



ENERGISED FOR THE FUTURE

A N N U A L R E P O R T 2 0 2 0



POWER & WATER FOR OMAN





His Majesty Sultan Haitham bin Tarik



His Majesty Sultan Qaboos bin Said

"May Allah have mercy upon him"

CONTENTS





OVERVIEW AND HIGHLIGHTS

Mission, Vision & Values	9
Stakeholders	10
Financial, Operational & Safety Highlights	11
Board of Directors	12
Management Team	13
ACWA Power Barka Team	14

DIRECTORS, MANAGEMENT & GOVERNANCE REPORTS

Board of Directors' Report	18
Management Discussion and Analysis Report	26
Auditors' Report on Corporate Governance	36
Corporate Governance Report	38

FINANCIAL STATEMENTS

Auditors' Report on Financial Statements	46
Statement of Financial Position	50
Statement of Profit or Loss and Other Comprehensive Income	51
Statement of Changes in Shareholders' Equity	52
Statement of Cash Flows	53
Notes to the Financial Statements	54

OVERVIEW AND HIGHLIGHTS

Safety comes first

The Company successfully achieved 18 years without Lost Time Incident, testimony of putting safety at first!

Business Continuity

Look beyond Power 2022 procurement process and grasp business opportunities in the Spot Market.

Operational Challenge

Performance of lifetime extension activities.

Developing People

Developing leadership within the local talent pool.





Mission

To meet the commitments with the stakeholders by producing safe, environmentally friendly, reliable and cost effective electricity and water in a socially responsible manner.

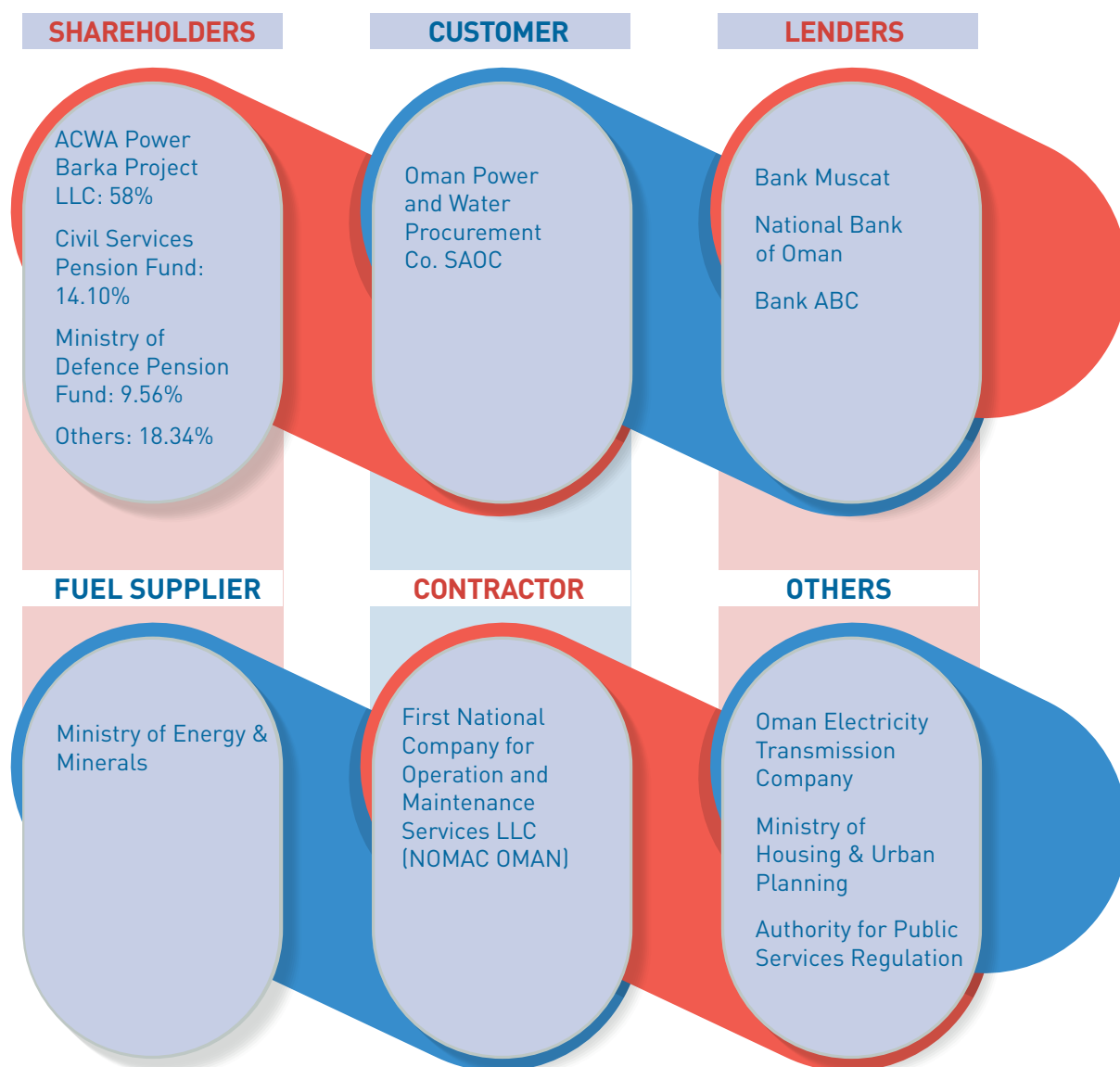
Vision

Maintain plant overall reliability to maximum, ensuring world class safety and environmental standards. Meet shareholder aspirations by adding maximum value by sustaining project economics.

Values

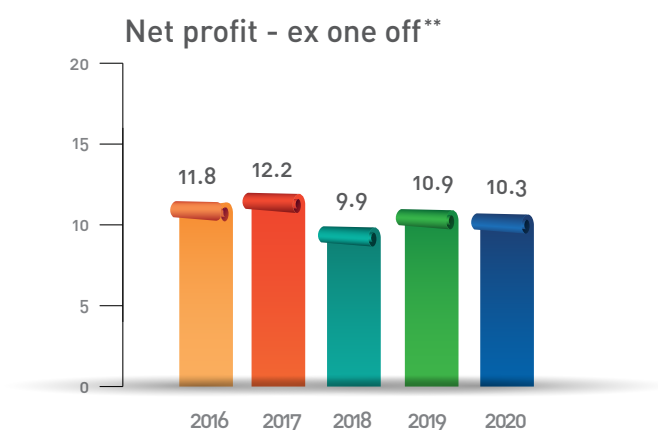
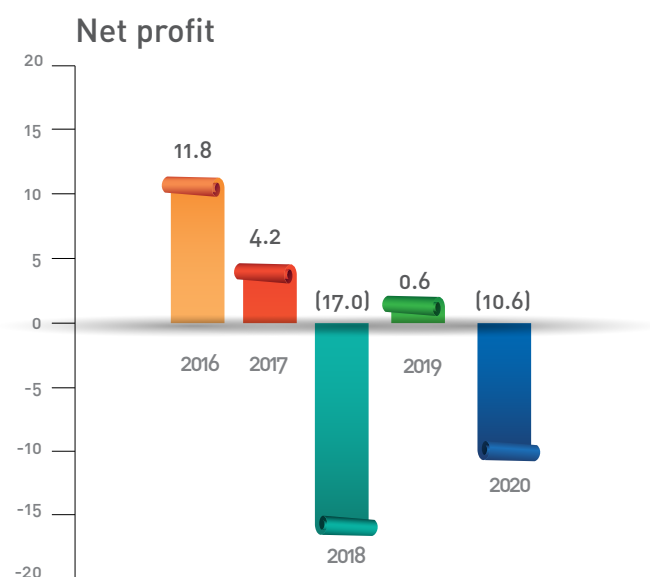
- Safety First
- Integrity
- Commitment
- Continuous Improvement
- Fun at Work

Stakeholders



Financial, Operational & Safety Highlights

Historical highlights (in million Omani Rials)



* Adjusted for current year classification.

** Excluding impacts of impairment, increase in income tax rate and supreme court decision.



Ahmed Al Subhi
Chairman



Board of Directors



Kashif Rana
Deputy Chairman



Ganesh Subramanian
Member



Yahya Al Jumaa
Member



Ahmed Al Sinani
Member



Mohammed Al Aghbari
Member



Zeeshan Hyder
Member



Management Team



Salim Al Sibani
Chief Executive Officer



Zafar Yasin
Chief Technical Officer



Usman Anwar
Chief Financial Officer



Mohammed Al Balushi
Technical Manager



ACWA Power Barka Team





DIRECTORS, MANAGEMENT & GOVERNANCE REPORTS







BOARD OF DIRECTORS' REPORT

Dear Shareholders,

On behalf of the Board of Directors of ACWA Power Barka SAOG, it gives me a great pleasure to present the Annual Report of the Company for the year ended 31 December 2020.

Highlights of the year

The key focus of your Company continues to be on an incident free workplace. During the year, your Company achieved 18 years without a Lost Time Incident on 2 May 2020 for its power and MSFE plants. Achieving this landmark accomplishment is a huge milestone considering the environment of the industry your Company operates in. The credit goes to the entire Barka team including NOMAC (Operator) for playing an instrumental role in developing a culture where safety is not merely a policy.

The Operator performed the Lifetime Extension Activities (LTE) of Gas Turbine 1 early in the year and replaced certain key components of the machine. LTE activities were recommended by the Original Equipment Manufacturer (OEM) on completion of mandatory Equivalent Operating Hours (EOH) and will ensure machine continues to be operated reliably in the future. The activities were completed safely and within planned time and machine is operating since then as intended.



The reliability factors for the Power and MSFE Water Desalination Plant remained at almost 100% during the year. The two RO Plants continued to face unprecedented seawater quality failure issues due to green tide. The Company is protected under force majeure provisions of the project agreements for such events. The majority claims submitted to OPWP were approved during the year while remaining are under review.

The Company submitted a competitive tariff proposal to Oman Power & Water Procurement Company (OPWP) during the year as part of Power 2022 Procurement Process. The benchmark tariff requirements were challenging under the process however your Company made every possible effort to submit a proposal that results in securing a long-term Power Purchase Agreement (PPA) post expiry of the current Term of its PWPA on 31 December 2021. The Company was notified by OPWP and then by Authority for Public Services Regulation (APSR) near end of the year that outcome of this process has been delayed due to unforeseen circumstances and impact of Covid19 pandemic. APSR has indicated its intention to engage with the generators participating in Power 2022 procurement process towards the end of first quarter of 2021.

The Company under International Financial Reporting Standards (IFRS) framework had to make an internal assessment of calculating future discounted cash flows from its power plant and then comparing it with the book value. This assessment resulted in recognition of a non-cash impairment of OMR 17.8 million in financial statements for the year.

The Company is also preparing itself to operate in the proposed Spot Market that is expected to go live in second half of 2021. However, the prevailing surplus capacity situation in the market will hinder the ability of the Company to generate reasonable revenues from the Spot Market in the initial few years at least. The Company is engaged with APSR to understand what other options are available to generators

including bilateral and ancillary arrangements.

The Company was unsuccessful in 2018 under Request for Offer (RFO) process to secure new Water Purchase Agreements (WPAs) for its two Reverse Osmosis (RO) based water plants post the expiry of their current WPAs Term on 31 December 2021. The Company disputed the tariff methodology used by OPWP / APSR in this process in the commercial courts. Unfortunately,

the Primary Court issued an unfavorable decision on this case at end of the third quarter. The Company based on consultation with its legal counsel concluded that there are merits in disputing this decision in the Appeals Court and accordingly a case was filed by the Company. The Company had to recognize additional impairment on its RO plants to the tune of OMR 4.8 million in the financial statements of the year.

The delay in the outcome combined with prevailing surplus contracted capacity situation raises serious risks for the Company in terms of business continuity and its ability to operate and generate reasonable cash flows to discharge its material outstanding obligations beyond 2021. The Company will continue to work with APSR and OPWP in coming months to identify a viable solution to this challenge.

Your Company successfully held its Annual General Meeting (AGM) for 2019 on 16 March 2020. All agenda items were approved by the shareholders. The Company also held an Extra Ordinary General Meeting (EGM) on 30 June 2020 to adopt new Articles of Association as required under the Commercial Companies Law and approved by the shareholders.

Strategic positioning

The Company holds a 4% share in the power sector and 14% share in the water sector in the Country. OPWP is the sole procurer of the power and water in Omani market and the primary fuel supplier is Ministry of Energy & Minerals (previously Ministry of Oil & Gas). The operations and maintenance of the plants is performed by First National Company for Operation and Maintenance Services LLC (NOMAC Oman) which is wholly owned by ACWA Power.

Operational performance

Although number of factors play a key role in the success of a power and water plant, the operational performance and excellence will always be the main factor towards the performance of your Company. The strategic decision to perform the LTE of Gas Turbine 1 will go a long way in ensuring reliable operation of the plant and meeting the





contractual commitments towards the stakeholders. Certain key components of the turbine were replaced during the activity which was completed safely by NOMAC Oman despite unprecedented unique challenges that were posed by Covid19 pandemic. The team has showed its resilience to overcome all difficulties during these challenging times.

The Company continued to take certain initiatives to improve reliability of its two RO plants further. These initiatives resulted in improved reliability factors compared to previous year.

The Company successfully demonstrated the Guaranteed Net Contracted Power and Water Capacity for the Contract Year 2020-21 in the Annual Plant Performance Test for natural gas and diesel oil. These tests were carried out under Call On / Call Off operating regime during the extension term.

Occupational Health, Safety and Environment

The Company has maintained its exceptional safety and environment record by adopting world class practices. The Company monitors NOMAC continuously in this regard. This philosophy was truly reflected in achieving the remarkable milestone of 18 years without a LTI on 2 May 2020.

This safety record is not merely a number but reflects untiring efforts by all individuals working at the plants. The entire Barka team strives to improve its work practice based on both internal and external reviews on its safety culture.

The team has worked progressively on health, safety, and environment throughout the year to minimize the risk of complacency. Safety is a core value of the Company and we believe that safety comes first for our people, our contractors, and our community.

Preservation of environment remained one of the crucial considerations of your Company. There were no environmental exceedances during the year.

Financial Performance

We seek to maintain trust of our stakeholders by conducting the business in a fair and ethical manner. To achieve this strategic objective, your Company maintains the highest level of financial controls, reporting and corporate governance standards. The Company continues to maintain these standards, and this is periodically confirmed by timely and accurate reporting as well as rigorous internal and the independent internal and external auditing processes and procedures. The Company remains in compliance with the Code of Corporate Governance of the Capital Market Authority.

As highlighted previously, the benchmark tariffs under Power 2022 and RFO process are very competitive and will result in a different cash flows regime in the future. This future trend has resulted in recognition of material non-cash impairment to the Power and RO Plants during the year.

The Company recorded a gross profit of RO 15.3m (2019: RO 17.6m) for the year 2020 which shows current operational performance. Excluding non-cash impact of impairment of RO 22.6m (2019: RO 12.1m), the company would have reported profit before tax of RO 10.2m (2019: RO 12.9m). However, due to the impact of recognition of impairment, the Company is reporting a net loss after tax of RO 10.6m (2019: profit after tax of RO 0.6m) which corresponds to loss per share of RO 0.066 (2019: earning per share RO 0.003).

The Company continued to work with all stakeholders including regulatory authorities, lenders, and industry peers to find a long-term solution for the changing dynamics of the power sector in Oman.

The Company has not declared dividends in 2020 pursuant to decision of the shareholders in the last Annual General Meeting to accumulate cash towards settlement of its tax liabilities and funding of the Lifetime Extension Activities.

People

Investment in the core asset of the Company, its people, is evident from the consistent performance and continuous improvement of the business. The Company continues to recognize that developing its people is an essential element of the business strategy to achieve excellence and thus places great importance to the development of people at all levels. Accordingly, the Company continued to attract and retain its people with special focus on its commitment to develop and grow Omani talent.

The directors of your Company are diversified individuals with vast financial, operational, technical, and market-oriented experience. The board recognizes and acknowledges the exemplary and diligent efforts of the entire team who have helped strengthen the Company's position in the sector and continues to prioritize nurturing local talent in line with the national vision to develop world class leaders.

Social Responsibility

The Company along with NOMAC Oman remained socially responsible during the year. Recognizing the threat that Covid19 pandemic poses, the Company contributed proactively towards the fund that was created by the Ministry of Health to tackle emergency health requirements..

The Company has also sponsored the National program for internship for young Omani students and provided them internship opportunities with the business.

External Assessment of the Board of Directors

The Shareholders in the Annual General Meeting held on 26 March 2018 resolved that assessment of the Board of Directors to be carried out once during the three-year term. Accordingly, this assessment will be carried out in 2021 which is the second year of current term.

Outlook for 2021

As mentioned in highlights of the year section of the Report, the outcome of Power 2022 Procurement Process is not certain. The proposed Spot Market due for implementation in second half of 2021 also does not appear to be attractive in initial few years due to prevailing surplus capacity situation in the Grid. The Company will continue its dialogue with OPWP/APSR on potential extension of its WPAs for its two RO Plants.

In case, your Company is not able to secure any new long-term contract under Power 2022 or it does not generate reasonable cash flows in Spot Market, it will end up facing numerous challenges in terms of business continuity and settlement of its material outstanding



debt obligations at end of 2021. The Company may not be able to repay its loan obligations and may default under its Financing Agreements. More details about the current challenges have been disclosed in Note 3: Going Concern Assumption to the financial statements. The projects undertaken by the Company were based on non-recourse-based project finance and any default situation would result in business continuity issues and appropriate way forward will need be carefully considered in consultation with Project Lenders of the Company as projects assets are securitized in favor of Lenders under the Financing Agreements.

The Lifetime extension activity of gas turbine 2 is planned during first quarter of 2021. The activities are in line with recommendations made by the OEM considering the EOH regime of the machine. Considering the uncertainties that surrounds the Company, the Board of Directors decided to seek approval from the Shareholders of the Company during the proposed Ordinary General Meeting on 24th February 2021. The Company has made adequate arrangement with NOMAC Oman in terms of payment plan for this activity which will be based on available internal cash flows of the Company. Based on this, the Company will not consider any dividend distribution for 2021.

NOMAC Oman will continue to perform all other necessary planned maintenance in a timely manner as per prudent industrial practices to ensure the healthiness of all plants.

Pursuing our goal of delivering world class results to all our stakeholders in a safe and reliable manner will remain our foremost priority.

Acknowledgements

The Company would like to take this opportunity to express its respect and gratitude to all our stakeholders especially Oman Power and Water Procurement Company, Ministry of Energy & Minerals, the Authority for Public Services Regulation and the Capital Market Authority.

I would like to conclude by expressing our immense gratitude for the privilege of the vision, guidance, wisdom, and crucial support of His Majesty Sultan Haitham Bin Tarik and His Government. We would also like to acknowledge the progressive and enlightened vision of His Majesty Sultan Qaboos Bin Said which continues to be a model for others to emulate and without it, the success being achieved by many would not have been possible.

Chairman Board of Directors

Director

Chief Executive Officer

A man with a beard, wearing a white thobe and a light blue ghutra, is seated at a wooden desk. He is looking down at a document on the desk, holding a pen in his right hand. In the foreground, the back of a person's head wearing a red and white ghutra is visible, looking towards the man at the desk. The background is a plain wall with a framed picture. A blue semi-transparent box is overlaid on the left side of the image, containing the text "MANAGEMENT DISCUSSION AND ANALYSIS REPORT" in white capital letters.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT



Business Framework

The principal activities of ACWA Power Barka SAOG (the 'Company') are to develop, finance, design, construct, operate, maintain, insure, and own a gross 457 MW power generating station and 20 MIGD MSF water desalination plant and other related infrastructure. The Company also owns two Seawater Reverse Osmosis based water desalination plants with combined capacity of 22.5 MIGD.

The Company's business is regulated by project agreements with various government entities and financing agreements with project lenders. These project agreements provide an assurance both over revenue and cost elements of the business.

The principal agreements are the Power and Water Purchase Agreement ('PWPA') and Water Purchase Agreements (WPA) with OPWP which require the Company to make the power and water facilities available and accordingly deliver electrical energy and water output as per contractual terms. The current term of these agreements is expiring on 31 December 2021. The Company has a fuel supply agreement with the Ministry of Energy and Minerals ("MEM") (formerly Ministry of Oil and Gas - "MOG") and an O&M Agreement both of which are co-terminus with terms of PWPA/WPAs.

The Company has been granted a Generation and Desalination License by the Authority for Public Services Regulation ("APSR") (formerly Authority for Electricity Regulation - "AER") for a period of 25 years.

The Company has contracted out the operation and maintenance activities to First National Company for Operation and Maintenance Services LLC ('NOMAC Oman') effective from 1 June 2011. The term of the O&M Agreements is co-terminus with the term of the PWPA / WPAs. NOMAC Oman is an Omani company wholly owned by ACWA Power.

The Barka Seawater Facilities Company (BSFC) was formed in 2010 as a joint venture between ACWA Power Barka and SMN Barka as 50% equity shareholders. BSFC constitute seawater intake and outfall facilities. These facilities are currently being operated and maintained by NOMAC Oman under its O&M Agreement with BSFC.



Safety & Environment

The Company achieved landmark milestone of achieving 18 years without a Lost Time Incident on 2 May 2020. This safety record is not just a number but signifies a lot of effort by all the individuals working at the plant. The adoption of best industrial standards and embracing safety culture as a behavior helped the entire team achieving this accomplishment. Frequent audits of safety standards implemented at the Plant and near miss reporting were few of the core practices that everyone continued to focus on to reach this performance in Safety.

The Company celebrated the Safety & Environment Day on 5 May 2020.

There have been zero environmental exceedances during the year and regulatory permits were maintained or were in the process of periodic renewal.



Operational & Organizational Highlights

The Company continued to operate its main plant in Call Off mode during 2020. The power plant was in operation while MSFE facility mainly remained in standby mode. The Plants are operated in this new regime from May 2018 however they are managed in a professional manner maintaining high reliability factor.

The Gas Turbine 1 underwent Lifetime Extension Activities (LTE) during the first quarter of 2020. Key components of the turbines were replaced which will ensure future reliable operation of the machine. Further details of this activity are discussed in the maintenance section of the report.

The Company implemented several reliability enhancement initiatives on its Reverse Osmosis based water plants (RO Phase I & II) which resulted in an increased reliability factor.

The Company considers its people as its biggest asset and provide all necessary in-house and external trainings to boost their career development. As part of this development the Company encourages diversification and provides all the team members an opportunity to work in various departments. Furthermore, the Company has been committed to Omanization and considers it as a national service.

Power Generation

The Power Plant maintained a reliability factor of almost 100% during the year despite more numbers of start-ups and shutdowns in comparison to previous years. The power plant exported 1,505 GWh during the year and cumulatively has exported 43,684 GWh since commencement of commercial operations in June 2003. The average hourly net power exported during the year was 171 MW (2019: 225 MW). The load factor was 44.1% for 2020 (2019: 58.0%) which is dependent on the demand for power by the national grid and has no impact on the business performance.

Company faced two unusual gas turbine generator failure events in the last quarter of 2018. The repair activities on generator of gas turbine 2 were completed in 2018 itself while for generator of gas turbine 1, the repair completed in January 2019. The reliability factor of 2019 was reported as 97.2% which reflects this impact however in the year 2020 power plant operated at ~100% reliability factor.

Water Production (MSFE Plant)

In the current term of the PWPA, the Off-taker has the right to operate the plant either in Call-On mode (MSF in service) or Call-Off mode (MSF standby). During the year, the Plant operated primarily in Call Off mode other than few days in the month of March and during Annual Performance Test. The focus remained on preserving the MSFE units and keep them ready for any dispatch requirement from the Off-taker or for the Annual Performance Test. The MSFE plant achieved very high reliability factor of 99.8% during the year.

Insignificant quantity of water was exported by the Plant during the year due to operation in Call On mode for few days in March and during Annual Performance Test in April.

Water Production (RO Phase I)

The RO Phase I continued to maintain a very high reliability factor of 99.3% (2019: 99.2%). The key highlight remained seawater quality failure throughout the year due to severe algae bloom. The Company is protected against such a situation under force majeure provisions of its Water Purchase Agreement (WPA). The force majeure claims were submitted to the Off-taker and approval was secured. The reduction in water delivered during the year was the result of certain maintenance activities carried out by the Off taker on their water reservoirs.

Water Production (RO Phase II)

The Company continued to implement certain initiatives during the year which resulted in further enhancement in reliability factors which stood at 97.0% (2019: 96.1%).

The RO Phase II plant also faced a similar seawater quality failure throughout the year due to severe algae bloom. The Company is protected against such a situation under force majeure provisions of its Water Purchase Agreement (WPA). The force majeure claims were submitted to the Off-taker and approval was secured. The reduced water availability in 2020 is the reflection of higher seawater quality failure events experienced during the year.

Maintenance Highlights

The power plant consists of two gas turbines of V94.2 Siemens design and one steam turbine manufactured by Ansaldo Energia. The net generating capacity of these machines is 427.36 MW under reference ambient conditions in Call-On mode and 388 MW in Call-Off mode under revised reference conditions.

The Operator has implemented a robust maintenance regime with a risk-based approach towards maintenance to create a viable balance between predictive, proactive, and scheduled maintenance. All

machines, which include both gas turbines, the steam turbine and both heat recovery steam generators, have been subject to planned maintenance as advised by the Original Equipment Manufacturer ('OEM'), Ansaldo Energia, since commissioning in June 2003.

The Gas Turbine 1 completed its mandated Equivalent Operating Hours (EOH) during the first quarter of 2020 and had to undergo Lifetime Extension Activities (LTE) as recommended by the OEM. These activities include replacement of certain key components including inner casing, mixing chamber, vanes and blades and flame tube. The performance of LTE will ensure continued and reliable operation of the machines in future. The Company, as mandated by its Board, engaged NOMAC Oman to perform these activities who successfully made necessary arrangements including appointment of specialists and completed the LTE ahead of the scheduled program and in a safe manner.

The other key maintenance activities undertaken during the year included Major Overhaul of GT-1, Minor inspections on Gas Turbines and Generators, preventive maintenance work on HRSGs, replacement of Steam Non-Return Valves, Overhauling of various pumps, preservation activities on MSF desalination units, inspection and preventive maintenance of self-cleaning filters and replacement of membranes of the RO Plants. In addition, certain pressure vessels of the DWEER system of the RO2 plant were also replaced.

The maintenance activities undertaken by the Operator ensured reliable operations of the plant during the year.

Performance Tests

The Company was successful in performing the Annual Performance Tests for its Power, MSFE and two RO Plants during the year. These tests are required under the respective PWPA and WPAs. The results of these tests were in full compliance with the contractual obligations and will ensure a steady stream of future cash flows.

Omanisation

Omanisation strategy has remained a key focus of the Company from the beginning. Key business leaders within your Company and in NOMAC Oman are from the local talent pool which set the precedent in the local sector.

The Company was able to achieve this by having a sustained and focused policy of identifying and grooming local talent so that the Company remains in line with or ahead of contractual obligations. NOMAC Oman also has a practice of hiring fresh talent from Omani universities and colleges and providing them long term training programs leading to employment.

Social Responsibility

The Company and its Operator remained involved in various social and community welfare initiatives. As part of social and national responsibility, the Company made contribution to the Covid-19 pandemic fund set up by the Government. In addition, several small and medium enterprises were sponsored through Manafa'a program introduced by the Government. The Company also supported educational training programs by providing internship opportunities to young candidates under the Eiddad program implemented by the Government.

Commercial & Legal Highlights

Power 2022 Procurement Process

The Company is participating in Power 2022 Procurement process run by OPWP. A competitive tariff proposal was submitted to OPWP in April 2020 with the aim of securing a long term PPA for the period 2022 onwards. The outcome of this process has been delayed due to unforeseen circumstances and impacts of Covid-19 pandemic as communicated by OPWP. The Authority for Public Services Regulation (Authority) has also informed recently that it will engage with generators on this procurement process by end of first quarter of 2021. The successful outcome of this process is critical for the Company to continue its operations beyond 2021 and meeting its obligations. The Company believes that there are serious risks associated with the outcome of this process not only due to low power demand due to Covid-19 but also due to prevailing surplus contracted capacity in the national grid.

The Company had to write off its MSFE water desalination plant entirely to the tune of OMR 26.9 million (net of tax) in year 2018 due to competitive benchmark methodology adopted under the Power 2022 Procurement Process. In addition, the Company has recognized a write off on its Power Plant to the tune of OMR 15.1 million (net of tax) in financial year 2020 based on competitive tariffs offered to OPWP under this process.

Spot Market

The procurer of Power is in an advanced stage launching the Spot Market which represents a major step to further liberalize the Oman power sector and encourage private participation. The spot market will be an alternative route to market for generators who do not have a long-term PPA with OPWP. It is anticipated that this proposed Market will be implemented from 2022 onwards. The Spot Market Price will comprise of two components: System Marginal Price paid per MWh of scheduled output in the market schedule; Scarcity Price paid per MWh available (even if the plant was not scheduled to run in the market schedule). In addition, the Authority is considering bilateral arrangements and ancillary agreements where APB can sell its power to large customers or to grid operators for load balancing. This mechanism will be different to the capacity payments Company receives under its PWPA.





The Generation License of the Company has already been amended to allow for its participation in this Market. However the nature of these arrangement is not yet known to APB.

The Company is developing its understanding of this initiative by participating in training sessions organized by OPWP in its role as Market Operator. Considering the prevailing surplus contracted capacity situation in the national grid, the Company believes that it may not be able to generate sufficient cash flows to meet its financial obligations in initial few years of this Market. This surplus capacity situation is beyond control of the Company and it may result in a situation where it is faced with serious risk of business continuity beyond 2021.

Reverse Osmosis Water Plants

The Company was unsuccessful in Request for Offer (RFO) process run by OPWP in 2018. The Company approached the Authority to dispute the benchmark methodology used by OPWP in this process. The outcome of the determination made by the Authority was also not favorable. The Company believed that it has legitimate concerns on the tariff methodology used by OPWP and hence lodged a dispute in the Primary Court. Unfortunately, the ruling by the Primary Court was not in favor of the Company. The Company in consultation with its Legal Counsel and Board decided to dispute this decision in the Appeals Court. The Company is hopeful of a favorable outcome from this court case.

The Company finds itself in an unfortunate position considering both RO Plants were constructed on fast-track basis very recently to overcome the challenge of water shortage in the grid was facing. Both RO Plants have a long technical life remaining which can be utilized and contracted for the beyond 2021. Both SWRO plant contract will end by December 2021.

The Company offered a very competitive tariff to OPWP under the RFO process which has already resulted in recognition of significant write off on these two assets to the tune of OMR 14.4 million (net of tax) in financial years 2019 and 2020.

Financial Highlights

RO in MM's					
Income Statement	2020	2019	2018	2017	2016
Revenue – 'straight line'	50.8	55.7	61.5	71.7	66.8
Operating costs (N-1)	35.5	38.1	44.2	51.2	47.7
Gross profit	15.3	17.6	17.3	20.5	19.1
Other costs (N-1)	*25.8	**17.1	***34.3	****16.3	7.3
Net profit after tax – excluding one off items	10.3	10.9	9.9	12.2	11.8
Net (loss)/ profit after tax	(10.6)	0.6	(17.0)	4.2	11.8
Gross profit margin	30%	32%	28%	29%	29%
Net (loss)/ profit margin	(21%)	1%	(28%)	6%	18%
Earnings per share (RO)	(0.066)	0.003	(0.106)	0.027	0.074

* During the year, Company has recognized an impairment loss of OMR 15.1m (net of tax) on its Power Plant and OMR 4.1m (net of tax) on SWRO Water Plants.

** The Company had recognized an impairment loss of OMR 10.3m (net of tax) on its SWRO Water Plants.

*** The Company had recognized an impairment loss of OMR 26.9m (net of tax) on its MSFE Water Plant.

**** The Company had recognized OMR 3.3m one-off deferred tax liability on account of revision in income tax rate from 12% to 15% and also recognized OMR 4.7m tax liability in respect of adverse decision from Supreme Court on the matter of carry forward of losses incurred during exemption period.

N-1 Insurance expenses and amortization of intangible assets have been reclassified from other costs to Operating costs for the current and prior years.

Revenues

The revenues on overall basis have decreased by (OMR 4.9m) compared to previous year. The primary driver of this decrease is lower power output revenue (OMR 4.8m) slightly compensated by higher water output revenue (OMR 0.4m).

Power capacity revenue declined by (OMR 0.2m) owing to straight lining of winter downtime impact while water capacity revenue reported a drop of (OMR 0.4m) mainly due to seawater quality failure related forced outages in RO plants.

Operating Costs

Operating costs were lower compared to corresponding year by (OMR 2.6m). This decrease is primarily attributed to lower gas costs (OMR 4.4m) which was partially offset by higher depreciation (OMR 0.9m) due to change in residual value assumptions and lifetime of Power plant, increase in electricity import by (OMR 0.4m) and higher O&M and technical services fee (OMR 0.3m).

Gross Profit

The net decrease of (OMR 2.3m) in gross profit is attributable to higher depreciation (OMR 0.9m), lower capacity revenue (OMR 0.6m), higher O&M/technical services fees (OMR 0.3m), higher insurance expense (OMR 0.1m) and higher import of power (OMR 0.4m).

Other Costs

Other costs for the current year are higher (OMR 8.7m) as compared to previous year. This is primarily attributable to (OMR 8.9m) higher impairment loss (net of tax) recognized during the year compared to the impairment loss recognized in the corresponding year.

Net Profit after Tax

This year company generated a net loss after tax of (OMR 10.6m) as compared to a net profit after tax of (OMR 0.6m) in the corresponding year primarily due to higher impairment loss recognized for the year.

RO in MM's					
Balance Sheet	2020	2019	2018	2017	2016
Total assets	105.0	130.8	129.3	164.3	170.9
Total equity	27.9	38.5	37.9	54.8	57.7
Paid up capital	16	16	16	16	16
Return on assets (%)	(10.0)	0.5	(13.2)	2.5	6.8
Net assets per share – RO	0.174	0.240	0.237	0.342	0.360
Return on paid up capital (%)	N/A	3	N/A	26	73
Debt equity ratio	56:44	56:44	62:38	57:43	59:41
Ordinary dividend (%)	-	-	-	45	43
Dividend per share – RO	-	-	-	0.045	0.043
Dividend payout ratio (%)	-	-	-	166*	58

*The higher dividend payout ratio is due to lower profit on account of recognition of tax liabilities for i) increase in income tax rate and ii) adverse Supreme Court decision.

N/A – Not Applicable since no meaningful return ratio is computable.

Cash flows and Dividends

The Company has met its obligations to the lenders by timely debt service of (OMR 15.8m) during the year. The Company incurred (OMR 5.1m) in capital expenditure for undertaking Gas Turbine 1 Lifetime Extension Activity (GT1 LTE).

In view of the capital expenditure to be incurred in Lifetime Extension activity of GT2 of the power plant and income tax liabilities outstanding, the Company did not pay any dividends during the year.

Risks faced by the Company

The primary risks associated with the Company are:

- Unfavorable outcome of Power 2022 Procurement Process in which case the Company will not be having any contracted capacity beyond 2021. This will put the Company in a very difficult situation considering the significant outstanding loan obligations it will have on its balance sheet by end of 2021. The Company may not be able to repay its loan obligations and may default under its Financing Agreements. This may consequently result in business continuity issues and the Company will then need to engage with its Project Lenders to agree a way forward since projects assets are securitized in favor of Lenders under the Financing Agreements. The Company may need to recognize further write off on its power plant which can result in significant erosion of the share capital of the Company.
- The Company will end up operating in proposed Spot Market in case it is unable to secure a new long-term PPA under Power 2022 Procurement Process. However, the initial understanding of the Company indicates a very low or no cash flows in the initial 3-4 years in the Spot Market regime due to prevailing surplus contracted capacity situation in the National Grid. The Company has no control over this surplus contracted capacity.
- Non-extension of WPAs for two RO plants or unfavorable outcome on the Court Case will result in similar challenges for the Company as explained above. The balance sheet of the

Company carries a significant value of these two assets and non-extension of the contracts may result in further significant write off from their existing recoverable value of RO 25.2 million.

- The risk of major breakdown on GT-2 in case LTE activities are not performed during the first quarter of 2021. The machine will complete its mandated EOH by this time and need to undergo LTE activities as recommended by the OEM. Any such breakdown will result in significant loss of capacity revenue and material equipment repair and replacement costs. The Company may default under its PWPA due to this situation.
- The increase in forced outages of the two RO plants due to continued severe seawater quality beyond design limits of the pretreatment units. The seawater has experienced this phenomenon for major part of the year. The WPAs of these plants provide adequate protection to the Company in the form of force majeure claims on OPWP however it still puts the Company in a challenging situation due to recovery of this capacity cash flows in future period.
- Cybersecurity related attacks are a real risk to industrial infrastructure around the world. The Company continued to implement a robust cybersecurity framework at its plants in line with requirements of the Authority to mitigate such risks.

The Company mitigates some of the risks by having financial obligations of the OPWP covered under the project agreements by a Guarantee issued by the Ministry of Finance. There is a robust insurance coverage in place to safeguard the Company against property damage, loss of profit, third party liability and political violence risks. The PWPA and WPAs protect the Company against inflation and the Rial Omani/US Dollar exchange rate movement, if any. Fuel cost is pre-determined in the fuel supply agreement over the period of the PWPA.

The entire long-term loan at end of the year is denominated in Omani Rials. These risk mitigation strategies are likely going to protect the Company from any unwanted exposure.



History of the Project

Introduction

ACWA Power Barka SAOG ("the Company") was incorporated as an Omani Joint Stock Company in the Sultanate of Oman on November 19, 2000 under a trade license issued by Ministry of Commerce & Industry.

History of the company

The Government of the Sultanate of Oman invited proposals (tender number 45/2000) in April 2000 for:

- The design, procurement, construction, commissioning and financing of a natural gas and fuel oil fired electricity generating plant and a sea- water desalination plant, with an anticipated guaranteed net contracted capacity of about 427 MW of power and 20 MIGD of water, and the gas connection facilities; and
- The operation and maintenance of the Plant in such a manner as to ensure that the Plant and the gas connection facilities may always be operated for a period of 15 years from the COD; and
- The sale of the electrical energy and water associated therewith, to the power purchaser, in accordance with the PWPA.

The Project was awarded by the Government to a consortium comprising AES Corporation and Multitech LLC, following a competitive bidding process. The consortium formed the Company for the purposes of entering into the Project Agreements and undertaking the Project. Subsequently in 2010, AES Corporation sold its shareholding in the Project to ACWA Power International. The Project has been developed by the Company under a Build, Own and Operate ("BOO") scheme. The BOO concept enables the Company to operate as a going concern beyond the contracted period of 15 years by either extending the PWPA (if agreed to by OPWP) or selling into an electricity pool if one has been created at that time.

The 427 MW gas fired power plant and 20 MIGD desalination plant is situated on the Omani coast approximately 60 km north-west of Muscat. The site is strategically located near the main gas transmission system and electricity grid network.

The power section of the Plant uses two V94.2 Ansaldo Gas Turbines (to drive electrical generators) with Heat Recovery Steam Generators (HRSG's), which utilize the exhaust heat of the gas turbines to produce steam, and this steam is supplied to a Steam Turbine to complete the combined cycle. The desalination section of the Plant uses three identical Multi-stage Flash Evaporator desalination units supplied by Hitachi, which produce 6.67MIGD each.

The land for the Plant is owned by Government and is leased to the Company for 25 years (renewable for a further 25 years) under a Usufruct Agreement. The plot of land measures about 110,000 sq m. Enel power S.p.A of Italy and Hitachi Zosen Corporation of Japan were the principal Engineering, Procurement, and Construction ("EPC") contractor(s) for the Project.

Major Stakeholders

Shareholders:	ACWA Power, Civil Services Pension Fund, Ministry of Defence Pension Fund
Lenders:	Consortium of local and regional banks led by Bank Muscat SAOG
Power and Water Off taker:	OPWP
Gas Supplier:	MEM (previously MOG)
O&M arrangements:	NOMAC Oman with technical support agreements with ACWA Power
EPC contractor(s)	Enel power S.p.A. of Italy (Power) and Hitachi Zosen Corporation of Japan (MSFE) ABEINSA (RO Phase I) Osmoflo (RO Phase II)



Chief Executive Officer



AUDITORS' REPORT ON CORPORATE GOVERNANCE







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REPORT OF FACTUAL FINDING TO THE SHAREHOLDERS OF ACWA POWER BARKA SAOG

We have performed the procedures agreed with you pursuant to the Capital Market Authority ("CMA") circular no. E/4/2015 dated 22 July 2015, with respect to the Board of Directors' Corporate Governance Report of ACWA Power Barka SAOG ("the Company") as at, and for the year ended, 31 December 2020, and its application of the Corporate Governance practices in accordance with the amendments to CMA Code of Corporate Governance issued under circular no. E/10/2016 dated 1 December 2016 (collectively the "Code"). Our engagement was undertaken in accordance with the International Standard on Related Services 4400 *Engagements to Perform Agreed- Upon Procedures Regarding Financial Information*. The procedures were performed solely to assist you in evaluating the extent of the Company's compliance with the Code as issued by the CMA and are summarised as follows:

- 1) We obtained the Corporate Governance Report issued by the Board of Directors and checked that the Corporate Governance Report includes, as a minimum, all items suggested by the CMA to be covered by the Corporate Governance Report as detailed in Annexure 3 of the Code by comparing the Corporate Governance Report with such suggested content in Annexure 3; and
- 2) We obtained the details regarding the areas of non-compliance with the Code identified by the Company's Board of Directors, included in the Corporate Governance Report together with the reasons for such non-compliance as identified for the year ended 31 December 2020. The areas of non-compliance with the Code, as identified by the Company's Board of Directors, are disclosed in "Non-Compliance and Penalties" section of the Corporate Governance Report.

We have no exceptions to report in respect of the procedures performed, other than those mentioned in point 2 above.

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

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

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

BDO

Muscat

21 February 2021




Bipin Kapur
Partner

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Accountants and Auditors License No. SMH/13/2015, Financial Advisory License No. SMA/69/2015, Commercial Registration No. 1222681

CORPORATE GOVERNANCE REPORT



Statement of Issue:

This report is being presented to comply with the fourteenth principle of the Code of Corporate Governance of Muscat Securities Market (the "MSM") applicable to Public Joint Stock Companies issued vide Circular No E/4/2015 dated 22 July 2015 and further amendments to CMA Code of Corporate Governance issued under circular no. E/10/2016 dated 1 December 2016, (collectively the "Code") issued by the Capital Market Authority (the "CMA") for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

We are pleased to report that ACWA Power Barka SAOG ("the Company") remained in compliance with the principles of the Code.

Company Philosophy on Code of Governance:

The Company is committed to the highest standards of corporate governance. The Company is operating with a set of business principles and corporate conduct is its most important element. These values are reflected in the leadership, management and day to day operations of the Company by the Board of Directors, the management and the employees of the Company.

The Company believes in and practices good corporate governance. The Company's philosophy of the Code of Corporate Governance is aimed at assisting the top management in the efficient conduct of its business and fulfilling its obligations towards all its stakeholders.

The Company has applied the principles of corporate governance in the following manner:

The Company has adopted a Code of Business Conduct which is applicable to the employees. The Code is intended to govern as a requirement of employment and governs the actions of everyone who works at the Company. This Code addresses the following topics:

Compliance with All Laws, Rules, Regulations and this Code

Conflicts of Interest and Corporate Opportunities

Quality of Public Disclosures

Protection and Proper Use of Company Assets

Protection of Confidential Proprietary Information

Insider Trading

Fair Dealing

Interacting with Government

Environment, Health and Safety

Respect for One Another

Record Retention

The Company encourages representation of non-executive and independent directors on its Board of Directors. At present the Board consists of seven directors all of which are non-executive directors. Three of them are independent directors while two directors represent the minority shareholders. All the directors have excellent industry and corporate governance experience.

Upon election of new Board of Directors, the Audit Committee was constituted by the Board of Directors and it is performing its functions in accordance with its terms of reference drawn in compliance with the Code and an effective internal audit function has been set up. The periodic financial statements issued during the year were reviewed by the Audit Committee.

In compliance with the Code, Nomination and Remuneration Committee of the Board of Directors also was constituted and it was carrying out its functions during the year.

Board of Directors

The Board of Directors was elected in March 2020 and will be subject to re-election in March 2023. The Company's Board of Directors consists of seven members.

The Directors of the Company bring a rich experience of corporate governance, operations and maintenance, finance & accounting, business development and institution building. Their experience is complimented by their academic qualifications in the field of administration, management, finance, accounting and engineering.

Seven meetings of the Board of Directors were held during the year on the following dates:

20 February 2020

16 March 2020

27 April 2020

29 April 2020

28 July 2020

28 October 2020

28 December 2020

These meetings were convened by issuing proper notices along with the agenda and relevant work papers. All meetings were presided over by the Chairman of the Board. The minutes of the meetings were appropriately recorded and circulated.

Mr. Hamad Al Wahaibi did not offer himself for reelection in the Annual General Meeting held in March 2020 up on completion of his term.

Details of composition and category of directors and their attendance at the meetings of the Board of Directors are given as under:

Name of Director	Category	Board Meetings held and attended during 2020							AGM 16 th Mar 20	E-EGM 30 th June 20
		20 th Feb	16 th Mar	27 th Apr	29 th Apr	28 th Jul	28 th Oct	28 th Dec		
Mr. Ahmed Al Subhi – representing ACWA Power Barka Project LLC (Chairman)	Non-Independent	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Kashif Rana (Deputy Chairman)	Non-Independent	✓	✓	✓	✓	✓	✓	✓	x	–:
Mr. Ganesh Subramanian	Independent	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Yahya Al Jumaa - representing Ministry of Defence Pension Fund	Independent	NA	✓	✓	✓	✓	✓	✓	NA	✓
Mr. Ahmed Al Sinani – representing Civil Services Pension Fund	Non-Independent	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Mohammed Al Aghbari	Independent	NA	–:	✓	✓	✓	✓	✓	NA	✓
Mr. Zeeshan Hyder	Non-Independent	✓	✓	✓	✓	✓	✓	✓	x	✓
Mr. Hamad Al Wahaibi - representing Ministry of Defence Pension Fund	Independent	✓	*	*	*	*	*	*	✓	*

Legend: ✓: Present –: Apologies NA: Not applicable * Term completed during the year x: Not physically attended due to COVID 19 related travel restrictions

The Company held its Annual General Meeting of shareholders on 16 March 2020 for the year ended 31 December 2019. Extra Ordinary General Meeting of shareholders for approval of the new Articles of Association was conducted on 30 June 2020.

No dividend was approved by the Board during 2020.

The following table shows the number of directorships of ACWA Power Barka's Board members in other public joint stock companies in the Sultanate of Oman as of 31 December 2020.

Name of director	Number of Directorships
Mr. Ahmed Al Subhi	3
Mr. Ahmed Al Sinani	1

Procedures for standing as a candidate for the Board of Directors

The election of the Board is governed by the Rules and Conditions for Election of Directors of Public Joint Stock Companies and their Responsibilities issued vide ministerial decision 173/2002 on 23 October 2002 and subsequent amendment vide ministerial decision 201/2016 on 31 August 2016 and Article 6 and Article 7 of the Company's Articles of Association.

As per the Rules and Conditions for Election of Directors of Public Joint Stock Companies and their responsibilities and the Articles of Association of the Company which states:

- The management of the Company shall be entrusted to Board of Directors comprising of seven members.
- The Directors shall be non-executives and shall not be working for the Company in consideration of a fixed monthly or annual remuneration.
- The term of office of the Board shall, subject to a re-election, be for a maximum period of 3 years (renewable) to be elected by resolution at the Company's Ordinary General Meeting.
- A minimum of one third of the Directors must be independent directors.
- A juristic person shall not be represented on the Board of the Company by more than one director on the Board.
- The position of Chief Executive Officer / General Manager / Chairman shall not be held by a single person.
- Nominee to the membership of the Board must not be an employee or director of a public or closed joint stock company which is based in the Sultanate of Oman carrying out similar objectives to that of the Company.
- If the office of an elected Director becomes vacant during the period falling between two Ordinary General Meetings, the Board of Directors, based on recommendations from the NRC, may appoint a temporary director who meets the requirements of these Articles of Association. The temporary director shall hold his office until the next Ordinary General Meeting.

The Articles of Association of the Company are substantially in line with the provisions of the Capital Market Authority and in the event of any conflict between these Articles of Association and any relevant law, the provisions of such law prevail.

Audit Committee

The Board of Directors reconstituted the Audit Committee on 16 March 2020 by appointing three directors as Audit Committee members two of which are independent. The Chairman of the Audit Committee is an independent director. These members have required knowledge and experience of accounting, international financial reporting standards and commercial law that enable them to perform their functions. The Committee supports the Board in fulfilling its oversight and review function. The Committee reviews the Company's adherence to policies, procedures, practices and compliance with laws and regulations.

The Committee ensures that the financial statements prepared are in accordance with the International Financial Reporting Standards and the disclosure rules issued by the CMA.

A brief description of the terms of reference of the Audit Committee is as under:

1. The Audit Committee has the power to seek required information and/or presence of any employee of the Company.
2. Ensuring adequacy of the control environment and overseeing the issuance of financial statements to the stake holders.
3. Acting as a communication channel between Auditors, Management and the Board.

Detail of meetings held during the year and attendance by the members is as under:

Name of Director	Category	AC Meetings held and attended during 2020			
		20 th Feb	29 th Apr	28 th Jul	28 th Oct
Mr. Ganesh Subramanian (Chairman)	Independent	✓	✓	✓	✓
Mr. Kashif Rana	Non-Independent	✓	✓	✓	✓
Mr. Mohammed Al Aghbari	Independent	NA	✓	✓	✓
Mr. Hamad Al Wahaibi	Independent	✓	*	*	*

Legend: ✓: Present –: Apologies NA: Not applicable
* Term completed during the year

The Audit Committee heard the views of the external auditors before forwarding the financial statements for the year 2020 to the Board of Directors in their meeting held on 21 February 2021. During this meeting, the views of the internal auditor and the external auditors were heard separately without the presence of the Management. In addition, the Audit Committee has also reviewed the reports and heard the views of Internal Auditor on quarterly basis. The Audit Committee reviewed and approved the Internal Audit plan for 2021. The Audit Committee also submitted its plan for 2021 to the Board.

By interaction with, and oversight of the Management, Internal and External Auditors along with evaluation of submitted reports, the Audit Committee reviewed the effectiveness of the internal control system and found it to be adequate and effective.

Nomination and Remuneration Committee

The Board of Directors constituted the Nomination and Remuneration Committee on 16 March 2020 by appointing three directors as its members one of which is independent. These members possess adequate knowledge and experience to carry out their responsibilities diligently. The Committee assisted the Board in the nomination of the most proficient directors to fill the vacancies and aims to assist the board in selecting the appropriate and necessary executives for the Executive Management. The Committee meets at least 2 times annually.

A brief description of the terms of reference of the Nomination and Remuneration Committee is as under:

- Ensuring the nominated directors possess the necessary skills and abilities as has been defined in the Code.
- Ensure a succession strategy in place for directors and the executive management.

Details of meetings held during the year and attendance by the members are as under:

Name of Director	Category	NRC Meeting held and attended during 2020	
		15 th Mar	14 th Dec
Mr. Kashif Rana (Chairman)	Non - Independent	✓	✓
Mr. Zeeshan Hyder	Non - Independent	✓	✓
Mr. Yahya Al Jumaa	Independent	NA	✓

Legend: ✓: Present –: Apologies NA: Not applicable * Term completed during the year

Executive Management

The Management team of the Company is led by its Chief Executive Officer ('CEO') who has been appointed by the Board of Directors. The CEO is supported by two Team Leaders who report directly to him and oversee the different departments of the Company. All Leaders have vast experience in their respective roles.

Remuneration of Directors and Key Management Officers

Members of the Board, Audit Committee and Nomination and Remuneration Committee are entitled to a sitting fee of RO 400 per meeting attended during the year. The sitting fee of Directors for the year ended 31 December 2020 amounted to RO. 25,600 for Board and its Committee meetings attended during the year. Further, the Company has paid RO 25,714 to directors as remuneration for the year 2019, as approved by shareholders at the Annual General Meeting held on 16 March 2020.

The Board of Directors have waived off their entitlement to remuneration for the year 2020 after considering overall business environment of the Company and therefore no remuneration will be proposed for the year 2020 in the Annual General Meeting planned to be held on 24 March 2021.

The details of annual remuneration of key management officers of the Company are as under.

Key officers	Annual remuneration (RO)
Remuneration	272,242
Travel	1,000
Other Perquisites	9,723
Total	282,965

The remuneration paid to the officers is commensurate with the role, responsibilities and skills required for the position based on a well laid down policy and process for determining remuneration linked with performance. Employment contracts of executive management meet the requirements of Omani labor law and there is a standard notice period as per Company's policy in case of resignation by the employee.

Non-Compliance and Penalties

CMA imposed a penalty of OMR 250 on the Company based on its view that Company had submitted the minutes of 2018 Annual General Meeting with a delay of one day after the prescribed deadline of 15 days from the date of AGM. However, the Company and its legal counsel are of the view that submission of AGM minutes was within the prescribed timelines and in line with past practice.

The Company has, under protest and without prejudice, paid an additional tax of RO 526,850 for the Tax Years 2011 and 2012 against a demand notice issued by the Tax Authority ("TA") in September 2019. In the view of the Company, the demand raised by the TA is not payable because it had not given a consequential effect arising from a favourable ruling of the Appeal Court (for certain other tax years). The TA had issued demand notice earlier, which was considered as cancelled basis the favourable ruling of the Appeal Court. The Company's position is that tax liability for the subject years were payable only once the order giving effects to the Supreme Court judgment (for certain other tax years) was issued, which reversed the ruling of the Appeal Court and not from the date of original orders. The Company believes that it has complied with the tax laws on timely basis. The Company has filed an Appeal before the Income Tax Committee and are waiting for the hearing to start.

One of the Board member who was also a member of the Audit Committee and the Nomination and Remuneration Committee resigned in November 2019 creating a temporary vacancy in the Board and both the committees. The Company subsequently appointed a member to the Audit Committee on 20th February 2020 and member to the Board and Nomination and Remuneration Committee on 16th March 2020 from which point Company again met compliance requirement of the Code of Corporate Governance and the Commercial Companies Law.

Communication to Shareholders

The Company effectively communicated with the shareholders during the year using all available means of communication. Periodic financial statements along with the Management Discussion and Analysis Report were approved by the Board for issuance.

The financial statements were submitted to MSM according to timelines prescribed by the law. The annual and quarterly financial statements were also published in two daily newspapers i.e. Arabic and English. These financial statements were made available at the official web site of MSM after being approved from the Board of Directors. The Annual Report for the year ended 31 December 2020 includes the Board of Directors' Report and the Management Discussion and Analysis Report.

Company also hosted a discussion session during the year pursuant to a request made by MSM as part of MSM endeavours to enhance investor and general public awareness of the listed entities. This event was attended by representatives from CMA, MSM, Muscat Clearing and Depository Co. (MCD), brokerage and investment company members, investors and members of the press. A similar session was conducted in the comparative year of 2019 as requested by MSM.

Distribution of Shareholdings

The shares of the Company are listed and traded on MSM. The shareholding of the Company is widely distributed. The pattern of shareholding, major shareholders and their shareholdings as on 31 December 2020, were as follows:

Shareholders by type	Shareholding
Omani	98.67%
GCC Nationals	1.06%
Foreigners	0.27%

Major Shareholders	Shareholding
ACWA Power Barka Project LLC	58.00%
Civil Service Pension Fund	14.10%
Ministry of Defence Pension Fund	9.56%
Shareholders holding less than 5%	18.34%

Market price data and Company's stock performance

Year 2020	ACWA Power Barka		MSM (Services Sector)	
	High	Low	High	Low
January	0.598	0.598	1,949.46	1,896.44
February	0.596	0.596	1,980.47	1,918.52
March	0.596	0.596	1,919.72	1,667.58
April	0.500	0.500	1,773.86	1,656.46
May	0.500	0.500	1,698.12	1,555.74
June	0.490	0.478	1,613.42	1,562.52
July	0.490	0.488	1,580.39	1,534.27
August	0.478	0.478	1,580.64	1,533.26
September	0.432	0.432	1,582.25	1,556.41
October	0.432	0.432	1,614.07	1,559.04
November	0.432	0.432	1,611.18	1,582.41
December	0.432	0.432	1,606.72	1,564.37

Source: The above data has been obtained from MSM website.

The Company has not issued any securities or convertible financial instruments which have any impact on equity.



Professional Profile of External Auditor

BDO LLC, the statutory auditors of the Company, have been operating in the Sultanate of Oman since 1976. BDO LLC is an independent and legally distinct member firm of BDO International Limited. BDO, one of the leading professional services firm providing industry focused Assurance, Tax and Advisory services has over 91,000 employees working in a global network of over 1,650 offices situated in 167 countries.

BDO LLC is accredited by the Capital Market Authority to audit publicly listed joint stock companies (SAOGs) in Oman. BDO LLC billed an amount of RO 15,500 towards professional services rendered to the Company for the year 2020 (RO 15,500 for audit and RO Nil for tax and/or other services).

Summary of Independent Quality Assurance Review of the Internal Audit Unit

The Company appointed BDO LLC for independent quality assurance review of the internal audit unit of the Company for the year 2018 as per the International Professional Practices Framework (IPPF) as well as the requirements specified in the CMA resolution 10/2018 regarding comprehensive external assessment of internal audit unit.



A detailed report emanating from the aforementioned review was submitted to the Audit Committee in February 2019 for its review and consideration.

The overall assessment was that the activities of the Company's Internal Audit unit "Generally Conforms" with the IIA Standards, subject, however, to certain matters that may be considered to enhance the performance of the internal audit unit in future.

Areas for improvement were addressed and approved by the Audit Committee and the Board during the FY 2019.

Yours faithfully

Chairman Board of Directors

Director

Chief Executive Officer

Acknowledgement

The Board of Directors acknowledges as at 31 December 2020:

- Its' responsibility for the preparation of financial statements in accordance with the applicable standards and rules.
- Review of the efficiency and adequacy of internal control systems of the Company and that it complies with internal rules and regulations.
- That there is no material matter that affects the continuation of the company and its ability to continue its production and operations during the next financial year.

FINANCIAL STATEMENTS



