

## BOARD OF DIRECTORS' REPORT

Dear Shareholders,

On behalf of the Board of Directors of Al Batinah Power Company SAOG (the "Company"), I have the pleasure to present the Directors' Report of the Company for the 9-months period ended 30 September 2017.

### Operational Highlights

The plant operated with a reliability of 98.83% and delivered 3,685 GWh to the grid. The plant load for the period was 76.3% which was higher by 2.3% over the corresponding period of 2016. Also the Company maintained its excellent record of zero lost time accidents, thereby clocking 2,278 lost time accident free days since inception, which is reflective of our continued focus on health, safety and environment ("HSE").

### Financial Results

	9-month-2017 RO'000s Unaudited	9-month-2016 RO'000s Unaudited	Percentage change
Revenues	61,222	60,035	2.0%
Direct costs	(41,282)	(39,125)	
Gross profit	19,940	20,910	-4.6%
Other income (net)	-	55	
General and administrative expenses	(559)	(556)	
Profit before interest and tax	19,381	20,409	-5.0%
Finance costs (net)	(7,987)	(8,354)	
Profit before tax	11,394	12,055	-5.5%
Tax expense:			
- Current period	(993)	(1,057)	
- Prior period	(2,843)	-	
Net profit for the period	7,558	10,998	-31.3%

Higher plant generation enhanced the revenues and contributed to the increase of direct costs (gas cost). The other contributor to the higher direct cost was the maintenance on one of the gas turbines that was conducted in Q1 to increase the plant reliability during the summer. Whereas the steady reduction in finance costs positively contributed to the result, the general and administrative expenses maintained at the same level as previous year.

The significant reduction in the net profit compared to last year is mainly due to the change in the income tax rates pursuant to the Royal Decree 9/2017 which necessitated increase in provision for deferred tax which has significant negative impact on the bottom line. However, the change in tax rate is not likely to have any cash impact in the near future as the Company has carry forward taxable losses that will be offset against future taxable income.

The Company distributed a cash dividend of 2.78% (Baizas 2.78 per share) in June 2017.

The share price was 130-140 Baizas during Q3 of 2017.

### **Corporate Social Responsibility**

Guided by its new corporate social responsibility policy, the Company has contributed to and inaugurated the installation of six interactive smart boards in Al Mutabra and Al Zuhoor Basic Schools in the presence of representatives from Ministry of Education. In addition, the Company has completed projects for supply of soft playground for Imam Rabee bin Habeeb School and a park for Al Fatih Basic School.

### **Medium term Outlook**

First major inspection of one of two gas turbines started in October 2017 at site. Lessons learnt from the previous inspection of another turbine last year are being considered and management will endeavor to achieve smooth and timely completion of this inspection. All reasonable measures have been taken by the management to maintain the high reliability levels in the remainder of 2017.

The load factor of the plant is expected to remain high for the units in operation. In any case, any changes to the power supply and demand landscape in the Sultanate has no material impact on the financial performance of the Company since its net profit is mainly derived from its plant availability.

The Company has minimized the impact of The Royal Decree 9/2017 that was issued on 19 February 2017 by availing the benefit of Double Taxation Treaties (DTT) between Oman and other countries and requested SGT for confirmation and guidance with respect to uncertainty of the WHT liabilities, while waiting for the issuance of executive regulations from the tax department which should clarify the amendment of the tax law.

Additionally, the Power Purchase Agreement with OPWP provides protection to the Company for Change of Law, and accordingly a formal notification has been made and the matter is being pursued with OPWP.

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



Catherine Lorgere Chouteau  
Chairperson of the Board

**AL BATINAH POWER COMPANY SAOG****Unaudited condensed income statement***for the nine month period ended 30 September*

	<i>Notes</i>	<b>2017</b> <b>RO'000</b>	2016 RO'000
Revenues		<b>61,222</b>	60,035
Direct costs	3	<b>(41,282)</b>	(39,125)
Gross profit		<b>19,940</b>	20,910
Other income (net)		-	55
General and administrative expenses	4	<b>(559)</b>	(556)
<b>Profit before interest and tax</b>		<b>19,381</b>	20,409
Finance costs (net)	5	<b>(7,987)</b>	(8,354)
<b>Profit before tax</b>		<b>11,394</b>	12,055
Tax expense:	6		
- Current period		<b>(993)</b>	(1,057)
- Prior period		<b>(2,843)</b>	-
<b>Net profit for the period</b>		<b>7,558</b>	10,998
Earnings per share			
Basic earnings per share (Baizas)	18	<b>11.20</b>	16.30

The notes on pages 6 to 12 form an integral part of these condensed interim financial statements.

**AL BATINAH POWER COMPANY SAOG****Unaudited condensed statement of profit or loss and other comprehensive income***for the nine month period ended 30 September*

	<b>2017</b>	2016
	<b>RO'000</b>	RO'000
<b>Net profit for the period</b>	<b>7,558</b>	10,998
<b>Other comprehensive income / (loss) for the period, net of tax:</b>		
<i>Item that will be reclassified to profit or loss</i>		
Cash flow hedges - effective portion of changes in fair value	<b>2,308</b>	(3,554)
<b>Total comprehensive income for the period</b>	<b>9,866</b>	7,444

The notes on pages 6 to 12 form an integral part of these condensed interim financial statements.

## AL BATINAH POWER COMPANY SAOG


## Unaudited condensed statement of financial position

as at

	Notes	30 September 2017 RO'000s	Audited 31 December 2016 RO'000s
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	263,238	268,743
Capital spares		302	287
<b>Total non-current assets</b>		<b>263,540</b>	<b>269,030</b>
<b>Current assets</b>			
Trade and other receivables	8	7,378	5,127
Inventory		1,692	1,793
Short term deposit	9	-	2,192
Cash and cash equivalents	10	17,927	3,939
<b>Total current assets</b>		<b>26,997</b>	<b>13,051</b>
<b>Total assets</b>		<b>290,537</b>	<b>282,081</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	11(a)	67,489	67,489
Legal reserve	11(b)	3,130	3,130
Retained earnings		15,995	10,313
<b>Shareholders' fund</b>		<b>86,614</b>	<b>80,932</b>
Hedging reserve	11(c)	(7,290)	(9,598)
<b>Total equity</b>		<b>79,324</b>	<b>71,334</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Term loans	12	164,028	164,301
Derivative instruments		8,575	10,907
End of service benefits		25	22
Asset retirement obligation		586	549
Deferred tax liability		13,943	10,085
<b>Total non-current liabilities</b>		<b>187,157</b>	<b>185,864</b>
<b>Current liabilities</b>			
Term loans	12	13,667	13,785
Trade and other payables	13	10,389	7,498
Short term borrowing		-	3,600
<b>Total current liabilities</b>		<b>24,056</b>	<b>24,883</b>
<b>Total liabilities</b>		<b>211,213</b>	<b>210,747</b>
<b>Total equity and liabilities</b>		<b>290,537</b>	<b>282,081</b>
<b>Net assets per share (Baizas)</b>	17	<b>128.34</b>	<b>119.92</b>

The financial statements were approved and authorised for issue in accordance with a resolution of the Board of Directors on 25 October 2017

  
Chairperson

  
Director

The notes on pages 6 to 12 form an integral part of these condensed interim financial statements.

**AL BATINAH POWER COMPANY SAOG****Unaudited condensed statement of cash flows***for the nine month period ended 30 September*

	<i>Notes</i>	<b>2017</b>	2016
		<b>RO'000s</b>	RO'000s
<b>Cash flows from operating activities:</b>			
Net profit for the period		7,558	10,998
<i>Adjustments for:</i>			
Tax expense		3,836	1,057
Finance costs (net)		7,987	8,354
Depreciation		5,599	5,594
End of service benefits		3	6
		<b>24,983</b>	26,009
<i>Changes in:</i>			
Trade and other receivables		(2,251)	(5,001)
Inventory		101	44
Trade and other payables		2,490	6,089
Cash generated from operating activities		<b>25,323</b>	27,141
Finance costs paid (net)		(6,657)	(6,912)
Net cash generated from operating activities		<b>18,666</b>	20,229
<b>Cash flows from investing activities:</b>			
Acquisition of property, plant and equipment		(94)	(12)
Acquisition of capital spares		(15)	-
Net cash (used in) investing activities		<b>(109)</b>	(12)
<b>Cash flows from financing activities:</b>			
Repayment of term loans		(1,285)	(1,464)
Repayment of short term borrowing		(3,600)	(950)
Maturity of short term deposit		2,192	2,696
Dividend paid		(1,876)	(1,977)
Net cash (used in) financing activities		<b>(4,569)</b>	(1,695)
<b>Net increase in cash and cash equivalents</b>		<b>13,988</b>	18,522
<b>Cash and cash equivalents at beginning of the period</b>	<i>10</i>	<b>3,939</b>	370
<b>Cash and cash equivalents at end of the period</b>	<i>10</i>	<b>17,927</b>	18,892

The notes on pages 6 to 12 form an integral part of these condensed interim financial statements.

## AL BATINAH POWER COMPANY SAOG

### Unaudited condensed statement of changes in equity

for the nine month period ended 30 September

	Share capital RO'000s	Legal reserve RO'000s	Retained earnings RO'000s	Hedging reserve RO'000s	Total RO'000s
<b>Balance at 1 January 2017</b>	<b>67,489</b>	<b>3,130</b>	<b>10,313</b>	<b>(9,598)</b>	<b>71,334</b>
<i>Total comprehensive income for the period</i>					
Net profit for the period	-	-	7,558	-	7,558
<i>Other comprehensive income for the period, net of tax</i>					
Cash flow hedge - effective portion of changes in fair value	-	-	-	2,308	2,308
<i>Total comprehensive income for the period</i>	-	-	7,558	2,308	9,866
<i>Transactions with owners of the Company</i>					
<i>Contribution and distribution</i>					
Dividend	-	-	(1,876)	-	(1,876)
<i>Total transactions with owners of the Company</i>	-	-	(1,876)	-	(1,876)
<b>Balance at 30 September 2017</b>	<b>67,489</b>	<b>3,130</b>	<b>15,995</b>	<b>(7,290)</b>	<b>79,324</b>
Balance at 1 January 2016	67,489	2,301	8,639	(12,271)	66,158
<i>Total comprehensive income for the period</i>					
Net profit for the period	-	-	10,998	-	10,998
<i>Other comprehensive (loss) for the period, net of tax</i>					
Cash flow hedge - effective portion of changes in fair value	-	-	-	(3,554)	(3,554)
<i>Total comprehensive income for the period</i>	-	-	10,998	(3,554)	7,444
<i>Transactions with owners of the Company</i>					
<i>Contribution and distribution</i>					
Dividend	-	-	(1,977)	-	(1,977)
<i>Total transactions with owners of the Company</i>	-	-	(1,977)	-	(1,977)
Balance at 30 September 2016	67,489	2,301	17,660	(15,825)	71,625

The notes on pages 6 to 12 form an integral part of these condensed interim financial statements.

# AL BATINAH POWER COMPANY SAOG

## Notes to the unaudited condensed interim financial statements

### 1. Legal status and principal activities

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

The Company’s objectives are to develop, finance, design, construct, operate, maintain, insure and own a power generating facility (the Sohar 2 Power Plant with a capacity of about 750MW), associated gas interconnection facilities and other relevant infrastructure; to make available the demonstrated power capacity; and to sell the electrical energy generated to Oman Power and Water Procurement Company SAOC (“OPWP”). Accordingly, the Plant is considered and managed as one reportable segment. Commercial Operation of the Plant was achieved by the Company on 3 April 2013.

### 2. Basis of preparation and significant accounting policies

#### Basis of preparation

#### (a) *Statement of compliance*

These condensed interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, applicable requirements of the Oman Commercial Companies Law of 1974 (as amended) (“CCL”) and disclosure requirements of the Capital Market Authority of the Sultanate of Oman (“CMA”). Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the last annual financial statements as at and for the year ended 31 December 2016. The condensed interim financial statements do not include all information required for full annual financial statements prepared in accordance with International Financial Reporting Standards (IFRSs).

#### (b) *Basis of measurement*

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

#### (c) *Use of estimates and judgements*

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

Critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in these condensed interim financial statements are same as those that were applied to the financial statements as at and for the year ended 31 December 2016.

#### (d) *Presentation currency*

These condensed interim financial statements have been presented in Rial Omani which is the presentation currency, and all values are rounded to the nearest thousand (RO’000) except where otherwise stated.

#### Significant accounting policies

The significant accounting policies applied by the Company in these condensed interim financial statements are consistent with those applied by the Company in its financial statements as at and for the year ended 31 December 2016.



**AL BATINAH POWER COMPANY SAOG****Notes to the unaudited condensed interim financial statements**

	<b>30 September 2017 RO '000s</b>	30 September 2016 RO '000s
<b>3. Direct costs</b>		
Fuel gas	28,233	26,427
Depreciation (note 7)	5,586	5,579
Operation and maintenance ("O&M") fees	5,245	5,274
Seawater extraction	737	695
Other O&M cost	416	29
Insurance	383	394
Custom duty	226	316
Grid connection fee	137	138
Plant site rent	123	121
Fuel oil	100	45
Other direct costs	96	107
	<b>41,282</b>	<b>39,125</b>
<b>4. General and administrative expenses</b>		
Secondment fees	183	184
Employment costs	107	103
Public company related costs	66	68
Agency fees	38	38
Office rent	18	18
Directors' sitting fee (note 14)	15	14
Corporate social responsibility	13	8
Depreciation (note 7)	13	14
Other general and administrative expenses	106	109
	<b>559</b>	<b>556</b>
<b>5. Finance costs (net)</b>		
Interest on term loans	4,782	4,318
Interest rate swap	2,094	2,863
Amortisation of deferred finance costs	894	961
Debt Service Reserve Account ("DSRA") LC cost	139	140
Interest on working capital loan	37	14
Asset retirement obligation - unwinding of discount	37	34
Exchange loss	31	32
Interest income	(27)	(8)
	<b>7,987</b>	<b>8,354</b>

## AL BATINAH POWER COMPANY SAOG

### Notes to the unaudited condensed interim financial statements

#### 6. Tax expense

The Royal Decree 9/2017 was issued on 19 February 2017 and published in the official gazette on 26 February 2017 amending certain provisions of the Income Tax Law 28/2009, including increase in corporate income tax rate from 12% to 15%. The effect of increase in tax rate has been recognized in these financial statements.

#### 7. Property, plant and equipment

	Property, plant and equipment	Decommi ssioning asset	Technical spares	Others assets	Total
	RO'000s	RO'000s	RO'000s	RO'000s	RO'000s
<b>Cost</b>					
1 January 2017	296,311	399	1,665	122	298,497
Additions during the period	42	-	45	7	94
<b>30 September 2017</b>	<b>296,353</b>	<b>399</b>	<b>1,710</b>	<b>129</b>	<b>298,591</b>
<b>Depreciation</b>					
1 January 2017	29,412	38	200	104	29,754
Charge during the period	5,522	8	57	12	5,599
<b>30 September 2017</b>	<b>34,934</b>	<b>46</b>	<b>257</b>	<b>116</b>	<b>35,353</b>
<b>Carrying amount</b>					
<b>30 September 2017</b>	<b>261,419</b>	<b>353</b>	<b>1,453</b>	<b>13</b>	<b>263,238</b>
31 December 2016	266,899	361	1,465	18	268,743

#### 8. Trade and other receivables

	30 September 2017 RO '000s	Audited 31 December 2016 RO '000s
Trade receivables	6,768	4,606
Prepayments	346	241
Due from related a party (note 14)	4	65
Other receivables	260	215
	<b>7,378</b>	<b>5,127</b>

#### 9. Short term deposit

As per the CTA, the Company is required to maintain a debt service provisioning account (“DSPA”) to ensure funds are available to service the loan instalments and interest on due date. At each repayment date at the end of October, the Company is required to put the scheduled amount towards the next six monthly payment. The amount lying in the DSPA cannot be utilised for any purpose other than servicing the loan instalments and interest and is as such restricted cash. The amount in the DSPA as at 31 December 2016 was invested as a short term deposit which matured on 25 April 2017.

# AL BATINAH POWER COMPANY SAOG

## Notes to the unaudited condensed interim financial statements

### 10. Cash and cash equivalents

	<b>30 September 2017 RO '000s</b>	Audited 31 December 2016 RO '000s
Short term deposits (less than 3 months)	<b>9,616</b>	-
Cash in hand and at bank	<b>8,311</b>	3,939
	<b>17,927</b>	3,939

### 11. Equity

#### (a) Share capital

The details of shareholders are as follows:

<b>30 September 2017</b>	<b>Nationality</b>	<b>No. of shares held of nominal value 100 Bzs. each</b>	<b>% of total</b>	<b>Aggregate nominal value of shares held RO'000s</b>
Kahrabel FZE	UAE	201,791,343	29.90%	20,179
Multitech LLC	Omani	96,508,899	14.30%	9,651
Civil Service Employees Pension Fund	Omani	87,218,269	12.92%	8,722
SEP International Netherlands B.V.	Netherlands	48,254,453	7.15%	4,825
Blue Horizon Sohar Power B.V.	Netherlands	48,254,453	7.15%	4,825
Public Authority for Social Insurance	Omani	44,780,563	6.64%	4,478
Ministry of Defence Pension Fund	Omani	41,047,407	6.08%	4,105
Shareholders with less than 5% shareholding		107,032,043	15.86%	10,704
		<b>674,887,430</b>	<b>100.00%</b>	<b>67,489</b>

<b>31 December 2016</b>	<b>Nationality</b>	<b>No. of shares held of nominal value 100 Bzs. each</b>	<b>% of total</b>	<b>Aggregate nominal value of shares held RO'000s</b>
Kahrabel FZE	UAE	201,791,343	29.90%	20,179
Multitech LLC	Omani	96,508,899	14.30%	9,651
Civil Service Employees Pension Fund	Omani	83,155,460	12.32%	8,316
SEP International Netherlands B.V.	Netherlands	48,254,453	7.15%	4,825
Blue Horizon Sohar Power B.V.	Netherlands	48,254,453	7.15%	4,825
Public Authority for Social Insurance	Omani	44,078,681	6.53%	4,408
Ministry of Defence Pension Fund	Omani	40,200,737	5.96%	4,020
Shareholders with less than 5% shareholding		112,643,404	16.69%	11,265
		<b>674,887,430</b>	<b>100.00%</b>	<b>67,489</b>

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

#### (b) Legal reserve

Article 106 of the Commercial Companies Law of 1974 requires that 10% of a company's net profit be transferred to a non-distributable legal reserve until the amount of legal reserve becomes equal to at least one-third of the Company's issued share capital.

#### (c) Hedging reserve

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

# AL BATINAH POWER COMPANY SAOG

## Notes to the unaudited condensed interim financial statements

	<b>30 September 2017 RO'000s</b>	Audited 31 December 2016 RO'000s
<b>12. Term loans</b>		
Term loans	<b>184,085</b>	185,370
<i>Less: current portion</i>	<b>(13,667)</b>	(13,785)
Non-current portion	<b>170,418</b>	171,585
<i>Less: Unamortised transaction cost</i>	<b>(6,390)</b>	(7,284)
	<b>164,028</b>	164,301

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

At 30 September 2017 and 31 December 2016 the outstanding amounts were as follows:

Hermes Covered Variable Facility	<b>53,933</b>	54,330
Commercail Facility	<b>46,520</b>	46,792
Hermes Covered Fixed Facility	<b>34,425</b>	34,679
KEXIM Direct Facility	<b>33,517</b>	33,764
KEXIM Covered Facility	<b>15,690</b>	15,805
	<b>184,085</b>	185,370

### 13. Trade and other payables

Fuel gas payable and accrual	<b>6,504</b>	4,588
Accrued finance costs	<b>1,907</b>	1,590
Due to related parties (note 14)	<b>1,487</b>	717
Other payable and accruals	<b>491</b>	603
	<b>10,389</b>	7,498

### 14. Related party transactions

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

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

	<b>30 September 2017 RO '000s</b>	30 September 2016 RO '000s
Top five employees	<b>285</b>	280

# AL BATINAH POWER COMPANY SAOG

## Notes to the unaudited condensed interim financial statements

### 14 Related party transactions (continued)

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

	<b>30 September 2017 RO '000s</b>	30 September 2016 RO '000s
Suez-Tractebel Operation & Maintenance Oman LLC	5,913	5,590
Al Suwadi Power Company SAOG	185	122
Kahrabel Operation & Maintenance (Oman) LLC	100	100
Shikoku Electric Power Co., Inc.	98	99
ENGIE S.A.	64	-
Kahrabel FZE	62	-
Multitech LLC	31	31
International Power SA Dubai Branch	26	32
Directors	15	14
Sojitz Corporation	15	15
Public Authority for Social Insurance	14	14
Tractebel Engineering S.A.	5	-
Laborelec Middle East	3	5
Electrabel S.A.	-	65
	<b>6,531</b>	<b>6,087</b>

The nature of the above transactions is as follows:

O&M fixed fee	3,790	3,884
O&M variable fee	1,455	1,390
Other O&M cost	425	-
Custom duty	226	316
Sharing of costs	202	122
Secondment fees	183	184
DSRA LC cost	139	140
Spares	56	-
Professional fees	34	37
Directors' sitting fees (note 4)	15	14
Others	6	-
	<b>6,531</b>	<b>6,087</b>

	<b>30 September 2017 RO '000s</b>	Audited 31 December 2016 RO '000s
Balances due from a related party comprised:		
Al Suwadi Power Company SAOG	<b>4</b>	<b>65</b>

Balances due to related parties comprised:

Suez-Tractebel Operation & Maintenance Oman LLC	1,309	652
ENGIE S.A.	50	-
Kahrabel Operation & Maintenance (Oman) LLC	34	11
Shikoku Electric Power Co., Inc.	31	11
Multitech LLC	24	3
Directors	16	17
Sojitz Corporation	12	1
Public Authority for Social Insurance	11	15
Electrabel S.A.	-	7
	<b>1,487</b>	<b>717</b>

# AL BATINAH POWER COMPANY SAOG

## Notes to the unaudited condensed interim financial statements

### 15. 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 2016.

### 16. Commitments

- a) Operation and maintenance commitments and plant site rent commitments are consistent, with those disclosed in the financial statements as at and for the year ended 31 December 2016 as reduced by amounts accounted for during the nine month period ended 30 September 2017.
- b) The Company has placed purchase orders for RO 178,581 which are outstanding as at 30 September 2017 (RO 94,898 as at 31 December 2016).

### 17. Net assets per share

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

	<b>30 September 2017</b>	Audited 31 December 2016
Net assets - shareholder funds (RO'000s)	<b>86,614</b>	80,932
Weighted average number of shares outstanding during the period/year ('000s)	<b>674,887</b>	674,887
Net assets per share (Baizas)	<b>128.34</b>	<u>119.92</u>

The management believes that the hedging deficit of RO 7.29 million as at 30 September 2017 (RO 9.60 million as at 31 December 2016) represents the loss which the Company would incur, if it opts to terminate its swap agreements on this date. However, under the terms of its Financing Documents, the Company is not permitted to terminate the swap agreements. Accordingly, the hedging deficit has been excluded from the Shareholder Funds.

### 18. Basic earnings per share

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

	<b>30 September 2017</b>	30 September 2016
Net profit for the period (RO'000s)	<b>7,558</b>	10,998
Weighted average number of shares outstanding during the period ('000s)	<b>674,887</b>	674,887
Basic earnings per share (Baizas)	<b>11.20</b>	<u>16.30</u>

### 19. Comparative figures

Certain comparative figures have been reclassified where necessary to conform to the presentation adopted in these condensed interim financial statements.