

BOARD OF DIRECTORS' REPORT

Dear Shareholders,

On behalf of the Board of Directors of Al Suwadi Power Company SAOG (the "Company"), I have the pleasure to present the Directors' Report of the Company for the six months ended June 2022.

Operational Results

During the six months of 2022, the plant delivered 2,239 GWh to the Omani grid as compared to 2,450 GWh delivered during the corresponding period of 2021, based on dispatch request by offtaker. The plant achieved an excellent reliability of 99.64% during H1 2022 as compared to 99.42% in H1 2021.

The Plant's good operational performance was achieved with no Lost Time Accidents, thereby clocking 4,016 Lost Time Accident free days since inception, and is reflective of our continued internal focus on Health, Safety, Environment and Quality Management.

Financial Results

	6 months ended 30 June 2022 RO'000s Unaudited	6 months ended 30 June 2021 RO'000s Unaudited	Percentage change
Revenues	40,446	40,322	0.3%
Direct costs	(29,065)	(29,383)	1.1%
Gross profit	11,381	10,939	4.0%
Profit before interest and tax	11,026	10,531	4.7%
Finance costs (net)	(3,585)	(4,024)	10.9%
Profit before tax	7,441	6,507	14.4%
Net profit for the period	6,377	5,523	15.5%
Earnings per Share (Baizas)	8.93	7.73	15.5%

The financial results for the six months of the current year are better than the corresponding period for the year 2021. The modest increase in revenue during H1 2022 as compared to H1 2021 was mainly in Fuel Charge income due to annual gas price increase which was mostly offset by lower power generation. The lower generation during H1 2022 was on account of lower dispatches received from offtaker. The reduction in direct costs during H1 2022 as compared to H1 2021 was mainly due to lower O&M costs in the current year as previous period was impacted by replacement cost of damaged compressor blades and vanes discovered during the extended hot gas path inspection of one of the gas turbines. The gross profit increased by 4% during H1 2022 as compared to H1 2021 due to lower plant outages, lower heat rate loss, better indexation, and lower O&M costs as explained above.

Good reduction in finance costs during the period has increased the net financial results. The earnings per share has increased by 15.5% as compared to H1 2021.

The Company is still making concerted efforts to refinance/amend the loan conditions with respect to the cash sweep before its commencement. The Company's efforts in the past in this regard have not been successful. However, the Company has not ceased in its efforts to constantly follow the financial markets and look out for any re-financing opportunity.

The share price was Baizas 48 at the end of June 2022.

Corporate Social Responsibility

Within its CSR initiative, the Company has contributed 20% of its CSR budget to Oman Charitable Organisation. The remaining budget will be utilized to implement a renewable energy project with Ministry of Education, sponsor the program organised by Ministry of Education to raise student's awareness on the peaceful applications of Nuclear Science, sponsor a competition between the universities' students for the best idea/project in the field of renewable energy. The earmarked funds are expected to be spent in Q3 to Q4 of the current year.

Medium term Outlook

During H1 2022, extended hot gas path inspection of second GT and also the routine maintenance of all other plant equipment have been accomplished. Routine maintenance will be taken up further in the last quarter of the current year. All reasonable measures are being taken by the management to maintain high reliability level. Consequently, we expect a steady progress in the Company's financial performance.

Acknowledgement

I would like to extend my personal thanks to all personnel associated with the operation of the power plant and the staff of the Company for their hard work and dedication, as well as to those others such as our contractors, whose expertise has assisted us in achieving these excellent results.

Finally, on behalf of the Board of Directors, I would like to extend our deep appreciation and gratitude to His Majesty Sultan Haitham Bin Tarik Al Said and His Government for their continued support and encouragement to the private sector by creating an environment that allows us to participate effectively in the growth of the Sultanate's economy and to dedicate our achievements to the building of a strong nation.



Axel De Ghellinck
Chairperson

AL SUWADI POWER COMPANY SAOG

Unaudited condensed interim financial statements

30 June 2022

Registered address:

P.O. Box 39
Postal Code 103
Bareeq Al Shatti
Sultanate of Oman

Principal place of business:

Hai Asam
Barka
Sultanate of Oman

AL SUWADI POWER COMPANY SAOG

Unaudited condensed interim financial statements

30 June 2022

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AL SUWADI POWER COMPANY SAOG**Unaudited condensed income statement***for the six month period ended 30 June*

	<i>Notes</i>	2022	2022	2021	2021
		RO'000s	USD'000s	RO'000s	USD'000s
Revenues		40,446	105,190	40,322	104,868
Direct costs	3	(29,065)	(75,589)	(29,383)	(76,419)
Gross profit		11,381	29,601	10,939	28,449
Other income		54	139	-	-
General and administrative expenses	4	(409)	(1,062)	(408)	(1,059)
Profit before interest and tax		11,026	28,678	10,531	27,390
Finance costs (net)	5	(3,585)	(9,325)	(4,024)	(10,467)
Profit before tax		7,441	19,353	6,507	16,923
Tax expense		(1,064)	(2,768)	(984)	(2,559)
Net profit for the period		6,377	16,585	5,523	14,364
Earnings per share					
Basic earnings per share (Baizas / cents)	19	8.93	23.21	7.73	20.11

The attached notes 1 to 19 form part of these condensed interim financial statements.

AL SUWADI POWER COMPANY SAOG**Unaudited condensed statement of profit or loss and other comprehensive income***for the six month period ended 30 June*

	2022 RO'000s	2022 USD'000s	2021 RO'000s	2021 USD'000s
Net profit for the period	6,377	16,585	5,523	14,364
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):				
Cash flow hedges - effective portion of changes in fair value	4,088	10,631	2,031	5,282
Total comprehensive income for the period	10,465	27,216	7,554	19,646

The attached notes 1 to 19 form part of these condensed interim financial statements.

AL SUWADI POWER COMPANY SAOG**Unaudited condensed statement of financial position**

as at

	Notes	30 June 2022 RO'000s	30 June 2022 USD'000s	Audited 31 December 2021 RO'000s	Audited 31 December 2021 USD'000s
Assets					
Non-current assets					
Property, plant and equipment	6	245,534	638,579	249,388	648,602
Right-of-use assets	7	865	2,247	938	2,436
Capital spares		716	1,861	724	1,883
Total non-current assets		247,115	642,687	251,050	652,921
Current assets					
Inventory		1,947	5,065	1,905	4,955
Trade and other receivables	8	11,702	30,438	33,803	87,917
Short term deposit	9	-	-	884	2,300
Cash and cash equivalents	10	7,082	18,419	445	1,158
Total current assets		20,731	53,922	37,037	96,330
Total assets		267,846	696,609	288,087	749,251
Equity and liabilities					
Equity					
Share capital	12(a)	71,441	185,801	71,441	185,801
Legal reserve	12(b)	8,585	22,326	8,585	22,326
Retained earnings		32,735	85,143	28,144	73,203
Equity before hedging reserve		112,761	293,270	108,170	281,330
Hedging reserve	12(c)	(2,003)	(5,210)	(6,091)	(15,841)
Equity		110,758	288,060	102,079	265,489
Liabilities					
Non-current liabilities					
Term loans	13	96,419	250,766	97,542	253,685
Lease liabilities	11	897	2,333	960	2,497
Derivative instruments		2,357	6,129	7,165	18,636
Deferred tax liability		25,584	66,537	24,065	62,591
Asset retirement obligation		437	1,136	425	1,107
Total non-current liabilities		125,694	326,901	130,157	338,516
Current liabilities					
Trade and other payables	14	12,818	33,336	35,484	92,275
Lease liabilities	11	139	362	135	351
Short term borrowings		-	-	1,450	3,771
Term loans	13	18,437	47,950	18,782	48,849
Total current liabilities		31,394	81,648	55,851	145,246
Total liabilities		157,088	408,549	186,008	483,762
Total equity and liabilities		267,846	696,609	288,087	749,251
Net assets per share (Baizas / cents) - adjusted	18	157.84	410.51	151.41	393.80

The financial statements were approved and authorised for issue in accordance with a resolution of the Board of Directors on 27 July 2022.



Chairperson



Director

The attached notes 1 to 19 form part of these condensed interim financial statements.

AL SUWADI POWER COMPANY SAOG

Unaudited condensed statement of cash flows

for the six month period ended 30 June

	Notes	2022 RO'000s	2022 USD'000s	2021 RO'000s	2021 USD'000s
Cash flows from operating activities:					
Profit/(loss) before tax		7,441	19,353	6,507	16,923
Adjustments for:					
Depreciation		4,079	10,606	4,082	10,616
Finance costs (net)		3,585	9,325	4,024	10,467
(Gain)/loss on disposals		(4)	(11)	0	0
Other income		(54)	(139)	-	-
Cash from operations before working capital changes		15,047	39,134	14,613	38,006
Changes in :					
Trade and other receivables		22,154	57,616	14,157	36,814
Inventory		(42)	(111)	(23)	(59)
Trade and other payables		(22,925)	(59,616)	(17,816)	(46,331)
Net cash flows generated from operating activities		14,234	37,023	10,931	28,430
Cash flows from investing activities:					
Acquisition of property, plant and equipment		(161)	(421)	(178)	(465)
Sale proceeds from property, plant and equipment		15	39	(0)	(0)
Net cash flows (used in) investing activities		(146)	(382)	(178)	(465)
Cash flows from financing activities:					
Finance costs paid		(3,158)	(8,213)	(3,502)	(9,108)
Repayment of term loans		(1,853)	(4,820)	(1,385)	(3,603)
(Repayment)/proceed of short term borrowings - net		(1,450)	(3,771)	1,335	3,473
Maturity of short term deposit		884	2,300	692	1,800
Dividend paid		(1,786)	(4,645)	(1,786)	(4,645)
Lease payments		(89)	(233)	(89)	(233)
Interest received		1	2	0	1
Net cash flows (used in) financing activities		(7,451)	(19,381)	(4,735)	(12,315)
Net change in cash and cash equivalents		6,637	17,261	6,018	15,650
Cash and cash equivalents at beginning of the period	10	445	1,158	267	695
Cash and cash equivalents at end of the period	10	7,082	18,419	6,285	16,345

The attached notes 1 to 19 form part of these condensed interim financial statements.

AL SUWADI POWER COMPANY SAOG

Unaudited condensed statement of changes in equity

for the six month period ended 30 June

	Share capital RO'000s	Legal reserve RO'000s	Retained earnings RO'000s	Hedging reserve RO'000s	Total RO'000s
Balance at 1 January 2022	71,441	8,585	28,144	(6,091)	102,079
<i>Total comprehensive income for the period</i>					
Net profit for the period	-	-	6,377	-	6,377
<i>Other comprehensive income for the period net of income tax</i>					
Cash flow hedges - effective portion of changes in fair value	-	-	-	4,088	4,088
Total comprehensive income for the period	-	-	6,377	4,088	10,465
<i>Transaction with owners of the Company</i>					
<i>Contribution and distribution</i>					
Dividend	-	-	(1,786)	-	(1,786)
Total transaction with owners of the Company	-	-	(1,786)	-	(1,786)
Balance at 30 June 2022	71,441	8,585	32,735	(2,003)	110,758
 Balance at 1 January 2021	 71,441	 7,451	 22,587	 (9,721)	 91,758
<i>Total comprehensive income for the period</i>					
Net profit for the period	-	-	5,523	-	5,523
<i>Other comprehensive income/(loss) for the period net of income tax</i>					
Cash flow hedges - effective portion of changes in fair value	-	-	-	2,031	2,031
Total comprehensive income for the period	-	-	5,523	2,031	7,554
<i>Transaction with owners of the Company</i>					
<i>Contribution and distribution</i>					
Dividend	-	-	(1,786)	-	(1,786)
Total transaction with owners of the Company	-	-	(1,786)	-	(1,786)
 Balance at 30 June 2021	 71,441	 7,451	 26,324	 (7,690)	 97,526

The attached notes 1 to 19 form part of these condensed interim financial statements.

AL SUWADI POWER COMPANY SAOG

Unaudited condensed statement of changes in equity

for the six month period ended 30 June

	Share capital USD'000s	Legal reserve USD'000s	Retained earnings USD'000s	Hedging reserve USD'000s	Total USD'000s
Balance at 1 January 2022	185,801	22,326	73,203	(15,841)	265,489
<i>Total comprehensive income for the period</i>					
Net profit for the period	-	-	16,585	-	16,585
<i>Other comprehensive income for the period net of income tax</i>					
Cash flow hedges - effective portion of changes in fair value	-	-	-	10,631	10,631
Total comprehensive income for the period	-	-	16,585	10,631	27,216
<i>Transaction with owners of the Company</i>					
Contribution and distribution					
Dividend	-	-	(4,645)	-	(4,645)
Total transaction with owners of the Company	-	-	(4,645)	-	(4,645)
Balance at 30 June 2022	185,801	22,326	85,143	(5,210)	288,060
 Balance at 1 January 2021	 185,801	 19,378	 58,747	 (25,283)	 238,643
<i>Total comprehensive income for the period</i>					
Net profit for the period	-	-	14,364	-	14,364
<i>Other comprehensive income for the period net of income tax</i>					
Cash flow hedges - effective portion of changes in fair value	-	-	-	5,282	5,282
Total comprehensive income for the period	-	-	14,364	5,282	19,646
<i>Transaction with owners of the Company</i>					
Contribution and distribution					
Dividend	-	-	(4,645)	-	(4,645)
Total transaction with owners of the Company	-	-	(4,645)	-	(4,645)
 Balance at 30 June 2021	 185,801	 19,378	 68,466	 (20,001)	 253,644

The attached notes 1 to 19 form part of these condensed interim financial statements.

AL SUWADI POWER COMPANY SAOG

Notes to the unaudited condensed interim financial statements

1 Legal status and principal activities

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

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

2 Basis of preparation and significant accounting policies

Basis of preparation

(a) *Statement of compliance*

These condensed interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, applicable requirements of the Commercial Companies Law of the Sultanate of Oman (as amended) (“CCL”) and disclosure requirements of the Capital Market Authority of the Sultanate of Oman (“CMA”). Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the last annual financial statements as at and for the year ended 31 December 2021. The condensed interim financial statements do not include all information required for full annual financial statements prepared in accordance with International Financial Reporting Standards (IFRSs).

(b) *Basis of measurement*

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

(c) *Use of estimates and judgements*

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

Critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in these condensed interim financial statements are same as those that were applied to the financial statements as at and for the year ended 31 December 2021.

(d) *Presentation and functional currency*

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

Change in significant accounting policies

The significant accounting policies applied by the Company in these condensed interim financial statements are consistent with those applied by the Company in its financial statements as at and for the year ended 31 December 2021.

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Notes to the unaudited condensed interim financial statements

	30 June 2022 RO'000s	30 June 2022 USD'000s	30 June 2021 RO'000s	30 June 2021 USD'000s
3. Direct costs				
Fuel gas	20,836	54,191	20,940	54,461
Depreciation on property, plant and equipment (note 6)	4,003	10,410	4,002	10,410
Operation and maintenance ("O&M") fees (note 15)	3,543	9,215	3,549	9,231
Insurance	317	824	293	763
Fuel oil	94	243	62	160
Depreciation on right of use assets (note 7)	73	189	73	189
Custom duties (note 15)	12	32	31	79
Grid connection fee	8	20	9	23
Other O&M expenses	179	465	424	1,103
	29,065	75,589	29,383	76,419
4. General and administrative expenses				
Secondment fees (note 15)	130	337	127	329
Employment costs	91	237	94	243
Public company related costs	78	204	79	206
Agency fees	27	70	26	68
Directors' sitting fees (note 15)	11	28	11	29
Office rent	9	23	9	23
Depreciation on property, plant and equipment (note 6)	3	7	7	17
Corporate social responsibility	-	-	5	13
Other general and administrative expenses	60	156	50	131
	409	1,062	408	1,059
5. Finance costs (net)				
Interest on term loans	1,923	5,001	1,918	4,988
Swap interest	1,122	2,918	1,479	3,847
Amortisation of deferred finance costs	385	1,002	442	1,149
Debt Service Reserve Account ("DSRA") LC cost (note 15)	76	198	73	190
Interest on short term borrowings	47	121	56	146
Interest on lease liabilities	31	80	35	92
Asset retirement obligation - unwinding of discount	11	29	11	30
Interest income	(1)	(1)	(0)	(1)
Exchange (gain) loss	(9)	(23)	10	26
	3,585	9,325	4,024	10,467

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Notes to the unaudited condensed interim financial statements

6. Property, plant and equipment

	Property, plant and equipment RO'000s	Technical Spares RO'000s	Other assets RO'000s	Capital Work-in- progress RO'000s	Total RO'000s
Cost					
1 January 2022	318,101	1,736	106	188	320,131
Addition during the period	-	3	1	157	161
Disposal during the period	-	(14)	(1)	-	(15)
30 June 2022	318,101	1,725	106	345	320,277
Depreciation					
1 January 2022	70,091	555	97	-	70,743
Charge during the period	3,968	35	3	-	4,006
Disposal during the period	-	(5)	(1)	-	(6)
30 June 2022	74,059	585	99	-	74,743
Carrying amount					
30 June 2022	244,042	1,140	7	345	245,534
31 December 2021	248,010	1,181	9	188	249,388
	Property, plant and equipment USD'000s	Technical Spares USD'000s	Other assets USD'000s	Capital Work-in- progress USD'000s	Total USD'000s
Cost					
1 January 2022	827,311	4,514	275	488	832,588
Addition during the period	-	9	1	411	421
Disposal during the period	-	(38)	(3)	-	(41)
30 June 2022	827,311	4,485	273	899	832,968
Depreciation					
1 January 2022	182,290	1,443	253	-	183,986
Charge during the period	10,320	90	7	-	10,417
Disposal during the period	-	(12)	(2)	-	(14)
30 June 2022	192,610	1,521	258	-	194,389
Carrying amount					
30 June 2022	634,701	2,964	15	899	638,579
31 December 2021	645,021	3,071	22	488	648,602

The term loan facilities are secured by comprehensive legal and commercial mortgages on all the assets of the Company (note 13).

The Company's plant is constructed on land leased from the Ministry of Housing (note 7).

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Notes to the unaudited condensed interim financial statements

7. Right-of-use assets

	Connection Equipment RO'000s	Site Rent RO'000s	Total RO'000s
Cost			
1 January 2022	1,100	274	1,374
Addition during the period	-	-	-
30 June 2022	1,100	274	1,374
Depreciation			
1 January 2022	412	24	436
Charge during the period	69	4	73
30 June 2022	481	28	509
Carrying amount			
30 June 2022	619	246	865
31 December 2021	688	250	938
	Connection Equipment USD'000s	Site Rent USD'000s	Total USD'000s
Cost			
1 January 2022	2,861	713	3,574
Addition during the period	-	-	-
30 June 2022	2,861	713	3,574
Depreciation			
1 January 2022	1,075	63	1,138
Charge during the period	179	10	189
30 June 2022	1,254	73	1,327
Carrying amount			
30 June 2022	1,607	640	2,247
31 December 2021	1,786	650	2,436

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

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Notes to the unaudited condensed interim financial statements

	30 June 2022 RO'000s	30 June 2022 USD'000s	Audited 31 December 2021 RO'000s	Audited 31 December 2021 USD'000s
8. Trade and other receivables				
Trade receivables	11,451	29,782	33,419	86,917
Other receivables	223	584	54	141
Prepayments	28	72	313	814
Accrued income	-	-	17	45
	11,702	30,438	33,803	87,917

9. Short term deposit

As per the Common Terms Agreement ("CTA"), the Company is required to maintain a Debt Service Provisioning Account ("DSPA") to ensure funds are available to service the loan instalments and interest on due date. At each repayment date at the end of October, the Company is required to put the scheduled amount towards the next six monthly payments. The amount in the DSPA cannot be utilized for any purpose other than servicing the loan instalments and interest and is as such restricted cash. The amount lying in the DSPA account as at 31 December 2021 has been placed into a short term deposit was matured on 26 April 2022.

	30 June 2022 RO'000s	30 June 2022 USD'000s	Audited 31 December 2021 RO'000s	Audited 31 December 2021 USD'000s
10. Cash and cash equivalents				
Cash in hand	1	3	1	4
Cash at bank	7,081	18,416	444	1,154
	7,082	18,419	445	1,158

11. Lease liabilities

Lease liabilities included in the statement of financial position as:

Current lease liabilities	139	362	135	351
Non-current lease liabilities	897	2,333	960	2,497
	1,036	2,695	1,095	2,848

	Contractual Undiscounted Cash flows RO'000s	Present value of lease payments RO'000s	Contractual Undiscounted Cash flows USD'000s	Present value of lease payments USD'000s
30 June 2022				
Within one year	197	139	511	362
In 2 to 5 years	786	655	2,045	1,704
More than 5 years	452	242	1,176	629
Lease liabilities	1,435	1,036	3,732	2,695

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Notes to the unaudited condensed interim financial statements

12. Equity

(a) Share capital

The details of the shareholders are as follows:

	Nationality	No. of shares held of nominal value 100 Bzs. each	% of total	Aggregate nominal value of shares held RO '000
30 June 2022				
Kahrabel FZE	UAE	213,607,492	29.90%	21,361
Middle East Investment LLC	Omani	102,160,110	14.30%	10,216
Civil Service Employees Pension Fund	Omani	76,750,331	10.74%	7,675
Sojitz Global Investment B.V.	Netherlands	51,080,055	7.15%	5,108
SEP International Netherlands B.V.	Netherlands	51,080,055	7.15%	5,108
Public Authority for Social Insurance	Omani	46,558,814	6.52%	4,656
Ministry of Defence Pension Fund	Omani	43,618,671	6.11%	4,362
Shareholders with less than 5% shareholding		129,550,812	18.13%	12,955
		714,406,340	100.00%	71,441
Nominal value in USD '000				185,801
31 December 2021				
Kahrabel FZE		213,607,492	29.90%	21,361
Middle East Investment LLC		102,160,110	14.30%	10,216
Civil Service Employees Pension Fund		76,750,331	10.74%	7,675
Sojitz Global Investment B.V.		51,080,055	7.15%	5,108
SEP International Netherlands B.V.		51,080,055	7.15%	5,108
Public Authority for Social Insurance		46,558,814	6.52%	4,656
Ministry of Defence Pension Fund		43,618,671	6.11%	4,362
Shareholders with less than 5% shareholding		129,550,812	18.13%	12,955
		714,406,340	100.00%	71,441
Nominal value in USD '000				185,801

The Company has authorized, issued and paid-up share capital of RO 71,440,634 consisting of 714,406,340 shares of RO 0.1 each (31 December 2021: RO 71,440,634 consisting of 714,406,340 shares of RO 0.1 each).

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

(b) Legal reserve

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

(c) Hedging reserve

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

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Notes to the unaudited condensed interim financial statements

	30 June 2022 RO'000s	30 June 2022 USD'000s	Audited 31 December 2021 RO'000s	Audited 31 December 2021 USD'000s
13. Term loans				
Term loans	116,702	303,517	118,555	308,337
Less: current portion	(18,437)	(47,950)	(18,782)	(48,849)
Non-current portion	98,265	255,567	99,773	259,488
Less: unamortised transaction cost	(1,846)	(4,801)	(2,231)	(5,803)
	96,419	250,766	97,542	253,685

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

At 30 June 2022 and 31 December 2021, the outstanding amounts were as follows:

Hermes Covered Variable Facility	28,139	73,184	28,664	74,549
Commercial Facility	40,686	105,816	41,122	106,949
KEXIM Direct Facility	20,054	52,156	20,428	53,129
Hermes Covered Fixed Facility	17,316	45,036	17,639	45,876
KEXIM Covered Facility	10,507	27,325	10,702	27,834
	116,702	303,517	118,555	308,337

14. Trade and other payables

Fuel gas payable and accrual	9,531	24,789	32,419	84,311
Accrued finance cost	1,073	2,790	1,096	2,847
Due to related parties (note 15)	719	1,870	941	2,448
Other payables and accruals	1,495	3,887	1,028	2,669
	12,818	33,336	35,484	92,275

15. Related party transactions

Related parties comprise the shareholders, directors, key management personnel, business entities that have the ability to control or exercise significant influence over financial and operating decisions of the Company and entities over which certain shareholders are able to exercise significant influence. Prices and terms of these transactions, which are entered into in the normal course of business, are on mutually agreed terms and conditions.

Key management benefits

Key management personnel are those having authority for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise). Total compensation paid to the top five employees, including key management personnel for the six month period ended are as follows:

	30 June 2022 RO'000s	30 June 2022 USD'000s	30 June 2021 RO'000s	30 June 2021 USD'000s
Key management benefits	168	436	163	424

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Notes to the unaudited condensed interim financial statements

15. Related party transactions (continued)

The Company had the following transactions with related parties during the six month period ended:

	30 June 2022 RO'000s	30 June 2022 USD'000s	30 June 2021 RO'000s	30 June 2021 USD'000s
Shareholders:				
Middle East Investment LLC	76	196	74	192
Public Authority for Social Insurance	9	23	7	19
Group companies and other related parties:				
Suez-Tractebel Operation & Maintenance Oman LLC	4,111	10,691	4,288	11,153
Al Batinah Power Company SAOG	150	390	107	278
Kahrabel Operations & Maintenance (Oman) LLC	76	196	70	183
International Power SA Dubai Branch	44	115	18	48
ENGIE SA	35	91	34	87
Directors'	11	28	11	29
Sojitz Corporation	8	22	8	21
Shikoku Electric Power Co., Inc.	8	22	8	21
	4,528	11,774	4,625	12,031

The nature of the above transactions is as follows:

Operation and maintenance ("O&M") fees (note 3)	3,543	9,215	3,549	9,231
Value added tax (VAT)	179	466	66	173
Plant, capital spares and technical spares	164	427	266	693
Other O&M expenses	137	356	376	978
Sharing of costs	145	376	106	275
Secondment fees (note 4)	130	337	127	329
Backcharge and other expenses	98	252	2	6
DSRA LC cost (note 5)	76	198	73	190
Professional fees	44	115	18	48
Directors' sitting fees (note 4)	11	28	11	29
Custom duties (note 3)	1	4	31	79
	4,528	11,774	4,625	12,031

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Notes to the unaudited condensed interim financial statements

15. Related party transactions (continued)

	30 June 2022 RO'000s	30 June 2022 USD'000s	Audited 31 December 2021 RO'000s	Audited 31 December 2021 USD'000s
Balances due to related parties comprised:				
Shareholders:				
Middle East Investment LLC	22	58	15	40
Public Authority for Social Insurance	5	13	16	42
Group companies and other related parties:				
Suez-Tractebel Operation & Maintenance Oman LLC	614	1,597	853	2,218
ENGIE SA	23	61	6	15
Directors'	16	40	22	58
International Power SA Dubai Branch	11	30	2	5
Kahrabel Operations & Maintenance (Oman) LLC	10	25	9	23
Al Batinah Power Company SAOG	6	16	13	32
Shikoku Electric Power Co., Inc.	6	15	1	4
Sojitz Corporation	6	15	1	4
Tractebel Engineering S.A.	-	-	3	7
	719	1,870	941	2,448

16. Financial risk management

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 31 December 2021.

17. Commitments

- Operation and maintenance commitments and land lease commitments are consistent with those disclosed in the financial statements as at and for the year ended 31 December 2021 as reduced by amounts accounted for during the six month period ended 30 June 2022.
- The Company has placed purchase orders for RO 207,294 (USD 539,125) which are outstanding as at 30 June 2022 [RO 523,167 (USD 1,360,642) as at 31 December 2021].

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18. Net assets per share - adjusted

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

	30 June 2022 RO'000s	30 June 2022 USD'000s	Audited 31 December 2021 RO'000s	Audited 31 December 2021 USD'000s
Net assets - shareholder funds	112,761	293,270	108,170	281,330
Weighted average number of shares outstanding during the period/year ('000s)	714,406	714,406	714,406	714,406
Net asset per share (Baizas / cents) - adjusted	157.84	410.51	151.41	393.80

The management believes that the hedging deficit of RO 2.00 million (USD 5.21 million) as at 30 June 2022 [RO 6.09 million (USD 15.84 million) as at 31 December 2021] represents the loss which the Company would incur, if it opts to terminate its swap agreements on this date. However, under the terms of its financing agreements, the Company is not permitted to terminate the swap agreements. Accordingly the hedging deficit has been excluded from the Net assets - shareholder funds.

19. Basic earnings per share

Basic earnings per share is calculated by dividing the net profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

	30 June 2022 RO'000s	30 June 2022 USD'000s	30 June 2021 RO'000s	30 June 2021 USD'000s
Net profit for the period	6,377	16,585	5,523	14,364
Weighted average number of shares outstanding during the period ('000s)	714,406	714,406	714,406	714,406
Basic earnings per share (Baizas / cents)	8.93	23.21	7.73	20.11