



BOARD OF DIRECTORS' REPORT

Dear Shareholders,

On behalf of the Board of Directors of Muscat City Desalination Company SAOG ("MCDC" or the "Company"), I am pleased to present the Directors' Report together with the unaudited financial statements of the Company for the nine-month period ended on 30 September 2024.

Health, Safety and Environment (HSE)

The HSE performance of the Company to date has been satisfactory, with no Lost Time Accidents ("LTA"). The operator entity, Muscat City Desalination Operations and Maintenance Company LLC ("MCDOMC") has completed 3,137 days without any LTA since commercial operations commenced on 19 February 2016. Similarly, there were no environmental incidents for the same period.

Operations

During the nine-month period ended on 30 September 2024, the Company achieved a higher availability of 97.75%, compared with 96.10% during the same period in 2023 which was mainly due to lower scheduled outage rate of 2.17% for the period in 2024, compared with 3.62% for the same period last year. The water dispatch during the nine months of 2024 was 49,000,332m³, a decrease of 2.52% compared with 50,265,803m³ during the same period in 2023.

The total forced outage rate for the nine-month period ending on 30 September 2024 is 0.08% which is a decrease by 0.20% compared with 0.28% for the same period in 2023.

Financial Results

The Company's revenue for the nine-month period ended on 30 September 2024 was RO 14.077 million whilst the direct operating cost being RO 9.279 million. Accordingly, the gross profit for the period was RO 4.798 million, which is 1.4% lower as compared to the corresponding period last year.

General and administrative expenses for the nine-month period ended on 30 September 2024 was RO 0.715 million, which is lower by 0.1% as compared to the corresponding period last year. Finance costs for the nine-month period ended on 30 September 2024 was RO 1.991 million, which is 5.7% lower than the finance costs incurred for the corresponding period last year.



The Company recorded profit before tax (PBT) of RO 2.117 million which is 3.8% higher than the PBT for the same period last year. Overall, the Company achieved profit after tax of RO 1.781 million for the period as compared to profit after tax of RO 1.717 million for the corresponding period in 2023.

As at 29 September 2024, the share price of MCDC was 71 Baizas (27 September 2023: 82 Baizas).

During the Annual General Meeting held on 25 March 2024 ("AGM"), the Company's shareholders resolved to authorize the Board of Directors to determine and distribute cash dividends in May and November 2024, out of the retained earnings of the Company as reflected in the Company's audited financial statements for the financial year ended on 31 December 2023, provided that the aggregate amount of the dividends shall not exceed Baiza 4.822 per share (i.e. totaling circa RO 750,000), to the Company's shareholders who are registered in the Company's shareholders' register at Muscat Clearing & Depository Company SAOC as at dates to be determined by the Board of Directors.

Pursuant to the authority granted by the shareholders at the above-mentioned AGM, the Board of Directors, at its meeting held on 24 April 2024, has resolved to distribute cash dividends with a value of Baiza 2.411 per share out of the Company's retained profits for the period ended 31 December 2023 to the shareholders who are registered in the Company's register at Muscat Clearing & Depository Company SAOC as at 15 May 2024, amounting to circa RO 375,000. The dividend was paid in May 2024.

Moreover, the Board of Directors, at its meeting held on 23 October 2024, has resolved to distribute cash dividends with a value of 2.411 baizas per share out of the Company's retained profits for the period ended 31 December 2023, pursuant to the authority granted by the shareholders at the above captioned AGM held on 25 March 2024, to the shareholders who are registered in the Company's register as at 14 November 2024 amounting to circa RO 375,000 and will be paid in November 2024.

Corporate Governance

The Board of Directors and Management of the Company believe in the importance of the internal control system. The Company has a comprehensive system of internal controls in place. The Company has periodically carried out comprehensive review of its key internal policies and procedures in order to ensure its compliance.

The Audit Committee has approved the Internal Audit Plan for 2024 which is being



implemented throughout the year.

Information Security

The Company has developed information technology ("IT") and security policy and procedures pursuant to the Financial Services Authority (previously the Capital Market Authority) ("FSA") Circular No. E/1/2022 on Information Security Guidelines for Public Listed Companies. Some enhancements to the Company's IT systems and controls have been implemented, whereas some longer-term enhancement projects are being implemented.

During the second half of the financial year, assessments of the policy, procedures and IT infrastructures will be conducted by consultants who are accredited by the relevant authorities in Oman to ensure that the company's information security measures are robust, compliant with regulations, and effectively protect against potential threats and vulnerabilities.

The Internal Audit Unit will review the implementation of the enhancement projects with supervision by the Audit Committee.

Future Outlook

All reasonable and prudent measures have been and will continue to be taken by the Company to ensure high standards of health, safety and environmental compliance, and to sustain and improve reliability and availability going forward.

On behalf of the Board of Directors, I would like to extend our utmost appreciation and gratitude to His Majesty Sultan Haitham bin Tarik bin Taimur Al Said and His Government for their continued support and encouragement to the private sector by creating an environment that allows the Company to participate effectively in the growth of the Sultanate's economy and to contribute in the building of a strong nation.

'Anwar Syahrin bin Abdul Ajib
Chairman of the Board