

# **PHOENIX POWER COMPANY SAOG**

## **UNAUDITED FINANCIAL STATEMENTS**

**30 SEPTEMBER 2021**

## PHOENIX POWER COMPANY SAOG

### STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2021

	Notes	2021 RO'000	2021 US\$'000	2020 RO'000	2020 US\$'000
Operating revenue	3	122,402	318,341	114,776	298,507
Operating costs	4	(86,817)	(225,792)	(78,562)	(204,323)
<b>Operating profit</b>		<b>35,585</b>	<b>92,549</b>	36,214	94,184
General and administrative expenses	5	(880)	(2,287)	(837)	(2,174)
Finance costs (net)	6	(11,384)	(29,609)	(12,806)	(33,304)
<b>Profit before tax</b>		<b>23,321</b>	<b>60,653</b>	22,571	58,706
Income tax	7	(1,937)	(5,039)	(1,981)	(5,151)
<b>PROFIT FOR THE PERIOD</b>		<b>21,384</b>	<b>55,614</b>	20,590	53,555
<b>OTHER COMPREHENSIVE INCOME - /(EXPENSE) , NET OF TAX</b>					
<i>Item that may be reclassified to profit and loss in subsequent periods:</i>					
Net movement in fair value of cash flow hedges		8,026	20,877	(15,611)	(40,600)
Income tax effect		(1,204)	(3,132)	2,342	6,090
<b>OTHER COMPREHENSIVE INCOME /(EXPENSE) FOR THE PERIOD</b>		<b>6,822</b>	<b>17,745</b>	(13,269)	(34,510)
<b>TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD</b>		<b>28,206</b>	<b>73,359</b>	7,321	19,045

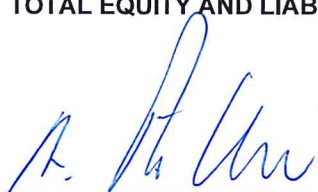
The attached notes 1 to 20 form part of these financial statements

# PHOENIX POWER COMPANY SAOG

## STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2021

	Notes	2021 RO'000	2021 US\$'000	2020 RO'000	2020 US\$'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	8	507,982	1,321,155	519,881	1,352,099
Right to use assets	9	8,116	21,108	8,305	21,600
Capital Spares		2,362	6,143	2,362	6,143
		<u>518,460</u>	<u>1,348,406</u>	<u>530,548</u>	<u>1,379,842</u>
<b>Current assets</b>					
Trade and other receivables	10	70,238	182,674	70,250	182,705
Inventories		9,354	24,327	9,382	24,399
Bank balances	11	23,170	60,261	5,640	14,669
		<u>102,762</u>	<u>267,262</u>	<u>85,272</u>	<u>221,773</u>
<b>TOTAL ASSETS</b>		<u><b>621,222</b></u>	<u><b>1,615,668</b></u>	<u><b>615,820</b></u>	<u><b>1,601,615</b></u>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	12	146,260	380,390	146,260	380,390
Legal reserve	13	11,311	29,417	11,311	29,417
Cumulative changes in fair values	15	(27,772)	(72,228)	(34,594)	(89,973)
Retained earnings		74,914	194,838	57,187	148,734
<b>Total equity</b>		<u><b>204,713</b></u>	<u><b>532,417</b></u>	<u><b>180,164</b></u>	<u><b>468,568</b></u>
<b>Non-current liabilities</b>					
Interest bearing loans and borrowings	14	233,586	607,508	248,132	645,339
Fair value of derivative financial instruments	15	23,496	61,107	31,630	82,263
Provision for asset retirement obligation		4,818	12,532	4,644	12,079
Deferred tax liability		34,228	89,020	31,085	80,848
Lease liability		7,910	20,572	8,113	21,101
Employees' end of service benefits		42	107	40	103
		<u>304,080</u>	<u>790,846</u>	<u>323,644</u>	<u>841,733</u>
<b>Current liabilities</b>					
Interest bearing loans and borrowings	14	29,734	77,331	29,385	76,423
Dividend payable	12	-	-	2,047	5,325
Accounts payable and accruals	16	73,011	189,888	71,003	184,659
Fair value of derivative financial instruments	15	9,177	23,867	9,070	23,588
Finance lease liabilities		507	1,319	507	1,319
Short term borrowing		-	-	-	-
		<u>112,429</u>	<u>292,405</u>	<u>112,012</u>	<u>291,314</u>
<b>Total liabilities</b>		<u><b>416,509</b></u>	<u><b>1,083,251</b></u>	<u><b>435,656</b></u>	<u><b>1,133,047</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>621,222</b></u>	<u><b>1,615,668</b></u>	<u><b>615,820</b></u>	<u><b>1,601,615</b></u>

  
Director

  
Director

The attached notes 1 to 20 form part of these financial statements

## PHOENIX POWER COMPANY SAOG

### STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 September 2021

	Note	Share capital RO'000	Legal reserve RO'000	Cumulative changes in fair values RO'000	Retained earnings RO'000	Total RO'000
Balance at 1 January 2020		146,260	9,672	(27,360)	48,510	177,082
Profit for the period		-	-	-	20,590	20,590
Other comprehensive income / (expense)		-	-	(13,269)	-	(13,269)
Total comprehensive income / (expense)		-	-	(13,269)	20,590	7,321
Dividend Paid		-	-	-	(4,022)	(4,022)
Balance at 30 September 2020		146,260	9,672	(40,629)	65,078	180,381
<b>Balance at 1 January 2021</b>	12	<b>146,260</b>	<b>11,311</b>	<b>(34,594)</b>	<b>57,187</b>	<b>180,164</b>
<b>Profit for the period</b>		-	-	-	<b>21,384</b>	<b>21,384</b>
<b>Other comprehensive income / (expense)</b>		-	-	<b>6,822</b>	-	<b>6,822</b>
<b>Total comprehensive income / (expense)</b>		-	-	<b>6,822</b>	<b>21,384</b>	<b>28,206</b>
<b>Dividend Paid</b>		-	-	-	<b>(3,657)</b>	<b>(3,657)</b>
<b>Balance at 30 September 2021</b>		<b>146,260</b>	<b>11,311</b>	<b>(27,772)</b>	<b>74,914</b>	<b>204,713</b>

The attached notes 1 to 20 form part of these financial statements

## PHOENIX POWER COMPANY SAOG

### STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 September 2021

	Note	Share capital US\$'000	Legal reserve US\$'000	Cumulative changes in fair values US\$'000	Retained earnings US\$'000	Total US\$'000
Balance at 1 January 2020		380,390	25,155	(71,160)	126,167	460,552
Profit for the period		-	-	-	53,555	53,555
Other comprehensive income / (expense)		-	-	(34,510)	-	(34,510)
Total comprehensive income/ (expense)		-	-	(34,510)	53,555	19,045
Dividend Paid		-	-	-	(10,461)	(10,461)
Balance at 30 September 2020		380,390	25,155	(105,670)	169,261	469,136
<b>Balance at 1 January 2021</b>	<b>12</b>	<b>380,390</b>	<b>29,417</b>	<b>(89,973)</b>	<b>148,734</b>	<b>468,568</b>
<b>Profit for the period</b>		-	-	-	<b>55,614</b>	<b>55,614</b>
<b>Other comprehensive income / (expense)</b>		-	-	<b>17,745</b>	-	<b>17,745</b>
<b>Total comprehensive income/ (expense)</b>		-	-	<b>17,745</b>	<b>55,614</b>	<b>73,359</b>
<b>Dividend Paid</b>		-	-	-	<b>(9,510)</b>	<b>(9,510)</b>
<b>Balance at 30 September 2021</b>		<b>380,390</b>	<b>29,417</b>	<b>(72,228)</b>	<b>194,838</b>	<b>532,417</b>

The attached notes 1 to 20 form part of these financial statements

# PHOENIX POWER COMPANY SAOG

## STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2021

	Notes	2021 RO'000	2021 US\$'000	2020 RO'000	2020 US\$'000
<b>OPERATING ACTIVITIES</b>					
Profit before tax		23,321	60,653	22,571	58,706
Depreciation	8,9	12,088	31,436	12,105	31,479
Interest – term loans and swap settlements		10,107	26,287	11,364	29,556
Amortisation of deferred finance cost		606	1,575	671	1,745
Interest expense for lease liability		304	791	308	801
Asset retirement obligation - unwinding of discount		174	453	166	431
Accruals for employee's end of service benefits		2	4	(14)	(37)
		<u>46,602</u>	<u>121,199</u>	<u>47,171</u>	<u>122,681</u>
<b>Working capital changes:</b>					
Trade and other receivables		12	31	(59,182)	(153,919)
Accounts payable and accruals		(1,269)	(3,297)	53,888	140,152
Inventories		28	72	(30)	(78)
<b>Cash generated from operating activities</b>		<u>45,373</u>	<u>118,005</u>	<u>41,847</u>	<u>108,836</u>
Interest – term loans and swap settlements		(6,829)	(17,760)	(7,714)	(20,063)
<b>Net cash generated from operating activities</b>		<u>38,544</u>	<u>100,245</u>	<u>34,133</u>	<u>88,773</u>
<b>INVESTING ACTIVITIES</b>					
Investment in short term deposits		(8,882)	(23,100)	(8,613)	(22,400)
Net cash used in investing activities		<u>(8,882)</u>	<u>(23,100)</u>	<u>(8,613)</u>	<u>(22,400)</u>
<b>FINANCING ACTIVITIES</b>					
Dividend paid		(5,704)	(14,835)	(6,947)	(18,069)
Repayment of interest bearing loans and borrowings		(14,803)	(38,499)	(14,412)	(37,483)
Working Capital Facility		-	-	-	-
Lease payment		(507)	(1,319)	(507)	(1,319)
<b>Net cash (used in) in financing activities</b>		<u>(21,014)</u>	<u>(54,653)</u>	<u>(21,866)</u>	<u>(56,871)</u>
<b>INCREASE (USED IN) IN CASH AND CASH EQUIVALENTS</b>		<u>8,648</u>	<u>22,492</u>	<u>3,654</u>	<u>9,502</u>
Cash and cash equivalents at the beginning of the period		5,640	14,669	7,530	19,585
<b>CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER</b>	11	<u>14,288</u>	<u>37,161</u>	<u>11,184</u>	<u>29,087</u>

The attached notes 1 to 20 form part of these financial statements

# PHOENIX POWER COMPANY SAOG

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## NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

### 1 ACTIVITIES

Phoenix Power Company SAOG (“the Company”) is registered under the Commercial laws of the Sultanate of Oman as a Public Joint Stock Company and principal activities of the Company are to develop, finance, design, construct, operate, maintain, insure and own a power generating station and associated gas interconnection facilities and other relevant infrastructure.

The Company’s registered address is P O Box 96, Postal Code 102, Muscat, Sultanate of Oman. The Company’s principal place of business is located at Sur, Sultanate of Oman.

The Company has entered into following significant agreements:

- i. Power Purchase Agreement (PPA) with Oman Power and Water Procurement Company SAOC (OPWP) granting the Company the right to generate electricity in Sur for a period of fifteen years commencing from the scheduled commercial operations date based on a tariff structure.
- ii. Natural Gas Sales Agreement (NGSA) with the Ministry of Oil and Gas of the Government of the Sultanate of Oman (MOG) for the purchase of natural gas for fifteen years at a pre-determined price.
- iii. Usufruct Agreement with the Government of the Sultanate of Oman for grant of Usufruct rights over the plant site for twenty five years.
- iv. Agreement with local and international banks for long-term loan facilities and interest rate hedge arrangements.
- v. Agreement with Siemens LLC Oman for long term service contract for maintenance service of the gas turbines.
- vi. Agreement with Siemens Aktiengesellschaft for long term supply contract for supplying the spare parts of gas turbines.
- vii. Agreement with Phoenix Operation and Maintenance Company LLC for the operation and maintenance of the Sur IPP Project.
- viii. Agreement with Daewoo Engineering and Construction Co. Ltd for engineering, procurement and construction of the Sur IPP Project.
- ix. Project Founders’ Agreement dated 13 July 2011 made between Electricity Holding Company SAOC, Marubeni Corporation; Chubu Electric Power Co; Qatar Electricity and Water Company (Q.S.C.); and Multitech LLC.
- x. Shareholders’ Agreement dated 13 July 2011, amended and restated dated 28 November 2011 made between Axia Power Holdings B.V; Chubu Electric Power Sur B.V; Qatar Electricity and Water Company (Q.S.C.); and Multitech LLC.

# PHOENIX POWER COMPANY SAOG

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## NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

### 2 SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards and relevant requirements of the Commercial Companies Law of 1974, as amended, and the Capital Market Authority of the Sultanate of Oman.

Items included in the financial statements of the Company are measured and presented in US Dollars (US \$) being the currency of the primary economic environment in which the Company operates.

These financial statements are presented in US Dollars and Rial Omani (RO), rounded to the nearest thousand. The RO amounts shown in the financial statement have been translated using exchange rate of US \$ 1 = RO 0.3845 and are shown for the convenience of the reader.

The financial statements are prepared under the historical cost convention modified to include the measurement at fair value of derivative financial instruments.

These financials includes audited figures for 31st December 2020. These financials includes unaudited figures for 30<sup>th</sup> September 2021 and 2020 are unaudited.

#### 2.2 Accounting policies

The significant accounting policies applied by the Company in these unaudited financial statements are consistent with those applied by the Company in its financial statements as at and for the year ended 31 December 2020.



# PHOENIX POWER COMPANY SAOG

## NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

### 3 OPERATING REVENUE

	30 SEPTEMBER 2021 RO'000	30 SEPTEMBER 2021 US\$'000	30 SEPTEMBER 2020 RO'000	30 SEPTEMBER 2020 US\$'000
Capacity charges	58,988	153,414	58,742	152,775
Energy charges	63,414	164,927	56,034	145,732
	<u>122,402</u>	<u>318,341</u>	<u>114,776</u>	<u>298,507</u>

### 4 OPERATING COSTS

	30 SEPTEMBER 2021 RO'000	30 SEPTEMBER 2021 US\$'000	30 SEPTEMBER 2020 RO'000	30 SEPTEMBER 2020 US\$'000
Gas consumption	60,935	158,479	53,888	140,150
Depreciation (note 8 a,b)	12,084	31,428	12,097	31,462
Operation and maintenance cost	7,478	19,448	6,998	18,201
Long term services agreement	5,521	14,360	4,919	12,793
Insurance and other cost	719	1,869	582	1,514
Connection and license fee	80	208	78	203
	<u>86,817</u>	<u>225,792</u>	<u>78,562</u>	<u>204,323</u>

### 5 GENERAL AND ADMINISTRATIVE EXPENSES

	30 SEPTEMBER 2021 RO'000	30 SEPTEMBER 2021 US\$'000	30 SEPTEMBER 2020 RO'000	30 SEPTEMBER 2020 US\$'000
Staff costs and other benefits	445	1,157	429	1,115
Legal and professional charges	127	329	107	278
Other expenses	275	714	272	708
Office rent	30	79	22	56
Depreciation (note 8)	3	8	7	17
	<u>880</u>	<u>2,287</u>	<u>837</u>	<u>2,174</u>

# PHOENIX POWER COMPANY SAOG

## NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

### 6 FINANCE COSTS (NET)

	30 SEPTEMBER 2021 RO'000	30 SEPTEMBER 2021 US\$'000	30 SEPTEMBER 2020 RO'000	30 SEPTEMBER 2020 US\$'000
Interest and swap settlements	10,107	26,287	11,364	29,556
Amortisation of deferred finance cost	606	1,575	671	1,745
Asset retirement obligation - unwinding of discount	174	453	166	431
Interest expense for lease liability	304	791	308	801
DSRA LC Commission & WC fee	105	274	127	329
Exchange (Gain) / loss	90	233	178	462
Interest Income	(2)	(4)	(8)	(20)
	<u>11,384</u>	<u>29,609</u>	<u>12,806</u>	<u>33,304</u>

### 7 INCOME TAX

Income tax represents deferred tax expense for the period.

## PHOENIX POWER COMPANY SAOG

### NOTES TO THE FINANCIAL STATEMENTS

AT 30 SEPTEMBER 2021

#### 8 PROPERTY, PLANT AND EQUIPMENT

	Plant Building RO'000	Plant and Equipment RO'000	Strategic spares RO'000	Asset Retirement RO'000	Other Assets RO'000	Total RO'000
<b>Cost</b>						
At 1 January 2021	83,876	518,087	10,809	3,249	246	616,267
Additions during the period	-	-	-	-	-	-
At 30 September 2021	<u>83,876</u>	<u>518,087</u>	<u>10,809</u>	<u>3,249</u>	<u>246</u>	<u>616,267</u>
<b>Accumulated depreciation</b>						
At 1 January 2021	12,703	78,454	4,368	626	235	96,386
Charge during the period	1,573	9,714	541	68	3	11,899
At 30 September 2021	<u>14,276</u>	<u>88,168</u>	<u>4,909</u>	<u>694</u>	<u>238</u>	<u>108,285</u>
<b>Net book value</b>						
At 30 September 2021	<u><b>69,600</b></u>	<u><b>429,919</b></u>	<u><b>5,900</b></u>	<u><b>2,555</b></u>	<u><b>8</b></u>	<u><b>507,982</b></u>
At 31 December 2020	<u>71,173</u>	<u>439,633</u>	<u>6,441</u>	<u>2,623</u>	<u>11</u>	<u>519,881</u>

## PHOENIX POWER COMPANY SAOG

### NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

#### 8 PROPERTY, PLANT AND EQUIPMENT (continued)

<b>Cost</b>	<b>Plant building US\$'000</b>	<b>Plant and equipment US\$'000</b>	<b>Strategic spares US\$'000</b>	<b>Asset retirement US\$'000</b>	<b>Other assets US\$'000</b>	<b>Total US\$'000</b>
At 1 January 2021	218,142	1,347,432	28,113	8,450	637	1,602,774
Additions during the period	-	-	-	-	-	-
At 30 September 2021	<u>218,142</u>	<u>1,347,432</u>	<u>28,113</u>	<u>8,450</u>	<u>637</u>	<u>1,602,774</u>
<b>Accumulated depreciation</b>						
At 1 January 2021	33,035	204,047	11,353	1,631	609	250,675
Charge during the period	4,090	25,264	1,406	176	8	30,944
At 30 September 2021	<u>37,125</u>	<u>229,311</u>	<u>12,759</u>	<u>1,807</u>	<u>617</u>	<u>281,619</u>
<b>Net book value</b>						
At 30 September 2021	<u><b>181,017</b></u>	<u><b>1,118,121</b></u>	<u><b>15,354</b></u>	<u><b>6,643</b></u>	<u><b>20</b></u>	<u><b>1,321,155</b></u>
At 31 December 2020	<u><b>185,107</b></u>	<u><b>1,143,385</b></u>	<u><b>16,760</b></u>	<u><b>6,819</b></u>	<u><b>28</b></u>	<u><b>1,352,099</b></u>

# PHOENIX POWER COMPANY SAOG

## NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

### 9 RIGHT TO USE ASSETS

<b>Cost</b>	<b>Land Lease RO '000</b>	<b>Connection Fee RO '000</b>	<b>Total RO '000</b>
Opening balance	1,814	6,995	8,809
Additions during the period	-	-	-
At 30 September 2021	<u>1,814</u>	<u>6,995</u>	<u>8,809</u>
<b>Accumulated depreciation</b>			
Opening balance	104	400	504
Charge during the period	39	150	189
At 30 September 2021	<u>143</u>	<u>550</u>	<u>693</u>
<b>Net book value</b>			
At 30 September 2021	<u><b>1,671</b></u>	<u><b>6,445</b></u>	<u><b>8,116</b></u>
At 31 December 2020	<u>1,710</u>	<u>6,595</u>	<u>8,305</u>

### 9 RIGHT TO USE ASSETS

<b>Cost</b>	<b>Land Lease US\$'000</b>	<b>Connection Fee US\$'000</b>	<b>Total US\$'000</b>
Opening balance	4,718	18,193	22,911
Additions during the period	-	-	-
At 30 September 2021	<u>4,718</u>	<u>18,193</u>	<u>22,911</u>
<b>Accumulated depreciation</b>			
Opening balance	270	1,041	1,311
Charge during the period	101	391	492
At 30 September 2021	<u>371</u>	<u>1,432</u>	<u>1,803</u>
<b>Net book value</b>			
At 30 September 2021	<u><b>4,347</b></u>	<u><b>16,761</b></u>	<u><b>21,108</b></u>
At 31 December 2020	<u>4,448</u>	<u>17,152</u>	<u>21,600</u>

# PHOENIX POWER COMPANY SAOG

## NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

### 10 TRADE AND OTHER RECEIVABLES

	2021 RO'000	2021 US\$'000	2020 RO'000	2020 US\$'000
Trade receivables	69,732	181,357	70,177	182,514
Other receivables	273	711	11	29
Prepayments	233	606	62	162
	<u>70,238</u>	<u>182,674</u>	<u>70,250</u>	<u>182,705</u>

### 11 BANK BALANCES

	2021 RO'000	2021 US\$'000	2020 RO'000	2020 US\$'000
Cash and Bank balances	14,288	37,161	5,640	14,669
Short Term Deposits	8,882	23,100	-	-
	<u>23,170</u>	<u>60,261</u>	<u>5,640</u>	<u>14,669</u>

### 12 SHARE CAPITAL

	2021 RO'000	2021 US\$'000	2020 RO'000	2020 US\$'000
Issued and fully paid up share capital	<u>146,260</u>	<u>380,390</u>	<u>146,260</u>	<u>380,390</u>

### Dividend

Pursuant to shareholders' resolution dated 20 May 2020, the Board of Directors in their meetings held on 23 June 2020 and 27 October 2020 announced cash dividend of 2.75 baizas per share and 1.4 baizas per share, respectively for the year ended 31 December 2019. Accordingly, dividend amounting to US\$ 10.46 million (RO 4.02 million) was paid in July 2020 and US\$ 5.32 million (RO 2.05 million) was paid in January 2021.

Shareholders at the Annual General Meeting ("AGM"), on 22 March 2021 authorized the Board of Directors to determine and distribute cash dividend to the shareholders of the Company which will be paid in July 2021 and January 2022 for the year ended 31 December 2020, provided that the aggregate amount of such dividend shall not exceed 4.15 baizas per share.

The board of directors was resolved on 1st July 2021 to distribute cash dividend of Baizas 2.50 per share, out of the retained earnings as per the audited financial statements for the financial year ended 31 December 2020 to the shareholders of the Company who are registered in the Company's shareholders' register with the Muscat Clearing & Depository Company SAOC as on 15 July 2021.

### 13 LEGAL RESERVE

As required by the Commercial Companies Law of the Sultanate of Oman, 10% of annual profit of the Company is required to be transferred to legal reserve until the reserve is equal to one third of the issued share capital of the Company. The reserve is not available for distribution.

# PHOENIX POWER COMPANY SAOG

## NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

### 14 INTEREST BEARING LOANS AND BORROWINGS

	2021 RO'000	2021 US\$'000	2020 RO'000	2020 US\$'000
Secured term loan from commercial banks	78,119	203,170	82,461	214,463
Secured term loan from Japan Bank for International Cooperation	149,136	387,870	157,425	409,429
Secured term loan under NEXI facilities	39,059	101,585	41,231	107,232
	<u>266,314</u>	<u>692,625</u>	<u>281,117</u>	<u>731,124</u>
Less : Deferred finance cost	(2,994)	(7,786)	(3,600)	(9,362)
	<u>263,320</u>	<u>684,839</u>	<u>277,517</u>	<u>721,762</u>
Less : Current portion of loans	(29,734)	(77,331)	(29,385)	(76,423)
Non-current portion of loans	<u>233,586</u>	<u>607,508</u>	<u>248,132</u>	<u>645,339</u>

The Company had entered into secured term loan agreements in relation to the Sur IPP Project. The total amount of the term loan is US\$ 1,194 million with stand by facility of US\$ 38 million at LIBOR + applicable margin.

The Company started drawdowns in 2012. The Company has fully drawn down the facility in 2014. The loans will be repayable in instalments of several denominations, every sixth month from 28 December 2014, the final instalment will be due on 28 December 2028.

The loan agreements contain certain restrictive covenants, which include, amongst other restrictions over debt service, pattern of shareholding, payment of dividends, asset sales/transfers, amendment to significant agreements entered by the Company and creation of additional security under charge.

### 15 DERIVATIVE FINANCIAL INSTRUMENTS

	2021 RO'000	2021 US\$'000	2020 RO'000	2020 US\$'000
Cumulative changes in fair value:				
Interest rate swap agreements	25,185	65,500	34,327	89,276
Forward foreign exchange contracts	7,488	19,474	6,373	16,575
Fair value of derivatives	<u>32,673</u>	<u>84,974</u>	<u>40,700</u>	<u>105,851</u>
Less : Income tax effect	(4,901)	(12,746)	(6,105)	(15,878)
	<u>27,772</u>	<u>72,228</u>	<u>34,595</u>	<u>89,973</u>

The current and noncurrent portion of fair value of derivatives is as follows:

	2021 RO'000	2021 US\$'000	2020 RO'000	2020 US\$'000
Non-current portion	23,496	61,107	31,630	82,263
Current portion	9,177	23,867	9,070	23,588
	<u>32,673</u>	<u>84,974</u>	<u>40,700</u>	<u>105,851</u>

# PHOENIX POWER COMPANY SAOG

## NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

### 16 ACCOUNTS PAYABLE AND ACCRUALS

	2021 RO'000	2021 US\$'000	2020 RO'000	2020 US\$'000
Trade accounts payable	54,409	141,505	62,958	163,741
Amounts due to related parties (note 17)	1,893	4,922	2,513	6,536
Accrued expenses	16,709	43,461	5,531	14,382
	<u>73,011</u>	<u>189,888</u>	<u>71,002</u>	<u>184,659</u>

### 17 RELATED PARTY TRANSACTIONS

Related parties comprise the shareholders, directors, key management personnel and business entities in which they have the ability to control or exercise significant influence in financial and operating decisions.

The Company maintains balances with these related parties which arise in the normal course of business from the commercial transactions, and are entered into at terms and conditions which the management consider to be comparable with those adopted for arm's length transactions with third parties. Transactions with related parties are as follows:

#### Due to related parties

	2021 RO'000	2021 US\$'000	2020 RO'000	2020 US\$'000
Phoenix Operation and Maintenance Company LLC (POMCo)	<u>1,893</u>	<u>4,922</u>	<u>2,513</u>	<u>6,536</u>

#### Income statement transactions

	2021 RO'000	2021 US\$'000	2020 RO'000	2020 US\$'000
Shareholders	<u>52</u>	<u>136</u>	<u>52</u>	<u>136</u>
Other related parties :				
Operation and Maintenance Cost (POMCo)	<u>7,478</u>	<u>19,448</u>	<u>6,998</u>	<u>18,201</u>

### 18 COMMITMENTS

The Company has entered into agreements for purchase of natural gas with the Ministry of Oil and Gas, Usufruct rights over plant site with the Government of Sultanate of Oman, long term supply of spare parts of gas turbines with Siemens Aktiengesellschaft, maintenance service of gas turbines with Siemens LLC Oman, operation and maintenance of the Sur IPP Project with Phoenix Operation and Maintenance Company LLC.



# PHOENIX POWER COMPANY SAOG

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## NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

### **19 FINANCIAL RISK MANAGEMENT**

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 31 December 2020.

### **20 COMPARATIVE FIGURES**

Certain comparative figures have been reclassified where necessary to conform to the current period presentation.