Nama Electricity Supply Company SAOC

FINANCIAL STATEMENTS

31 DECEMBER 2025

FINANCIAL STATEMENTS

For the year ended 31 December 2025

Contents ***Page***

Director's Report

The directors submit their report and the audited financial statements for the year ended 31 December 2025.

Principal Activities

The company is primarily undertaking regulated activity of supply of electricity all around Oman except Dhofar Governorate under a license issued by the Authority for Public Services Regulations (APSR), Oman.

Basis of preparation of accounts

The accompanying audited financial statements have been prepared in accordance with International Financial Reporting Standards and The Commercial Companies Law 2019.

Results and appropriation

The results of the Company for the year ending 31 December 2025 are set out in the attached financial statements.

Auditors

The Financial Statements for the year ended 2025 have been audited by ERNST&YOUNG L.L.C (E&Y). 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.

On behalf of the Board of Directors

Mansoor Ali Al Maqbali **Chairman**	**Tariq Saleh Mohamed Taha** **Director**	**Salim Said Al Kamyani** **Chief Executive Office**

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NAMA ELECTRICITY SUPPLY COMPANY SAOC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of NAMA Electricity Supply Company SAOC (the "Company"), which comprise the statement of financial position as at 31 December 2025, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2025 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 financial statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in 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.

Other information

The other information comprises of Board of Directors' report. Management is responsible for the other information.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and Audit Committee for the financial statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
NAMA ELECTRICITY SUPPLY COMPANY SAOC

Report on the audit of the financial statements (continued)

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with 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.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
NAMA ELECTRICITY SUPPLY COMPANY SAOC

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 Company has maintained accounting records and the financial statements are in agreement therewith;
- the financial information included in the Board of Directors' report is consistent with the books of accounts of the Company; 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 Company has contravened, during the year ended 31 December 2025, 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 Company for the year ended 31 December 2025 or its financial position as at 31 December 2025.

Ernst + Young

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P.O.Box 1750 - P.C. 112, Sultanate of Oman

Mohamed Al Qurashi
5 March 2026
Muscat

Nama Electricity Supply Company SAOC

STATEMENT OF FINANCIAL POSITION

At 31st December 2025

	Notes	2025 ﷼ '000	2024 ﷼ '000
ASSETS			
Non-current assets			
Property, plant and equipment	5	**4,666**	4,159
Intangible assets	6	**575**	292
Right of use assets	7	**28,845**	34,223
Deferred tax asset	18	**5,599**	4,959
Total non-current assets		**39,685**	43,633
Current assets			
Trade and other receivables	8	**339,166**	431,700
Loan to a related party	25	**-**	72,987
Cash and bank balances	9	**31,411**	22,799
Total current assets		**370,577**	527,486
TOTAL ASSETS		**410,262**	571,119
EQUITY AND LIABILITIES			
Equity			
Share capital	10	**500**	500
Legal reserve	11	**167**	167
Shareholders' fund		**104,473**	104,473
Retained earnings		**36,310**	34,387
Total equity		**141,450**	139,527
LIABILITIES			
Non-current liabilities			
Employees' end of service benefits	13	**118**	152
Deferred revenue	14	**110**	36
Lease liabilities	17	**25,050**	30,007
Total non-current liabilities		**25,278**	30,195
Current liabilities			
Bank overdrafts	9	**39,935**	-
Deferred revenue	14	**37**	198
Short-term borrowings	15	**92,000**	120,000
Trade and other payables	16	**65,465**	234,948
Current tax liability	18	**38,170**	38,420
Lease liabilities	17	**7,927**	7,831
Total current liabilities		**243,534**	401,397
Total liabilities		**268,812**	431,592
TOTAL EQUITY AND LIABILITIES		**410,262**	571,119

The Financial Statements were authorised for issue and approved by the Board of Directors on 26 February 2026 and were signed on their behalf by:

Mansoor Ali Al Maqbali Chairman	Tariq Saleh Mohamed Taha Director	Salim Said Al Kamyani Chief Executive Officer

The attached notes 1 to 31 form part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year ended 31 December 2025

	Notes	***2025*** ***﷼ '000***	*2024* *﷼ '000*
Revenue	19	**1,250,063**	1,232,025
Operating costs	20	**(1,208,899)**	(1,189,191)
Gross profit		**41,164**	42,834
General and administrative expenses	21	**(19,334)**	(18,623)
Allowance for expected credit losses	8 & 9	**(4,925)**	(7,607)
Other income	24	**25**	13
Operating profit		**16,930**	16,617
Finance costs	22	**(6,590)**	(8,801)
Finance income	23	**3,383**	3,641
Profit before tax		**13,723**	11,457
Tax expense	18	**(2,100)**	(1,672)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**11,623**	9,785

STATEMENT OF CHANGES IN EQUITY

For the Year ended 31 December 2025

	Share capital ﷼ '000	*Legal reserve* ﷼ '000	*General reserve* ﷼ '000	*Retained earnings* ﷼ '000	*Shareholders' fund* ﷼ '000	*Total* ﷼ '000
At 1 January 2024	500	167	250	24,452	104,473	129,842
Total comprehensive income for the year	-	-	-	9,785	-	9,785
Transfer back of reserves (note 12)	-	-	(250)	250	-	-
Dividend (Note 10.1)	-	-	-	(100)	-	(100)
At 1 January 2025	500	167	-	34,387	104,473	139,527
Total comprehensive income for the year	-	-	-	11,623	-	11,623
Dividend (Note 10.1)	-	-	-	(9,700)	-	(9,700)
At 31 December 2025	**500**	**167**	**-**	**36,310**	**104,473**	**141,450**

The attached notes 1 to 31 form part of these financial statements.

STATEMENT OF CASH FLOWS

For the Year ended 31 December 2025

	Notes	***2025*** ***’000***	*2024* *’000*
Operating activities			
Profit before tax		**13,723**	11,457
Adjustments for:			
Depreciation of property, plant and equipment	5	**464**	314
Amortisation of intangible assets	6	**101**	73
Depreciation of right-of-use assets	7	**5,780**	5,744
Allowance for expected credit losses	8 & 9	**4,925**	7,607
Accruals for employees' end of service benefits	13	**38**	165
Interest on lease liabilities	17	**2,644**	3,006
Gain on derecognition of lease		**-**	(23)
Finance costs	22	**3,944**	5,793
Finance income	23	**(3,383)**	(3,641)
Bad debts written off	8.1	**(737)**	-
Amortisation of other current assets and deferred revenue	14.1	**(87)**	664
		27,412	31,159
Working capital changes:			
Trade and other receivables	8	**161,358**	(18,089)
Trade and other payables	16	**(169,516)**	(12,416)
Cash from operating activities		**19,254**	654
Employees' benefits paid	13	**(39)**	(65)
Income tax paid	18.4	**(2,990)**	(2,345)
Net cash flows from/(used in) operating activities		**16,225**	(1,756)
Investing activities			
Acquisition of property, plant and equipment	5	**(971)**	(372)
Addition to intangible assets	6	**(384)**	(202)
Net cash flows used in investing activities		**(1,355)**	(574)
Financing activities			
Proceeds from short-term borrowings	15	**453,000**	251,000
Repayment of short-term borrowings	15	**(481,000)**	(208,500)
Lease obligation paid	17	**(7,907)**	(7,878)
Finance costs paid		**(561)**	(2,152)
Dividend paid	10	**(9,700)**	(100)
Net cash generated (used) / from financing activities		**(46,168)**	32,370
Net changes in cash and cash equivalents		**(31,298)**	30,040
Cash and cash equivalents at 1 January		**22,932**	(7,108)
Cash and cash equivalents at 31 December	9	**(8,366)**	22,932

The attached notes 1 to 31 form part of these financial statements.

1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

Nama Electricity Supply Company SAOC (the “Company” or NESC) (formerly Muscat Electricity Distribution Company SAOC) is a closely held Omani joint stock company registered under the Commercial Companies Law of Oman. 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 primarily undertaking regulated supply of electricity in the all around Oman except Dhofar Governorate under a license issued by the Authority for Public Utilities Regulations, Oman. (“the regulator”) .The Company commenced its operations on 1 May 2005 (the “Transfer Date”) following the implementation of a decision of the Ministry of National Economy (the “Transfer Scheme”) issued pursuant to Royal Decree 78/2004.

The Company is 99.99% subsidiary of Electricity Holding Company SAOC (EHC or the “Holding company”), a closely held Omani Joint Stock Company registered in the Sultanate of Oman. The remaining shares are held by Nama Shared Services LLC (0.005%) and Numo Institute for Competency Development LLC (0.005%) subsidiaries of EHC. The ultimate parent is the Government of Sultanate of Oman, as it holds 100% shareholding in the Holding Company through the Oman Investment Authority (OIA).

2 BASIS OF PREPARATION

a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) as issued by the International Accounting Standards Board ("IASB”), and the requirements of the Commercial Companies Law of 2019.

b) Basis of measurement

These financial statements are prepared on historical cost basis.

c) Presentation and functional

These financial statements are presented in Rial Omani ("﷼"), which is the Company's functional as well as presentation currency. All amounts have been rounded to the nearest thousand (﷼ '000) except where otherwise stated.

d) Use of estimates and judgments

The preparation of the financial statements in conformity with IFRSs requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods.

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

Key sources of estimation uncertainties

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

2 BASIS OF PREPARATION (continued)

Revenue recognition

Due to the nature of the business, a certain portion of the Company'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 Company 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 Company's revenue would be impacted to the extent of such differences.

Allowance for impairment on financial assets

Loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past experience and historical data, existing market conditions as well as forward looking estimates at the end of each reporting period.

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 taxable income and tax expense already recorded. The Company 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 Company 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.

Leases – Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore it uses its incremental borrowing rate (IBR) to measure lease liabilities.

Leases – Estimating the incremental borrowing rate (continued)

The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the fund necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Determining the lease terms

In determining the lease terms, 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).

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

3 NEW IFRS ACCOUNTING STANDARDS

New and amended standards and interpretations

The company applied for the first-time certain standards and amendments, which are effective for annual
periods beginning on or after 1 January 2025 (unless otherwise stated). The company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Lack of exchangeability – Amendments to IAS 21

For annual reporting periods beginning on or after 1 January 2025, Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments did not have a material impact on the Company's 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 company's financial statements are disclosed below. The company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

IFRS 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.

The standard requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and it also 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, are 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 company is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements. The initial expected material impacts on Company's financial statements are, as follows:

▪ Rental income, change in fair value from investment properties and share of profit or an associate and
a joint venture will be classified in the investing category within the statement of profit or loss.

▪ Foreign exchange difference will be classified in the category where the related income and expense form the item giving rising to the foreign exchange difference.

▪ New disclosure will be added: (a) management-defined performance measures; (b) specified expense by nature if expenses are presented by function in the operating category of the statement of profit or loss; and (c) a reconciliation for each line item in the statement of profit or loss between the restated amounts presented applying IFRS 18 and the amounts previously presented applying IAS 1.

▪ Interest received and interest paid will be classified in the investing activities and financing activities, respectively, on the statement of cash flows.

3 NEW IFRS ACCOUNTING STANDARDS (continued)

Standards issued but not yet effective (continued)

IFRS 19 Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.

IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted.

Currently, the company's equity instruments are not publicly traded, it is not eligible to elect to apply IFRS 19.

Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7

In May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). The Amendments include:

▪ A clarification that a financial liability is derecognised on the 'settlement date' and the introduction of an accounting policy choice (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date

▪ Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed

▪ Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments

▪ The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI) The Amendments are effective for annual periods starting on or after 1 January 2026 with early adoption permitted for classification of financial assets and related disclosures only.

The Company does not anticipate that the amendments will have a material effect on the Company's financial statements.

Annual Improvements to IFRS Accounting Standards - Volume 11

In July 2024, the IASB issued nine narrow scope amendments as part of its periodic maintenance of IFRS accounting standards. The amendments include clarifications, simplifications, corrections or changes to improve consistency in IFRS 1 First-time Adoption of International Financial Reporting Standards,

IFRS 7 Financial instruments: Disclosure and its accompanying Guidance on implementing IFRS 7,

IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements and IAS 7 Statements of Cash Flows.

The amendments will be effective for reporting periods beginning on or after 1 January 2026. Earlier application is permitted and must be disclosed.

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

4 MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies applied in these financial statements are the same as those applied in the Company's Financial Statements as at and for the year ended 31 December 2024.

4.1 Leases

The Company leases various properties, offices and vehicles. Rental contracts are typically made for fixed periods of 2-15 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants except for use for specific purposes, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. At inception of a contract the Company assesses whether a contract is, or contains, a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset the Company assesses whether:

a) the contract involves the use of an identified asset - this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

b) the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

c) the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:

    i) the Company has the right to operate the asset; or

    ii) the Company designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Company as a lessee

The Company 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.

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.1 Leases (continued)

Company as a lessee (continued)

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 Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

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

i) fixed payments, including in-substance fixed payments;

ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

iii) amounts expected to be payable under a residual value guarantee; and the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company 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 Company's estimate of the amount expected to be payable under a residual value guarantee or if the Company 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 Company presents right-of-use assets and lease liabilities in separately in the 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	10-15
Leased Vehicles	2 - 5
Property	2 - 5

Short-term leases and leases of low-value assets

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

Company as a lessor

The Company has not entered into any agreement in which it is acting as a lessor.

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.2 Currency

Foreign currency transactions

In preparing the Financial Statements, transactions in currencies other than the Company'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 and other comprehensive income in the year in which they arise, with the exception of those related to monetary items that qualify as hedging instruments in a cash flow hedge that are recognized initially in the profit or loss and other comprehensive income to the extent that the hedge is effective.

4.3 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 Company becomes a party to the contractual provisions of the instrument. The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

1) Trade and other receivables
2) Loan to a related party
3) Cash and Bank Balance
4) Amounts due from related parties
5) Government subsidy receivable
6) Short term borrowings and overdrafts
7) Trade and other payables
8) Lease liabilities

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:

i) It is held within a business model whose objective is to hold assets to collect contractual cash flows; and

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.3 Financial Instruments (continued)

Initial recognition (continued)

Financial assets (continued)

ii) 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 assets at fair value through other comprehensive income

Equity instruments which are not held for trading or issued as contingent consideration in business combination, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value through other comprehensive income rather than profit or loss. This election is made on an investment-by-investment basis.

Debt instruments where the contractual cash flows are solely principal and interest and the objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets.

Financial assets at fair value through profit or loss account

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss account.

Financial assets, at initial recognition, may be designated at fair value through profit or loss, if the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognizing gains or losses on them on a different basis.

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:

i) 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;

ii) 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

iii) 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.

Subsequent measurement of financial assets

Financial assets

Financial assets carried at amortised cost

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 statement of profit or loss and other comprehensive income.

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.3 Financial Instruments (continued)

Subsequent measurement of financial assets (continued)

Subsequent measurement of financial liabilities

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

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

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

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

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 Company’s financial liabilities include accounts payable. due to related parties, short term borrowings.

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

Derecognition of financial assets

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

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

ii) The Company 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;

iii) The Company 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 Company is recognised as a separate asset or liability.

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.3 Financial Instruments (continued)

Derecognition of financial assets (continued)

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company 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 Company 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 Company could be required to repay.

Derecognition of 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 statement of profit or loss and other comprehensive income.

Impairment of financial assets

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

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

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

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

i) Financial assets measured at amortised cost,
ii) Financial assets mandatorily measured at FVTOCI, and
iii) Loan commitments when there is a present obligation to extend credit.

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.3 Financial Instruments (continued)

Impairment of financial assets (continued)

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

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

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

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

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

4.4 Property, plant and equipment

Recognition and measurement

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

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

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and the difference is recognised in the profit and loss and other comprehensive income.

Subsequent expenditure

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

Depreciation

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

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

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.4 Property, plant and equipment (continued)

Recognition and measurement (continued)

	Years
Buildings	30
Other plant and machinery	20-50
Furniture, fixtures and vehicles	5-7

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

4.5 Intangible assets
Recognition and measurement
Intangible assets represents 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 statement of profit or loss and other comprehensive income in the expense category consistent with the function of intangible asset.

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

4.7 Borrowing costs
Interest expense and similar charges are expensed in the profit and loss and other comprehensive income in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of a qualifying asset which necessarily takes a substantial period of time to prepare for its intended use or sale. Finance income is recognised as it accrues in the statement of profit or loss and other comprehensive income.

4.8 Employees' terminal benefits
Provision for employees' benefits is accrued having regard to the requirements of the Oman Labour Law 2003 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 categorised as a non-current liability.

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Employees' terminal benefits (continued)

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 Ministry of Housing, Electricity and Water on 1 May 2005 is calculated based on the terms agreed between the Holding Company and the Government. An accrual has been made and is classified as a non-current liability in the statement of financial position.

4.9 Provisions

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at 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. Where some or all of the economic benefits required to settle a provision are expected to be recovered from third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

4.10 Impairment

Non-derivative financial assets

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

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

Non-financial assets

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

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.10 Impairment (continued)

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

The management determines whether there are any indications of impairment to carrying value of property, plant and equipment on an annual basis because of the difference between the duration of the contracted cash flows and accounting deprecation of assets. This requires an estimation of the value in use of the cash generating unit.

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

4.11 Government grants

Grants from the Government are recognised at their value where there is a reasonable assurance that the grant will be received and the Company will comply with all the attached conditions. Government grants relating to the costs are deferred and recognised in the statement of profit and loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the construction of assets are included in deferred revenue as 'funding from Government sponsored projects' within non-current liabilities and are credited to profit and loss on straight line basis over the expected useful life of the related assets.

4.12 Revenue from contracts with customers

The Company recognises revenue from contracts with customers based on the five step model:

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 Company 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 Company will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5 Recognise revenue

When (or as) the Company satisfies a performance obligation.

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.12 Revenue from contracts with customers (continued)

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

i) The customer simultaneously receives and consumes the benefits provided by the Company's performance as and when the Company performs; or

ii) The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

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

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.

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 Company'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 financial statements.

4.12 Revenue from contracts with customers

Deferred revenue

i) Installation and connection revenue

Before application of IFRS 15, the Company 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 Company with regard to this revenue stream, and these services cannot be distinguished from the primary business activity of the Company 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).

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 will be recognized throughout the useful life of the relevant assets transferred from customers.

The Company has estimated the average assets life to be 25 years based on the useful life of the Installation and connection asset. Following the adoption of IFRS 15 the Company recognizes the fee over 25 years.

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.

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.12 Revenue from contracts with customers (continued)

Variable consideration

Variable consideration amounts are 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 Company 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 Company 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 Company 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 Company 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 Company accounts for a modification prospectively if the goods or services in the modification are distinct from those transferred before the modification. Conversely, the Company 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 Company 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 Company recognises an asset only if the fulfilment costs meet the following criteria:

i) Relate directly to an existing contract or specific anticipated contract;
ii) Generate or enhance resources that will be used to satisfy performance obligations in the future; and
iii) Are expected to be recovered.

If the costs incurred to fulfil a contract are in the scope of other guidance, then Company accounts for such costs using the other guidance.

The Company 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 Company recognises these losses to the extent that the carrying amount of the asset exceeds the recoverable amount.

4.13 Government subsidy

The Company'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 Government subsidy receivable.

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.14 Income tax

Income tax for the year comprises current and deferred tax, which is computed as per the fiscal regulations of the Sultanate of Oman. Income tax is recognised in the profit and loss except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Deferred tax is calculated on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4.15 Dividends

The Board of Directors takes into account appropriate parameters including the requirements of the Commercial Companies Law while recommending the dividend. Dividends on ordinary shares are recognised when they are approved for payment.

4.16 Directors' sitting fees and remuneration

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

4.17 Determination of fair value

Derivative financial instruments

Fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using yield curves of the respective currencies. The fair value of interest rate swaps is based on estimated future cash flows based on the terms and maturity of each contract and using market interest rates.

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

Non derivative financial liabilities

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

4.18 Current versus non-current classification

The Company 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

5 PROPERTY, PLANT AND EQUIPMENT

	Buildings on leasehold land *'000*	*Other plant and machinery* *'000*	*Furniture, fixtures and vehicles* *'000*	*Capital work-in-progress* *'000*	*Total* *'000*
Cost					
At 1 January 2024	5,064	1	2,828	244	8,137
Additions	4	-	-	368	372
Transfers	-	-	534	(534)	-
Transferred to related parties	(540)	-	(200)	-	(740)
Transferred from related parties	-	-	413	-	413
At 1 January 2025	4,528	1	3,575	78	8,182
Additions	-	-	-	971	971
Transfers	-	-	813	(813)	-
At 31 December 2025	**4,528**	**1**	**4,388**	**236**	**9,153**
Accumulated depreciation					
At 1 January 2024	1,054	-	2,640	-	3,694
Transferred to related parties	(200)	-	(198)	-	(398)
Transferred from related parties	-	-	413	-	413
Charge for the year	166		148	-	314
At 1 January 2025	1,020	-	3,003	-	4,023
Charge for the year	151	1	312	-	464
At 31 December 2025	**1,171**	**1**	**3,315**	**-**	**4,487**
Carrying amounts					
At 31 December 2025	**3,357**	**-**	**1,073**	**236**	**4,666**
At 31 December 2024	3,508	1	572	78	4,159

5 PROPERTY, PLANT AND EQUIPMENT (continued)

5.1 Allocation of depreciation charge:

	2025	*2024*
	’000	*’000*
Operating cost (note 20)	**151**	166
General and administrative expenses (note 21)	**312**	148
	463	314

6 INTANGIBLE ASSETS

	Capital work-in-progress	***Intangible assets***	***Total***
	’000	***’000***	***’000***
Cost			
At 1 January 2024	39	3,642	3,681
Additions	137	65	202
Transferred from related parties	-	(12)	(12)
At 1 January 2025	176	3,695	3,871
Additions	384	-	384
Transfer	(334)	334	-
At 31 December 2025	226	4,029	4,255
Accumulated depreciation			
At 1 January 2024	-	3,518	3,518
Charge for the year (note 21)	-	73	73
Transferred from related parties		(12)	(12)
At 1 January 2025	-	3,579	3,579
Charge for the year (note 21)	-	101	101
At 31 December 2025	-	3,680	3,680
Carrying amounts			
At 31 December 2025	**226**	**349**	**575**
At 31 December 2024	176	116	292

7 RIGHT OF USE ASSETS

The Company has lease contracts for power plant, property and vehicles used in its operations. Lease liabilities have lease terms of 2 years to 50 years. Set out below, are the carrying amounts of the Companies' right-of-use assets and the movements during the year:

	Power plant ***RO'000***	***Properties*** ***RO'000***	***Vehicles*** ***RO'000***	***Total*** ***RO'000***
Cost				
At 1 January 2024	66,861	236	123	67,220
Derecognition	-	(236)	-	(236)
At 1 January 2025	66,861	-	123	66,984
Additions	-	116	286	402
At 31 December 2025	66,861	116	409	67,386
Accumulated depreciation				
At 1 January 2024	26,940	84	94	27,118
Charge for the year (Note 21 & 22)	5,703	17	24	5,744
Derecognition	-	(101)	-	(101)
At 1 January 2025	32,643	-	118	32,761
Charge for the year (Note 21 & 22)	5,703	25	52	5,780
At 31 December 2025	38,346	25	170	38,541
Carrying value				
At 31 December 2025	**28,515**	**91**	**239**	**28,845**
At 1 January 2025	34,218	-	5	34,223

7.1 Allocation of depreciation charge

	2025 ***RO'000***	*2024* *RO '000*
Operating cost (note 20)	**5,703**	5,703
General and administrative expenses (note 21)	**77**	41
	5,780	5,744

8 TRADE AND OTHER RECEIVABLES

	2025 ***RO '000***	*2024* *RO '000*
Due from government customers (Note 25.6)	**62,494**	57,662
Due from private customers	**143,238**	156,005
Government subsidy receivable (note 25.6)	**59,339**	86,748
K Factor recoverable	**55,975**	52,790
Due from related parties (note 25.4)	**6,893**	9,599
Prepayments	**44**	72
Receivable from MOF related to VAT (note 8.3 & 25.6)	**61,505**	119,283
Other current assets (note 8.4)	**-**	1,156
Other receivables	**5,205**	2,258
VAT receivable	**2,509**	**-**
	397,202	485,573

8 TRADE AND OTHER RECEIVABLES (continued)

Allowance for expected credit losses:		
Private and Government customers (note 8.1)	**(55,066)**	(52,384)
Other receivables (note 8.2)	**(2,970)**	(1,489)
	(58,036)	(53,873)
	339,166	431,700

8.1 The movement in expected credit losses was as follows:

	2025	*2024*
	RO '000	*RO '000*
At 1 January	**52,384**	45,732
Charge for the year	**3,419**	6,652
Written off during the year (8.1a)	**(737)**	-
At 31 December	**55,066**	52,384

8.1a During the year, the Company has written off certain trade receivables considered irrecoverable, in accordance with its accounting policy on impairment of financial assets. These amounts relate to balances where recovery is no longer expected after considering its legal status.

The provision for impairment substantially relates to domestic, commercial and government customers. The aging of trade receivables has been disclosed in Note 26.2.

8.2 The movement in allowance of expected credit losses on other receivables was as follows:

	2025	*2024*
	RO '000	*RO '000*
At 1 January	**1,489**	654
Charge for the year	**1,481**	835
At 31 December	**2,970**	1,489

Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Company to obtain collateral over receivables and the vast majority are, therefore, unsecured.

The information about the credit risk exposure as at 31 December 2025 and 2024 on the Company's receivables using a provision matrix is set out in (note 26.2).

8.3 Oman Tax Authority has directed the company that 5% VAT is applicable upon entire amount of billing issued to the customers including subsidy part. MOF letter on VAT mechanism in this respect. The Company 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 Ministry of Finance (MoF) amounting to RO 61.505 million (31 December 2024: RO 119.283 million).

8.4 Other current assets for the current year represent adjustment as part of demarcation done by Authority Of Public Services Regulations (APSR) post merger as revenue adjustment.

	2025	*31-Dec-24*
	RO '000	*RO '000*
At 1 January	**1,156**	2,312
Amortised during the year	**(1,156)**	(1,156)
At 31 December	-	1,156

9 CASH AND BANK BALANCES

	2025	2024
	RO '000	RO '000
Cash at bank	**31,564**	22,927
Cash in hand	**5**	5
Allowance for expected credit loss (note 9.1)	**(158)**	(133)
Cash and bank balances	**31,411**	22,799
Bank overdraft (note 9.2)	**(39,935)**	-
Cash and bank balances - net	**39,935**	22,799
Bank overdrafts		
At 1 January	**-**	14,064
Addition during the year	**39,935**	46,000
Less: Repayments during the year	**-**	(60,064)
At 31 December	**39,935**	-

9.1 The movement in expected credit losses was as follows:

	2025	2024
At 1 January	**133**	13
Charge for the year	**25**	120
At 31 December	**158**	133

9.2 The Company has overdraft facility with Sohar International Bank which carry interest at 3.50%. As at 31 December 2025, the overdraft facility drawn amounted RO 39.9 million

10 SHARE CAPITAL

The Company's authorised, issued and paid up share capital consist of 5,000,000 shares of 100 baizas each. The details of the shareholders are as follows:

	% of holding	***2025 RO '000***	*2024 RO '000*
Electricity Holding Company SAOC	**99.99%**	**499.50**	499.50
Nama Shared Services Company LLC	**0.005%**	**0.25**	0.25
Numo Institute for Competency Development LLC	**0.005%**	**0.25**	0.25
	100%	**500**	500

10.1 DIVIDEND

The Annual General Meeting dated 24 March 2025 had approved a cash dividend of RO 1.94 per share on 5 million shares aggregating RO 9.7 million and the amount is fully paid during the current year.

11 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. The amount has already reached the described threshold cap.

12 GENERAL RESERVE

In accordance with Article 133 of the Commercial Companies Law of 2019 , an amount not exceeding 20% of the net profit of each financial year after deduction of taxes and transfer to legal reserve should be transferred annually to a general reserve until the balance of general reserve reach one half of the share capital - as optional. The reserve has been transferred fully to retained earning as per the shareholders' approval during Annual General Meeting held on 23 March 2024.

13 EMPLOYEES' END OF SERVICE BENEFITS

	2025	2024
	’000	’000
Employees' end of service benefits (note 13.1)	**118**	152
Short term employees' benefits (note 13.2)	**480**	447
	598	599

13.1 Movement in employees' end of service benefits

At 1 January	**152**	199
Charge for the year	**4**	12
Payments made during the year	**(38)**	(59)
At 31 December	**118**	152

13.2 Movement in accruals for employees’ benefits - leave encashment

	2025	2024
	’000	’000
At 1 January	**447**	300
Charge for the year	**34**	153
Payments made during the year	**(1)**	(6)
At 31 December	**480**	447

14 DEFERRED REVENUE

14.1 The movement in deferred revenue during the year is as follows

	2025	2024
	’000	’000
At 1 January	**234**	726
Amortised during the year	**(87)**	(492)
At 31 December	**147**	234

14.2 Classification of deferred revenue into current and non-current portion

	2025	2024
	’000	’000
Current portion	**37**	198
Non-current portion	**110**	36
	147	234

15 SHORT TERM BORROWING

15.1 The break up of short term borrowings is as follows

	2025	2024
	’000	’000
Working capital facilities (note 15.2)	**92,000**	120,000
	92,000	120,000

15.2 The movement in short term borrowings

	2025	2024
	’000	’000
At 1 January	**120,000**	77,500
Proceeds during the year	**453,000**	251,000
Less: Repayments during the year	**(481,000)**	(208,500)
At 31 December	**92,000**	120,000

15 SHORT TERM BORROWING (continued)

15.3 Working capital facilities

The Company has working capital facilities of ﷼ 122.5 million with Bank Muscat SAOG, utilized amounting to ﷼ 52.1 million. These factilities are made available up to 18 Feb and 23 Mar 2026. In addition, the Company has entered into a revolving working capital faclitiy of ﷼ 15 million with Qatar National Bank SAOG and ﷼ 40 million with Sohar International Bank out of which ﷼ 39.9 million from Sohar International Bank been utilised as on the reporting date.

16 TRADE AND OTHER PAYABLES

	2025	*2024*
	﷼ '000	*﷼ '000*
Due to related parties (note 25.5)	**46,284**	202,540
Short term employees' benefits (note 13.2)	**480**	447
VAT payable (note 16.1)	**-**	13,605
Other payables (note 16.2)	**18,701**	18,329
Voluntary exit scheme	**-**	27
	65,465	234,948

16.1 VAT payable to Oman Tax Authority comprises of VAT on government subsidy and Social Protection Initiative (SPI) scheme.

16.2 This include advance from customers, accrued interest payable, billing commission, disconnection and reconnection payable, bonus and other accruals.

17 LEASE LIABILITIES

17.1 The movement in lease liabilities during the year is as follows:

	2025	*2024*
	﷼ '000	*﷼ '000*
At 1 January	**37,838**	42,868
Additions	**402**	-
Derecognition	**-**	(158)
Interest on lease liabilities (note 23)	**2,644**	3,006
Payment (Principle + Interest)	**(7,907)**	(7,878)
At 31 December	**32,977**	37,838

17.2 Lease liabilities are classified into current and non-current portion as follows

	2025	*2024*
	﷼ '000	*﷼ '000*
Non-current portion	**25,050**	30,007
Current portion	**7,927**	7,831
	32,977	37,838

17.3 Amounts recognised in the year end statement of profit and loss and other comprehensive income.

	2025	*2024*
	﷼ '000	*﷼ '000*
Depreciation on right to use assets (note 7)	**5,780**	5,744
Interest on lease liabilities (note 17.1)	**2,644**	3,006
	8,424	8,750
Amount recognized in the statement of cash flow:		
Total cash out flow for leases	**(7,907)**	(7,878)

18 TAXATION

The Company is subject to income tax at the rate of 15% (2024-15%) of taxable income in accordance with the Income Tax Law of the Sultanate of Oman. Tax deductible loss of the previous years have been set off in calculation of Income Tax Payable. The deferred tax on all temporary differences have been calculated and accounted for in the statement of profit and loss and other comprehensive income.

18.1 Tax expense recognised in the statement of profit and loss and other comprehensive income.

	2025	*2024*
	RO'000	*RO'000*
Current tax charge	**2,740**	3,057
Deferred tax - Reversed to profit and loss	**(640)**	(1,385)
	2,100	1,672

The Company has a capital gain tax payable amounting to RO 36 million on assets distributed to the shareholders. This obligation arose due to restructuring instructed by the government. It's important to emphasize that despite the tax liability, there has been no actual movement of cash in this transfer. The company has sought a waiver for this amount, considering the circumstances surrounding the restructuring. In addition, the Company's income tax payable for the financial year ended December 2024, based on its reported profit, amounted to RO 2.740 million (2024:RO 3.057 million). Other than the capital gains tax mentioned above, the Company has no outstanding tax obligations.

18.2 The reconciliation of the accounting profit at the applicable rate of 15% (2024: 15%) is as follow:

	2025	*2024*
	RO'000	*RO'000*
Accounting profit before tax	**13,723**	11,457
Tax on accounting profit before tax at 15%	**2,058**	1,719
Tax impact due to permanent difference	**1**	-
Tax impact of tax losses expired	**-**	22
Current tax adjustment relating to prior years	**-**	16
Prior year adjustments on deferred tax	**41**	(85)
	2,100	1,672

18.3 Deferred tax asset

Recognized deferred tax assets and liabilities are attributable to the following items:

	2025	*2024*
	RO '000	*RO '000*
Accelerated depreciation	**(33)**	33
Allowance for expected credit losses	**4,352**	3,724
Lease liabilities and Right of use asset	**620**	542
Provision for impairment allowance - intangible assets	**660**	660
	5,599	4,959

18.4 The movement in current and deferred tax provision is as follows:

	Current tax		***Deferred tax***	
	2025	*2024*	***2025***	***2024***
	RO'000	*RO'000*	***RO'000***	*RO'000*
At 1st January	**38,420**	37,708	**(4,959)**	(3,574)
Charge for the year	**2,740**	3,057	**(640)**	(1,385)
Payment during the year	**(2,990)**	(2,345)	**-**	-
At 31 December	**38,170**	38,420	**(5,599)**	(4,959)

18.5 Status of assessments:

Upto the year 2021, the tax assessment has been completed by Oman Tax Authority. The management of the Company believes that additional taxes, if any, related to the open tax years 2022-2024 would not be significant. In addition, the company paid the income tax related to 2024 amounted RO 2.990 million and hold the capital gain tax (balance amount) until a clear direction is received from Oman Tax Authority and Oman Investement Authority.

18 TAXATION (continued)

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, 2025, the global minimum tax rules are not expected to have 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.

19 REVENUE

	2025	*2024*
Point in time	***RO '000***	*RO '000*
Private customers	**697,307**	652,331
Government customers	**114,490**	112,646
Government subsidy	**435,930**	489,093
Other operating income	**220**	729
	1,247,947	1,254,799
Add / (Less): revenue shortfall / (in excess of) in Maximum Allowed Revenue as per the Price Control Formula	**3,185**	(22,110)
Add: deferred regulated revenue (Note 8.4 and 14)	**(1,069)**	(664)
	1,250,063	1,232,025

20 OPERATING COSTS

	2025	*2024*
	RO '000	*RO '000*
Purchase of electricity (note 25.1)	**810,391**	777,029
Distribution use of system charge (note 25.1)	**285,591**	277,946
Transmission use of system charge (note 25.1)	**106,866**	128,099
Depreciation of right-of-use assets (note 7)	**5,703**	5,703
Purchase of electricity (Solar)	**197**	248
Depreciation of property plant and equipment (note 5.1)	**151**	166
	1,208,899	1,189,191

21 GENERAL AND ADMINISTRATIVE EXPENSES

	2025	*2024*
	RO '000	*RO '000*
Employees' cost (note 21.1)	**9,794**	8,712
Service expenses	**3,280**	2,847
Billing and collection charges	**5,269**	6,334
Depreciation on property plant and equipment (note 5.1)	**312**	148
Amortisation on intangible assets (note 6)	**101**	73
Depreciation of right-of-use assets (note 7)	**77**	41
Directors' remuneration and sitting fees (note 25.2)	**139**	145
Other expenses	**362**	323
	19,334	18,623

21.1 Employees' costs

Wages and salaries	**4,339**	3,908
Voluntary retirement scheme	**(27)**	31
Other allowances and benefits	**5,482**	4,773
	9,794	8,712

22 FINANCE COSTS

	2025	2024
	﷼ ’000	*﷼ ’000*
Interest on short-term borrowings	**3,737**	5,387
Interest on delay in related party payments	**207**	406
Interest on lease liabilities (note 17.1)	**2,644**	3,006
Bank charges	**2**	2
	6,590	8,801

23 FINANCE INCOME

	2025	2024
	﷼ ’000	*﷼ ’000*
Interest on loan to a related party (note 25.1)	**2,359**	3,206
Interest income on deposits	**1,024**	435
	3,383	3,641

24 OTHER INCOME	**2025**	2024
	﷼ ’000	*﷼ ’000*
Sale of forms and tenders	**25**	13
	25	13

During the restructuring of electricity companies at 1 June 2023, an amount of ﷼ 73 million was owed by the Distribution segment, now known as Nama Electricity Distribution Company (NEDC), to the Supply segment, now known as Nama Electricity Supply Company (The Company). NEDC and NESC signed a Memorandum of Agreement in which NEDC agreed to repay the outstanding amount along with interest at the variable rate depending on Company's weighted average cost of debt, and payable on demand. During the year full amount was settled by NEDC.

25 RELATED PARTY TRANSACTIONS AND BALANCES

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.

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 Company and an entity that is a related party of the same government, the Company 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 Company maintains balances with the related parties which arise in the normal course of business. The related party transactions are carried out based on mutually agreed terms. Outstanding balances at period end are unsecured and settlement occurs in cash. Prices and terms of these transactions, which are entered into in the normal course of business, are on mutually agreed terms and conditions.

25 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

25.1 Transactions with related parties

	2025	*2024*
	’000	*’000*
Entities under common control:		
Oman Power and Water Procurement Company SAOC		
Purchase of electricity (note 20)	**810,391**	777,029
Oman Electricity Transmission Company SAOC		
Transmission connection charges	**-**	-
Transmission use of system charges (note 20)	**106,866**	128,099
Nama Electricity Distribution Company SAOC		
Distribution use of system charges (note 20)	**285,591**	277,946
Interest on loan (note 23)	**2,359**	3,206
Others	**-**	938
Rural Areas Electricity Company SAOC		
Others	**-**	90
Dhofar Integrated Services Company SAOC		
Others	**-**	14
Shareholders		
Electricity Holding Company SAOC		
Service charges	**-**	1,163
Dividend (note 10.1)	**9,700**	100
Numo Institute for Competency Development LLC		
Training expenses	**-**	44
Nama Shared Services LLC		
Capex project	**-**	-
IT Support service charges	**723**	896

25.2 Key management benefits

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

The compensation for key management personnel during the year comprises of following:

	2025	*2024*
	’000	*’000*
Salaries and other short term benefits	**976**	931
Post-employment benefits	**106**	50
Directors' remuneration and sitting fees (note 21)	**139**	145
	1,221	1,126
No. of persons included in Key management compensation	**10**	10

25 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

25.3 Government related entities

The Company has generated revenue of ﷼ 114 million (2024: ﷼ 113 million) from sale of electricity to the Government and related entities during current year. The balances at the period end arising from this transaction is disclosed in note 8.

The Company also recognized a revenue as subsidy of ﷼ 435.9 million (31 Dec 2024: ﷼ 489.09 million) from Ministry of Finance under the Price Control Regulations (PCR).

25.4 Amounts due from related parties (note 8)

	2025	*2024*
	﷼ '000	*﷼ '000*
Entities under common control:		
Nama Electricity Distribution Company SAOC	**353**	2,482
Nama Electricity Generation Company	**1,432**	1,156
Oman Water and Wastewater Services Company	**4,271**	5,142
Nama Dhofar Services Company	**8**	10
Oman Electricity Transmission Company SAOC	**28**	
Shareholder:		
Electricity Holding Company SAOC	**801**	809
	6,893	9,599

25.5 Amounts due to related parties (note 16)

	2025	*2024*
	﷼ '000	*﷼ '000*
Entities under common control:		
Oman Power and Water Procurement Company SAOC	**11,897**	145,497
Oman Electricity Transmission Company SAOC	**-**	16,922
Nama Electricity Distribution Company SAOC	**32,825**	38,422
Majan Electricity Company SAOC	**-**	51
Nama Electricity Generation Company	**1,122**	1,122
Shareholders:		
Electricity Holding Company SAOC	**320**	403
Numo Institute of Competency Development LLC	**4**	30
Nama Shared Services LLC	**116**	93
	46,284	202,540

25 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

25.5 Amounts due to related parties (continued)

	31-Dec-25	*31-Dec-24*
	﷼'000	*﷼'000*
Entities under common control:		
Loan to Nama ElectricIty Distribution Company SAOC	**-**	72,987
	-	72,987

25.6 Amounts due from Government and related entities

	31-Dec-25	*31-Dec-24*
	﷼ '000	*﷼ '000*
Subsidy receivable from MoF (note 8)	**59,339**	86,748
Receivables from other Government customers (note 8)	**62,494**	57,662
	121,833	144,410

26 FINANCIAL RISK MANAGEMENT

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

- Market risk
- Credit risk
- Liquidity risk

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

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

26.1 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.

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instruments or its issuer, or factors affecting all similar financial instruments traded in the market. The tariff for distribution of electricity is determined by long term agreements with customers or under the permitted Tariff Regulations issued by the Authority for Public Services Regulations (APSR). Accordingly, the Company is not exposed to significant price risk.

26 FINANCIAL RISK MANAGEMENT (continued)

26.1 Market risk (continued)

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

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

	2025	*2024*
	RO '000	*RO '000*
Financial liabilities		
Short-term borrowings (note 15)	**92,000**	120,000
Bank overdrafts (note 9)	**39,935**	-
	131,935	120,000

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of change in foreign exchange rates. The Company is exposed to foreign currency risk arising from currency exposure primarily with respect to the US Dollar. The Rial Omani is effectively pegged to the US Dollar and since most of the foreign currency transactions are in US Dollar, the management believes that exchange rate fluctuations would have an insignificant impact on the Company's profit.

26.2 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and cash balances and short term deposits held with banks.

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

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

	2025	*2024*
	RO '000	*RO '000*
Due from private and government customers (note 8)	**205,732**	213,667
Government subsidy receivable (note 8)	**59,339**	86,748
Due from related parties (note 8)	**6,893**	9,599
Receivable from MOF related to VAT(note 8)	**61,505**	119,283
Other receivables (note 8)	**5,205**	2,258
Cash at bank (note 9)	**31,564**	22,927
	370,238	454,482

Trade receivables

The Company's exposure to credit risk on trade and other receivables is influenced mainly by the individual characteristics of each customer. The Company has established credit policies and procedures that are considered appropriate and commensurate with the nature and size of the receivables. Trade receivables primarily represent amounts due from Government and private customers. The expected credit loss for trade receivables has been computed under the simplified model of IFRS 9.

26 FINANCIAL RISK MANAGEMENT (continued)

26.2 Credit risk (continued)

Trade receivables (continued)

The age of trade receivables and related provision for ECL at the reporting date is:

	31 December 2025			*31 December 2024*		
	Gross	***ECL***	***Past due but not impaired***	*Gross*	*ECL*	*Past due but not impaired*
	’000	***’000***	***’000***	*’000*	*’000*	*’000*
Not past due	**55,043**	**(835)**	**54,208**	56,067	(1,160)	54,907
Past due:						
31 to 90 days	**54,684**	**(1,778)**	**52,906**	65,151	(2,899)	62,252
91 to 365 days	**32,194**	**(5,958)**	**26,236**	37,540	(5,972)	31,568
1 to 2 years	**18,304**	**(8,993)**	**9,311**	19,096	(10,347)	8,749
2 to 3 year	**15,965**	**(7,960)**	**8,005**	11,401	(7,594)	3,807
3 to 4 years	**9,981**	**(9,981)**	**-**	6,915	(6,915)	-
Above 4 years	**19,561**	**(19,561)**	**-**	17,497	(17,497)	-
	205,732	**(55,066)**	**150,666**	213,667	(52,384)	161,283

For trade receivables, the Company has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Company determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

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

Credit quality disclosure:

	ECL Model	***Type of ECL***	***Gross amounts ’000***	***ECL ’000***	***Net carrying amounts ’000***
At 31 December 2025					
Trade and other receivables	**Provision matrix**	**Lifetime**	**205,732**	**(55,066)**	**150,666**
Cash at bank	**External rating**	**12 month**	**31,564**	**(158)**	**31,406**
At 31 December 2024					
Trade and other receivables	Provision matrix	Lifetime	213,667	(52,384)	161,283
Cash at bank	External rating	12 month	22,927	(133)	22,794

26 FINANCIAL RISK MANAGEMENT (CONTINUED)

26.2 Credit risk (continued)

Credit quality disclosure: (continued)

The following table details the risk profile of trade receivables based on the Company’s provision matrix. As the Company’s historical credit loss experience show significantly different loss patterns for different customer segments, i.e. government and private customers (electricity) and water customer hence the provision for loss allowance based on past due status is further distinguished between the Company’s different customer base.

Amounts due from domestic customers	*Expected credit loss rate*	*Gross carrying amount ’000*	*Expected credit loss ’000*	*Net carrying value ’000*
At 31 December 2025				
Not past due	**1.67%**	**12,425**	**(208)**	**12,217**
31 to 90 days	**3.93%**	**21,629**	**(849)**	**20,780**
91 to 365 days	**21.16%**	**14,043**	**(2,971)**	**11,072**
1 to 2 years	**100.00%**	**5,041**	**(5,041)**	**-**
2 to 3 years	**100.00%**	**2,721**	**(2,721)**	**-**
3 - 4 years	**100.00%**	**1,401**	**(1,401)**	**-**
Above 4 years	**100.00%**	**4,259**	**(4,259)**	**-**
		61,519	**(17,450)**	**44,069**
At 31 December 2024				
Not past due	2.32%	17,030	(395)	16,635
31 to 90 days	5.35%	25,253	(1,350)	23,903
91 to 365 days	18.40%	15,481	(2,848)	12,633
1 to 2 years	100.00%	5,437	(5,437)	-
2 to 3 years	100.00%	2,060	(2,060)	-
3 - 4 years	100.00%	1,306	(1,306)	-
Above 4 years	100.00%	5,279	(5,279)	-
		71,846	(18,675)	53,171

Amounts due from commercial customers	*Expected credit loss rate*	*Gross carrying amount ’000*	*Expected credit loss ’000*	*Net carrying value ’000*
At 31 December 2025				
Not past due	**1.67%**	**35,856**	**(600)**	**35,256**
31 to 90 days	**4.25%**	**19,352**	**(823)**	**18,529**
91 to 365 days	**41.52%**	**6,512**	**(2,704)**	**3,808**
1 to 2 years	**100.00%**	**2,622**	**(2,622)**	**-**
2 to 3 years	**100.00%**	**2,570**	**(2,570)**	**-**
3 to 4 years	**100.00%**	**2,096**	**(2,096)**	**-**
Above 4 years	**100.00%**	**12,711**	**(12,711)**	**-**
		81,719	**(24,126)**	**57,593**

26 FINANCIAL RISK MANAGEMENT (continued)

26.2 Credit risk (continued)

Amounts due from commercial customers	*Expected credit loss rate*	*Gross carrying amount*	*Expected credit loss*	*Net carrying value*
		'000	*'000*	*'000*
At 31 December 2024				
Not past due	2.28%	32,334	(738)	31,596
31 to 90 days	6.14%	23,211	(1,424)	21,787
91 to 365 days	34.14%	8,155	(2,784)	5,371
1 to 2 years	100.00%	3,660	(3,660)	-
2 to 3 years	100.00%	2,932	(2,932)	-
3 to 4 years	100.00%	3,613	(3,613)	-
Above 4 years	100.00%	10,251	(10,251)	-
		84,156	(25,402)	58,754
Amounts due from Government customers				
At 31 December 2025				
Not past due	**0.40%**	**6,762**	**(27)**	**6,735**
31 to 90 days	**0.77%**	**13,703**	**(106)**	**13,597**
91 to 365 days	**2.43%**	**11,639**	**(283)**	**11,356**
1 to 2 years	**12.50%**	**10,641**	**(1,330)**	**9,311**
2 to 3 years	**25.00%**	**10,674**	**(2,669)**	**8,005**
3 to 4 years	**100.00%**	**6,484**	**(6,484)**	**-**
Above 4 years	**100.00%**	**2,591**	**(2,591)**	**-**
		62,494	**(13,490)**	**49,004**
At 31 December 2024				
Less than one month	0.40%	6,703	(27)	6,676
31 to 90 days	0.75%	16,687	(125)	16,562
91 to 365 days	2.45%	13,904	(340)	13,564
1 to 2 years	12.50%	9,999	(1,250)	8,749
2 to 3 years	40.60%	6,409	(2,602)	3,807
3 to 4 years	100.00%	1,996	(1,996)	-
Above 4 years	100.00%	1,967	(1,967)	-
		57,665	(8,307)	49,358

Bank balances and short term bank deposits

The Company limits its credit risk with respect to bank deposits by only dealing with banks with high credit rating. The table below shows the balances with banks categorised by short term credit ratings as published by Moody's Service at the reporting date.

Bank balances:	***Rating***	***2025*** ***'000***	*2024* *'000*
Bank Muscat SAOG	Ba1	**2,183**	3,430
National Bank of Oman	Ba1	**133**	2,225
Qatar National Bank	Aa2	**1,470**	15,216
Sohar International Bank	Ba1	**5,010**	2,056
Oman Housing Bank	Ba3	**22,768**	-
		31,564	22,927

26 FINANCIAL RISK MANAGEMENT (continued)

26.2 Credit risk (continued)

Fair value hierarchy:

Financial assets consists of trade and other receivables, loan to a related party and cash and bank balances and financial liabilities consists of short term borrowings, lease liabilities and trade and other payables.

The management believes that the fair value of the financial assets and liabilities are not significantly different from their carrying amounts as at the reporting date. There were no transfers among level 1, level 2 and level 3 during the period. The methods and valuation techniques used for the purpose of measuring fair value are consistent from those disclosed in Company's financial statements for the year ended 31 December 2025.

26.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due that are settled by delivering cash or another financial asset. The Company’s approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient available funds to meet its liabilities when due, under both normal and stressful conditions, without incurring unacceptable losses or risking damage to the Company’s reputation.
The following are the contractual maturities of financial liabilities, including estimated interest payments, excluding the impact of netting agreements:

31 December 2025	***Carrying value ﷼ ’000***	***Total ﷼ ’000***	***Less than 3 months ﷼ ’000***	***3 to 12 months ﷼ ’000***	***1 to 5 years ﷼ ’000***
Other payables (Note 16)	**19,181**	**19,181**	**19,181**	**-**	**-**
Due to related parties (Note 16)	**46,284**	**46,284**	**46,284**	**-**	**-**
Short-term borrowings (Note 15)	**92,000**	**95,220**	**47,610**	**47,610**	**-**
Bank overdraft (Note 9)	**39,935**	**41,532**	**10,383**	**31,149**	**-**
Lease liability (Note 17)	**32,977**	**39,518**	**1,982**	**5,945**	**31,591**
	230,377	**241,735**	**125,440**	**84,704**	**31,591**

31 December 2024	*Carrying value ﷼ '000*	*Total ﷼ '000*	*Less than 3 months ﷼ '000*	*3 to 12 months ﷼ '000*	*1 to 5 years ﷼ '000*
Other payables (Note 16)	18,776	18,775	18,775	-	-
Due to related parties (Note 16)	202,540	202,540	202,540	-	-
Short-term borrowings (Note 15)	120,000	124,800	31,200	93,600	-
Bank overdraft (Note 9)		-	-	-	-
Lease liability (Note 17)	37,838	47,426	1,977	5,932	39,517
	379,154	393,541	254,492	99,532	39,517

Other payables includes other payables and short term employee benefits.

Capital management

For the purpose of the Company's capital management, the capital comprise of share capital, reserves and retained earnings. There was no change in Company's approach to the capital management during the year. The primary objective of the Company's capital management is to maximise the shareholders' value.

Management is confident of improving the current level of profitability by enhancing top line growth and prudent cost management.

26 FINANCIAL RISK MANAGEMENT (continued)

Capital management (continued)

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividends payment to the shareholders, return capital to the shareholders or issue new share capital. The Company monitors capital using a gearing ratio which is 'net debt' divided by total capital plus net debt. The Company includes within net debt, interest bearing term loans and short term borrowings, trade and other payables, lease liabilities less cash and cash equivalents.

Gearing ratio

Gearing ratio at year ended was as follow:

	2025	*2024*
	'000	*'000*
Net debt		
Short term borrowing (note 15)	**92,000**	120,000
Lease liabilities (note 17)	**32,977**	37,838
Trade and other payables (note 16)	**64,985**	234,501
Bank overdraft (note 9)	**39,935**	(14,064)
Less: Cash and bank balances (note 9)	**(31,411)**	(22,799)
	198,486	355,476
Equity (excluding cash flow hedge reserve)		
Share capital	**500**	500
Legal reserve	**167**	167
Shareholders' fund	**104,473**	104,473
Retained earnings	**36,310**	45,810
	141,450	150,950
Equity and net debt	**339,936**	506,426
Gearing ratio	**58%**	70%

In order to achieve this overall objective, the Company's capital management, among other things, aims to ensure that it meets it financial covenants attached to the interest bearing term loans and borrowings that defines capital structure requirements. Breaches in meeting the financial covenants would permit the lenders to immediately call term loans and short term borrowings. There have been no breaches of the financial covenants of any interest bearing term loans and short term borrowings at year end.

27 COMMITMENTS AND CONTINGENT LIABILITIES

	2025	*2024*
	'000	*'000*
Capital commitments	**109**	245

27.1 Capital expenditure contracted for at the end of the reporting period are 0.109 million (31 December 2024: 0.245 million).

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

28 GEOPOLITICAL UNCERTAINTY

The ongoing geopolitical developments, particularly the tariff policies implemented by US, could have an adverse impact on the company's receivables from customers of NESC in Oman. Changes in international trade policies, including tariffs may potentially affect customer payment timelines and increasing the risk of non-recoverability of receivables and the risk of default. In addition, oil prices fluctuation may result in some delay in subsidy.

29 CLIMATE RELATED RISKS

The Company 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 behaviour 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 Company is making progress on embedding climate risk in its risk framework.

30 SEASONALITY OF OPERATIONS

The Company is involved in supply of electricity. Due to the seasonal nature of this business, higher revenues and operating profits are usually expected in the summer period i.e. April to September as compared to remaining period of the year. Higher sales during the period April to September are mainly attributed to the increased demand during these summer months. This information is provided to allow for a better understanding of the results, however, management has concluded that this is not ’highly seasonal’ in accordance with IAS 34.

31 IDENTIFIED SUSTAINABILITY-RELATED RISKS

In accordance with the requirements of IFRS S1, NAMA Electricity Supply Company SAOC (NESC) discloses information about its sustainability-related risks and opportunities that are material to the company's financial position and performance. NESC's sustainability strategy focuses on reducing environmental impact, enhancing operational efficiency, and promoting sustainable development. Our Board of Directors and senior management regularly review and oversee the governance processes, controls, and procedures used to monitor, manage, and oversee the overall process which are related to sustainability-related risks and opportunities.

In line with our commitment to sustainability, NESC has initiated the submission of green invoices (E-bills) to avoid hand delivery and reduce paper wastage, thereby supporting green environment practices.

Additionally, NESC procures power from Oman Power and Water Procurement Company SAOC, which is focusing on a green investment strategy. NPWP's strategy includes in procuring power sources which generating electricity from Solar PV and exploring investments in wind and other renewable energy sources.