lines and cables passing through their lands and for similar claims. These two commercial cases include construction disagreements with contracts involved in the projects. The Management believes that, as it has been awarded the Right of Way ("ROW") by the competent Government authorities, these claims are not tenable and the payment of compensation, if any, is the responsibility of the concerned Government authorities. Previously similar cases were also filed against the Company have been awarded in favour of the the Company. Accordingly, no provision is required to be made in the consolidated financial statements.

NEDC

NEDC has some legal cases/disputes filed by the different parties, however, management and its legal counsel are of the view that these cases will be dismissed, or final outcome will be in favour of NEDC, except for those doubtful cases where provision has already been provided.

DISC

Case filed by Bank Muscat against Ozdil

Ozdil Energy Resourses LLC ('Ozdil") entered into a Contract with DISC on 6th August 2011 for the construction of a 132 KV overhead line between awqad GSS, IWPP GSS and Associated Works. The contract value for the said project was RO 7,673,232.

Ozdil had valid credit facilities from Bank Muscat SAOG (the "Bank") for the execution of this project and assigned the receivables in favour of the Bank. The Bank filed a suit against Ozdil and others before the Muscat Primary Court under number 364/2014 for the recovery of the outstanding amounts. DISC is the 4th defendant in that suit. The Bank demanded that the court appoint an expert to calculate the financial dues payable by DISC to Ozdil and declaration/injunction that DISC would not challenge the claim of the Bank against Ozdil. On 26 June 2014 DISC filed its statement of defence. DISC's main demand was that the Court may adjudge inadmissibility of the case primarily owing to the existence of an arbitration clause in the contract entered into between Ozdil and DISC and secondarily owing to the fact that DISC is not a party to the dispute between the Bank and Ozdil. The Court in the Meantime ordered the Bank to join the liquidators of Ozdil, Salim Al Khusaibi Auditors, as a co-defendant in the suit, which was done. In the hearing held on 8 January 2015 the Bank submitted an amended statement of claim.

DISC submitted its response to the amended statement of claim in the hearing held on 29 January 2015. On 29 October 2015, the Court appointed an accountancy firm, Abu Timam Grant Thornton, as expert in this case who submitted their report on 25 October 2015. DISC submitted their comments on the Expert Report on 19 November 2015.

32 CONTINGENCIES (continued)

DISC (continued)

Case filed by Bank Muscat against Ozdil (continued)
After reviewing the comments submitted by the parties, the Court directed the Expert to submit a Supplementary Report. The expert submitted the report on 25 February 2016 and later posted the case for judgment. The court pronounced its judgment on 12 May 2016 and obliged the office of Salim Al Khusibi – (Liquidator of the first defendant) along with the second defendant; jointly and severally to the plaintiff RO 10,481,870 with interest of 12% per annum from date of suit till final settlement. The Court also obliged the 1st and 2nd defendant with the Court fees and RO 300 as lawyer fees and rejected all the other reliefs. DISC was the 4th defendant in this case.

Bank appealed this judgment before the Court of Appeal (case no. 511/2016) and on 11 December 2016 the Appeal Court issued the judgment, accepting the appeal in form and on the merits rejected the appeal and upheld the primary court judgment and also obliged the appellant with court expenses.

Bank Muscat filed an appeal before the Supreme Court, and the management has filed their response on 30 November 2017. The first hearing in the remanded case was held at the Muscat Primary Court on 05 July 2021 in which DISC requested the Court to stay the case procedures until the Supreme Court issues its judgment. The Bank submitted a request to the court to join Mott MacDonald LLC ("Mott") as a co-defendant. In a subsequent hearing held on 08 November 2021, the court adjourned the case to 27 December 2021 for (1) DISC to submit their response on the request submitted by the Bank for joining Mott as a co-defendant and (2) for the court to make a decision on DISC's request to stop the case procedures until the Supreme Court issues its verdict.

On 13 October 2023, the Supreme Court issued its judgment dismissing the appeal filed by DISC. Following the Supreme Court's judgment, the Muscat Primary Court reinstated the proceedings in the remanded case and set the date of 30 January 2023 for its hearing.

On 30 January 2023, Oman Electricity Transmission Company submitted their memo and produced a copy of the Supreme Court judgment to the Muscat Primary Court. The Court adjourned the case to 1 May 2023 for the parties to submit their final memos.

On 30 October 2023, the supreme court issued its judgment dismissing the appeal filed by DISC. Following the Supreme Court judgment, the Muscat Primary Court reopened the proceedings. The case is now adjourned to 19 February 2024 for Expert Report.

On 30 January 2023, OETC submitted their memo and produced a copy of the Supreme Court judgment to the Muscat Primary Court. The Court adjourned the case to 1 May 2023 for the parties to submit their final memos.

On 30 October 2023, the supreme court issued its judgment dismissing the appeal filed by DISC. Following the Supreme Court judgment, the Muscat Primary Court reopened the proceedings and on 19 February 2024, an expert was appointed and then replaced with another expert by the Court. The session was adjourned till 29 April 2025 to receive the expert report. The management believes that no additional provision is required to be recorded as at 31 December 2024.

Dispute with ACE (Associated Consulting Engineers)
This is an arbitration claim filed by SSDC against Associated Consulting Engineering international LLC ("ACE"). The claim is for losses in the total amount of OMR 9,000,695 plus interests and attorney fees. SSDC has initiated this claim due to ACE's negligence in the performance of its duties under the agreement signed between the two parties for the design and supervision of the expansion of the wastewater treatment plant in Raysut, Salalah.

The arbitration award was issued on 22 April 2020 in favour of SSDC. The award obligates ACE to pay SSDC:

- an amount of OMR 8,205,762.
- arbitration fees amounting to OMR 220,718; and
- Attorney fees of OMR 30,000.

32 CONTINGENCIES (continued)

DISC (continued)

Dispute with ACE (Associated Consulting Engineers) (continued)
SSDC deposited the arbitration award at Muscat Primary Court on 25 June 2020. ACE filed annulment proceedings before the Administrative Court of Appeal. The court accepted SSDC's defence that the court has no jurisdiction over the dispute; it dismissed the annulment proceedings and obliged ACE to bear the case registration fee. ACE filed annulment proceedings before the Court of Appeal in Muscat. On 11 October 2020, SSDC submitted the memorandum of response. On 15 November 2020, the Appeal Court in Muscat dismissed ACE annulment claim and obliged them to pay case expenses and an amount of OMR 300 for attorney fees. SSDC opened enforcement file at Muscat Enforcement court with number 3606/9103/2020. On 22 December 2020, SSDC submitted a request to continue the enforcement procedure. On 28 December 2020, ACE filed Estishkal at the enforcement Court. The first hearing is scheduled on 03 January 2021. On 3 January 2021, SSDC submitted memorandum of response to the ACE's Estishkal and the court decided to reject the Estishkal on 17 January 2021. ACE filled appeal of Estishkal at the Appeal court in Muscat, the first hearing was on 14 February 2021.

SSDC submitted our memorandum of response and the Court decided on 7 March 2021 to reject ACE's appeal.

On 29 June 2021, the Court issued arrest warrants and detain the authorized signatories of ACE. SSDC also requested the Court to send a letter to Ministry of Finance to know the projects that ACE is working on it in order to seize it.

SSDC requested the Court also to send a letter to Oman Water Wastewater Services Company SAOC to seize what ACE has funds with them as they have some project with them. The Court has accepted SSDC's request and send it the above-mentioned letters. SSDC followed up with the Enforcement Court on 28 July 2021 and 16 August 2023 to chase up the proceedings. On 12 October 2021, the court informed us that they will send a follow up letter to the local banks and the Royal Oman Police. On 24 November 2021, we submitted a request to the court to issue an order to arrest warrants and detain ACE authorized signatories. SSDC followed up with the Court on 5 December 2021.

On 3 August 2023, the Enforcement Court issued an arrest order against the authorized signatories of DISC. On 8 November 2023, Bosher Police station had informed the Court that they arrested one of the Authorized signatories. On 27 December 2023, DISC submitted a request to followed up and continue the enforcement process. The matter is still ongoing.

DISC believes that there is an uncertainty regarding the recovery of the amount from ACE, accordingly, DISC has disclosed the same as contingent asset in the consolidated financial statements for the year ended 31 December 2024.

Khotoot Al Reef Services SAOG (KARS) initiated an ad-hoc arbitration before a sole arbitrator in relation to a dispute arising out of a construction contract for building Hasek Area Water Network in Salalah. In its statement of claim,
KARS requested the Arbitrator to order DISC to pay an amount of OMR 1,572,040 (US$ 4,084,073.46), being amounts related to the extension of time, unpaid invoices, prolongation of cost and a compensation for the damages caused by issuing variation orders. On 14 June 2023, DISC filed a counterclaim, in which requested the Arbitrator to order KARS to pay an amount of OMR 389,376 for delay banalities, an amount of OMR 230,505 as a compensation, the counterclaim expenses and the attorney fees. On 24 August 2023, the Arbitrator decided to appoint an engineer and an accountant expert, who have submitted their main and supplementary report. Subsequent to the appointment of an engineer and an accountant expert, Arbitration panel has issued judgement on 1 February 2024, rejecting the claims of both parties based on the engineer and accountant expert’s conclusion. Accordingly, the management believes that no provision is required to be recorded as at 31 December 2024.

33 NON-MONETARY TRANSACTIONS

Following non-cash transactions have been excluded from consolidated statement of cash flows, as these do not involve any cash movement.

	Note	***31 December 2024 RO***	*31 December 2023 RO*
Additions to right of use assets and lease liabilities, net of adjustment	16	**153,305**	13,263

34 NON-CONTROLLING INTEREST

The Group has NCI in two subsidiaries OETC and DISC. The NCI in DISC is below 1% and is considered immaterial for the overall impact of the Consolidated financial statements.

The following table summarizes the information relating to the Group's subsidiary that has material NCI, before any intra-group adjustments/eliminations.

	31-December 2024	*31-December 2023*
NCI percentage (OETC)	**49%**	49%
	RO'000	*RO'000*
Non-current assets	**1,692,054**	1,692,590
Current assets	**162,748**	79,977
Non-current liabilities	**(773,336)**	(1,141,617)
Current liabilities	**(547,032)**	(97,791)
Net assets	**534,434**	533,159
Net assets attributable to NCI	**261,873**	261,248
Revenue	**146,549**	139,605
Profit and total comprehensive income	**42,981**	41,706
Profit and total comprehensive income attributable to NCI	**21,061**	20,436
Movement in NCI:		
At 1 January	**310,765**	290,329
Movement during the year	**21,061**	20,436
At 31 December	**331,826**	310,765
Net cash generated from operating activities	**218,451**	84,476
Net cash used in investing activities	**(129,910)**	(45,720)
Net cash used in financing activities	**(94,785)**	(51,956)
Net changes in cash and cash equivalents	**(6,244)**	(13,200)

35 CLIMATE RELATED RISKS

The Group and its customers may face significant climate-related risks in the future. These risks include the threat of financial loss and adverse non-financial impacts that encompass the political, economic and environmental responses to climate change. The key sources of climate risks have been identified as physical and transition risks. Physical risks arise as the result of acute weather events such as hurricanes, floods and wildfires, and longer-term shifts in climate patterns, such as sustained higher temperatures, heat waves, droughts and rising sea levels and risks. Transition risks may arise from the adjustments to a net-zero economy, e.g., changes to laws and regulations, litigation due to failure to mitigate or adapt, and shifts in supply and demand for certain commodities, products and services due to changes in consumer behavior and investor demand.

These risks are receiving increasing regulatory, political and societal scrutiny, both within the country and internationally.

While certain physical risks may be predictable, there are significant uncertainties as to the extent and timing of their manifestation. For transition risks, uncertainties remain as to the impacts of the impending regulatory and policy shifts, changes in consumer demands and supply chains. The Group is making progress on embedding climate risk in its risk framework.

36 COMPARATIVE FIGURES

Certain comparatives information has been reclassified in order to confirm to the presentation for the current year. Such reclassifications were made to improve the quality of presentation and do not affect previously reported profit or equity.

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