

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 3-months period ended 31 March 2020.

Operational Highlights

The Company maintained its excellent record of zero lost time accidents, thereby clocking 3191 lost time accident free days or 919,216 man-hours since inception, which is reflective of our continued focus on health, safety, security and environment ("HSE").

The plant operated with a reliability of 99.6% and delivered 227 GWh to the grid. The plant load for the period was 14.12% against 59.30% in corresponding period of 2019.

Also, the plant successfully passed the annual performance test for the 8th Contract Year under the Power Purchase Agreement (the "PPA") with Oman Power & Water Procurement Company SAOC ("OPWP") by demonstrating the Guaranteed Contracted Power Capacity on fuel gas. The performance test on fuel oil was postponed as recommended by OPWP until a further notice.

Financial Results

	3-month-2020 RO'000s Unaudited	3-month-2019 RO'000s Unaudited	Percentage change
Revenues	6,272	12,669	-50.5%
Direct costs	(5,817)	(12,155)	
Gross profit/(loss)	455	514	-11.6%
General and administrative expenses	(184)	(186)	
Profit/(loss) before interest and tax	271	328	-17.5%
Finance costs (net)	(2,123)	(2,328)	
(Loss) before tax	(1,852)	(2,000)	7.4%
Tax	(446)	(414)	
Net (loss) for the period	(2,298)	(2,414)	4.8%

Lower revenue and direct costs as compared to the previous year was attributed mainly to lower plant load. The variability of the plant load influences the fuel and energy charges received from the off-taker. However, these charges are passed through to the gas supplier and the O&M service provider, hence no material impact on the Company's profitability. Lower gross profit was attributed mainly to the lower availability (higher outages) which is slightly netted off by lower maintenance expenses due to time differences and lower negative fuel margin. Furthermore, the steady reduction in finance costs positively contributed to the better profit before tax. As a result, the net profit is 4.8% better than the previous year.

The share price was 50 Baizas at the end of March 2020.

Corporate Social Responsibility

The Company plans to allocate 25,000 OMR for the CSR initiatives for the year 2020, which is yet to be approved by shareholders as the Annual General Meeting ("AGM") which was originally planned on 18th of March was cancelled pursuant to a notification from Capital Market Authority ("CMA") due to exceptional circumstance resulting from COVID19.

After successful Photo-voltage solar CSR projects in schools in Barka and Liwa which were sponsored by four power companies, the Company is joining the same group of companies to sponsor a similar project in Qutaiba bin Muslim School in AL Khamil Walayat. The project involves building around 148KW PV system on top of a steel structure shed. The total cost is around 60,000 OMR (15,000 OMR by the Company). Also, the Company is planning to contribute 10,000 OMR to the COVID19 special account that has been opened to receive contributions to curb COVID-19 spread in Oman.

Medium term Outlook


All reasonable measures are taken by the management to maintain the high availability levels in 2020. Any change in the power supply and demand landscape in the Sultanate has substantially no impact on the financial performance of the Company since its net profit is mainly derived from its plant availability.

The unprecedented COVID19 pandemic situation has no material impact on the Company's business thus far and the plant has invoked its business continuity plan to cope up with crisis. However, CMA issued a circular instructing the public joint stock companies to suspend all general meetings until further notice. Thereafter, CMA circulated an administrative decision issuing the rules for convening general meetings of public joint stock companies and investment funds via electronic means. The Company will publish the convocation of the Annual General Meeting once the convocation is determined.

Authority of Electricity Regulation ("AER") plan to introduce the electricity spot market in 2021 is progressing. The Company's generation license had been modified to reflect the introduction of the electricity spot market. The Company continued to participate in the working group committee meetings and preparing the implementation plan as per the guidance from AER. OPWP plans to introduce a training period by January of 2021 and to go live with new trading system by July of 2021. The PPA expires in 2028 and accordingly the spot market will have no impact on the revenue stream of the Company until the expiry of the PPA. The Company is protected by the PPA for any cost it may incur as a result of the spot market.

The Company has been closely monitoring the financial market conditions for any opportunities to avoid the cash sweep that is scheduled from April 2023 as agreed in the Finance Documents.

Finally, on behalf of the Board of Directors, I would like to extend our deep appreciation and gratitude to His Majesty Sultan Haitham Bin Tariq 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.



Saif Al Harthy
Chairperson of the Board



AL BATINAH POWER COMPANY SAOG

Unaudited condensed income statement

for the three month period ended 31 March

	<i>Notes</i>	2020 RO'000s	2019 RO'000s
Revenues		6,272	12,669
Direct costs	3	(5,817)	(12,155)
Gross profit		455	514
General and administrative expenses	4	(184)	(186)
Profit before interest and tax		271	328
Finance costs (net)	5	(2,123)	(2,328)
(Loss) before tax		(1,852)	(2,000)
Tax expense	6	(446)	(414)
Net (loss) for the period		(2,298)	(2,414)
Earnings per share			
Basic earnings per share (Baizas)	20	(3.40)	(3.58)

The attached notes 1 to 20 form 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 three month period ended 31 March*

	2020	2019
	RO'000s	RO'000s
Net (loss) for the period	(2,298)	(2,414)
Other comprehensive (loss), net of income tax:		
<i>Item that will be reclassified to profit or loss</i>		
Cash flow hedges - effective portion of changes in fair value	(4,878)	(1,641)
Total comprehensive (loss) for the period	<u>(7,176)</u>	<u>(4,055)</u>

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

AL BATINAH POWER COMPANY SAOG

Unaudited condensed statement of financial position

as at

	Notes	31 March 2020 RO'000s	Audited 31 December 2019 RO'000s
Assets			
Non-current assets			
Property, plant and equipment	7	244,489	246,322
Right-of-use assets	8	3,420	3,479
Capital spares		487	487
Total non-current assets		248,396	250,288
Current assets			
Inventory		1,898	1,911
Trade and other receivables	9	6,809	5,118
Short term deposit	10	1,578	1,578
Cash and cash equivalents	11	664	1,883
Total current assets		10,949	10,490
Total assets		259,345	260,778
Equity and liabilities			
Equity			
Share capital	13(a)	67,489	67,489
Legal reserve	13(b)	5,468	5,468
Retained earnings		13,683	15,981
Total equity		86,640	88,938
Hedging reserve	13(c)	(11,694)	(6,816)
Net equity		74,946	82,122
Liabilities			
Non-current liabilities			
Term loans	14	122,916	122,685
Lease liabilities	12	3,478	3,553
Derivative instruments		13,758	8,019
Deferred tax liability		17,486	17,901
Asset retirement obligation		281	276
End of service benefits		23	22
Total non-current liabilities		157,942	152,456
Current liabilities			
Trade and other payables	15	7,282	5,040
Lease liabilities	12	131	128
Short term borrowing		3,250	5,238
Term loans	14	15,794	15,794
Total current liabilities		26,457	26,200
Total liabilities		184,399	178,656
Total equity and liabilities		259,345	260,778
Net assets per share (Baizas) - adjusted	19	128.38	131.78

The financial statements were approved and authorised for issue in accordance with a resolution of the Board of Directors on 22 April 2020.


Chairperson


Director

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

AL BATINAH POWER COMPANY SAOG**Unaudited condensed statement of cash flows***for the three month period ended 31 March*

	<i>Notes</i>	2020	2019
		RO'000s	RO'000s
Cash flows from operating activities:			
(Loss) before tax		(1,852)	(2,000)
<i>Adjustments for:</i>			
Depreciation		1,922	1,914
Finance costs (net)		2,123	2,328
Loss on disposals		-	(0)
End of service benefits		1	2
Cash from operations before working capital changes		2,194	2,244
Changes in :			
Trade and other receivables		(1,684)	(1,162)
Inventory		13	10
Trade and other payables		2,028	(2,649)
Cash generated from (used in) operating activities		2,551	(1,557)
Lease payments		(124)	-
Finance costs paid		(1,643)	(1,816)
Net cash flows generated from (used in) operating activities		784	(3,373)
Cash flows from investing activities:			
Acquisition of property, plant and equipment		(30)	(9)
Sale proceeds from property, plant and equipment		-	0
Net cash flows (used in) investing activities		(30)	(9)
Cash flows from financing activities:			
(Repayment to) proceeds from short term borrowing - net		(1,988)	1,730
Interest received		15	1
Net cash flows (used in) generated from financing activities		(1,973)	1,731
Net change in cash and cash equivalents		(1,219)	(1,651)
Cash and cash equivalents at beginning of the period	<i>11</i>	1,883	2,021
Cash and cash equivalents at end of the period	<i>11</i>	664	370

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

AL BATINAH POWER COMPANY SAOG

Unaudited condensed statement of changes in equity

for the three month period ended 31 March

	Share capital RO'000s	Legal reserve RO'000s	Retained earnings RO'000s	Hedging reserve RO'000s	Total RO'000s
Balance at 1 January 2020	67,489	5,468	15,981	(6,816)	82,122
<i>Total comprehensive (loss) for the period</i>					
Net (loss) for the period	-	-	(2,298)	-	(2,298)
<i>Other comprehensive (loss) for the period net of income tax</i>					
Cash flow hedges - effective portion of changes in fair value	-	-	-	(4,878)	(4,878)
Total comprehensive (loss) for the period	-	-	(2,298)	(4,878)	(7,176)
Balance at 31 March 2020	67,489	5,468	13,683	(11,694)	74,946
Balance at 1 January 2019	67,489	4,493	11,935	(3,249)	80,668
<i>Total comprehensive (loss) for the period</i>					
Net (loss) for the period	-	-	(2,414)	-	(2,414)
<i>Other comprehensive (loss) for the period net of income tax</i>					
Cash flow hedges - effective portion of changes in fair value	-	-	-	(1,641)	(1,641)
Total comprehensive (loss) for the period	-	-	(2,414)	(1,641)	(4,055)
Balance at 31 March 2019	67,489	4,493	9,521	(4,890)	76,613

The attached notes 1 to 20 form 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 (the “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), and 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 2019. 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 2019.

(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.

Change in 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 2019.

AL BATINAH POWER COMPANY SAOG

Notes to the unaudited condensed interim financial statements

	31 March 2020 RO'000s	31 March 2019 RO'000s
3. Direct costs		
Fuel gas	1,977	8,204
Depreciation (note 7 & 8)	1,918	1,910
Operation and maintenance ("O&M") fees (note 16)	1,432	1,631
Seawater extraction	260	254
Insurance	118	125
Fuel oil	13	8
Custom duty (note 16)	9	1
Grid connection fee	4	7
Other direct costs	86	15
	5,817	12,155
4. General and administrative expenses		
Secondment fees (note 16)	59	59
Employment costs	44	43
Public company related costs	21	19
Agency fees	13	13
Office rent	5	5
Directors' sitting fees (note 16)	5	5
Depreciation (note 7)	4	4
Other general and administrative expenses	33	38
	184	186
5. Finance costs (net)		
Interest on term loans	1,476	1,881
Swap interest	323	91
Amortisation of deferred finance costs	231	254
Interest on lease liabilities	52	51
Interest on short term borrowing	36	36
Debt Service Reserve Account ("DSRA") LC cost (note 16)	19	20
Asset retirement obligation - unwinding of discount	5	5
Exchange loss	3	4
Interest income	(22)	(14)
	2,123	2,328
6. Tax expense		

The tax returns for the years 2013 to 2016 have been assessed by the Tax Authority whereas the tax years 2017 and 2018 remain unassessed to date. The management is of the opinion that the final tax liability for the years 2013 to 2018 would not be material to the Company's financial position as at 31 March 2020.

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Notes to the unaudited condensed interim financial statements

7. Property, plant and equipment

	Property, plant and equipment RO'000s	Technical Spares RO'000s	Other assets RO'000s	Capital Work-in- progress RO'000s	Total RO'000s
Cost					
1 January 2020	296,398	1,727	147	73	298,345
Addition during the period	29	1	-	-	30
Disposal during the period	-	-	(3)	-	(3)
31 March 2020	<u>296,427</u>	<u>1,728</u>	<u>144</u>	<u>73</u>	<u>298,372</u>
Depreciation					
1 January 2020	51,488	415	120	-	52,023
Charge during the period	1,842	17	4	-	1,863
Disposal during the period	-	-	(3)	-	(3)
31 March 2020	<u>53,330</u>	<u>432</u>	<u>121</u>	<u>-</u>	<u>53,883</u>
Carrying amount					
31 March 2020	<u>243,097</u>	<u>1,296</u>	<u>23</u>	<u>73</u>	<u>244,489</u>
31 December 2019	<u>244,910</u>	<u>1,312</u>	<u>27</u>	<u>73</u>	<u>246,322</u>

8. Right-of-use assets

	Connection Equipment RO'000s	Site Rent RO'000s	Total RO'000s
Cost			
1 January 2020	999	2,717	3,716
Addition during the period	-	-	-
31 March 2020	<u>999</u>	<u>2,717</u>	<u>3,716</u>
Depreciation			
1 January 2020	125	112	237
Charge during the period	31	28	59
31 March 2020	<u>156</u>	<u>140</u>	<u>296</u>
Carrying amount			
31 March 2020	<u>843</u>	<u>2,577</u>	<u>3,420</u>
31 December 2019	<u>874</u>	<u>2,605</u>	<u>3,479</u>

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payment associated with these leases as an expense on a straight-line basis over the lease term.

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Notes to the unaudited condensed interim financial statements

	31 March 2020 RO'000s	Audited 31 December 2019 RO'000s
9. Trade and other receivables		
Trade receivables	6,465	4,506
Prepayments	196	239
Due from a related party (note 16)	26	19
Accrued income	-	300
Other receivables	122	54
	<u>6,809</u>	<u>5,118</u>

10. Short term deposit

As per the Common Terms Agreement ("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 payments. The amount in the DSPA cannot be utilized for any purpose other than servicing the loan instalments and interest and is as such, restricted cash. The amount in the DSPA account has been put into a short term deposit maturing on 28 April 2020.

	31 March 2020 RO'000s	Audited 31 December 2019 RO'000s
11. Cash and cash equivalents		
Cash in hand and at bank	<u>664</u>	<u>1,883</u>

12. Lease liabilities

Lease liabilities included in the statement of financial position as:

Current lease liabilities	131	128
Non-current lease liabilities	3,478	3,553
	<u>3,609</u>	<u>3,681</u>

	31 March 2020		31 December 2019	
	Contractual Undiscounted Cash flows RO'000s	Present value of lease payments RO'000s	Contractual Undiscounted Cash flows RO'000s	Present value of lease payments RO'000s
Amount payable under operating leases				
Within one year	338	131	337	128
In 2 to 5 years	1,388	654	1,385	640
More than 5 years	4,471	2,824	4,599	2,913
	<u>6,197</u>	<u>3,609</u>	<u>6,321</u>	<u>3,681</u>
Less: unpaid finance cost	(2,588)	-	(2,640)	-
Present value of lease payments	<u>3,609</u>	<u>3,609</u>	<u>3,681</u>	<u>3,681</u>

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Notes to the unaudited condensed interim financial statements

13. Equity

(a) Share capital

The details of the shareholders are as follows:

	Nationality	No. of shares held of nominal value 100 Bzs. each	% of total	Aggregate nominal value of shares held RO '000
31 March 2020				
Kahrabel FZE	UAE	201,791,343	29.90%	20,179
Middle East Investment LLC	Omani	96,508,899	14.30%	9,651
Civil Service Employees Pension Fund	Omani	87,452,380	12.96%	8,745
SEP International Netherlands B.V.	Netherlands	48,254,453	7.15%	4,825
Sojitz Global Investment B.V.	Netherlands	48,254,453	7.15%	4,825
Public Authority for Social Insurance	Omani	44,678,563	6.62%	4,468
Ministry of Defence Pension Fund	Omani	40,200,737	5.96%	4,020
Shareholders with less than 5% shareholding		107,746,602	15.96%	10,776
		674,887,430	100.00%	67,489

31 December 2019

Kahrabel FZE	UAE	201,791,343	29.90%	20,179
Middle East Investment LLC	Omani	96,508,899	14.30%	9,651
Civil Service Employees Pension Fund	Omani	87,452,380	12.96%	8,745
SEP International Netherlands B.V.	Netherlands	48,254,453	7.15%	4,825
Sojitz Global Investment B.V.	Netherlands	48,254,453	7.15%	4,825
Public Authority for Social Insurance	Omani	44,678,563	6.62%	4,468
Ministry of Defence Pension Fund	Omani	40,200,737	5.96%	4,020
Shareholders with less than 5% shareholding		107,746,602	15.96%	10,776
		674,887,430	100.00%	67,489

The Company has authorized, issued and paid-up share capital of RO 67,488,743 consisting of 674,887,430 shares of RO 0.1 each (31 December 2019: RO 67,488,743 consisting of 674,887,430 shares of RO 0.1 each).

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 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 Company's net profit is 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.

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Notes to the unaudited condensed interim financial statements

	31 March	Audited
	2020	31 December
	RO'000s	2019
		RO'000s
14. Term loans		
Term loans	142,520	142,520
Less: current portion	(15,794)	(15,794)
Non-current portion	126,726	126,726
Less: unamortised transaction cost	(3,810)	(4,041)
	122,916	122,685

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 Onshore Security Agent and Onshore Account Bank; and with KfW IPEX - Bank GmbH as the Hermes Facility Agent.

At 31 March 2020 and 31 December 2019, the outstanding amounts were as follows:

Commercial Facility	45,040	45,040
Hermes Covered Variable Facility	38,217	38,217
Hermes Covered Fixed Facility	24,394	24,394
KEXIM Direct Facility	23,751	23,751
KEXIM Covered Facility	11,118	11,118
	142,520	142,520

15. Trade and other payables

Fuel gas payable and accrual	4,866	2,891
Accrued interest cost	1,451	1,237
Due to related parties (note 16)	673	505
Other payable and accruals	292	407
	7,282	5,040

16. Related party transactions

Related parties comprise the shareholders, directors, key management personnel, business entities that have the ability to control or exercise significant influence over financial and operating decisions of the Company and entities over which certain shareholders are able to exercise significant influence. 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 benefits

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

	31 March	31 March
	2020	2019
	RO'000s	RO'000s
Key management benefits	119	104

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Notes to the unaudited condensed interim financial statements

16. Related party transactions (continued)

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

	31 March 2020 RO '000s	31 March 2019 RO '000s
Suez-Tractebel Operation & Maintenance Oman LLC	1,446	1,640
Al Suwadi Power Company SAOG	66	99
International Power SA Dubai Branch	34	9
Kahrabel Operations & Maintenance (Oman) LLC	32	32
Sojitz Corporation	29	29
ENGIE SA	9	9
Directors'	5	5
Middle East Investment LLC	4	5
Shikoku Electric Power Co., Inc.	2	2
Public Authority for Social Insurance	2	2
	1,629	1,832

The nature of the above transactions is as follows:

Operation and maintenance ("O&M") fees (note 3)	1,432	1,631
Sharing of costs	66	99
Secondment fees (note 4)	59	59
Professional fees	34	9
DSRA LC cost (note 5)	19	20
Custom duties	9	1
Directors' sitting fees (note 4)	5	5
Other O&M expenses	3	4
Others	2	4
	1,629	1,832

	31 March 2020 RO '000s	Audited 31 December 2019 RO '000s
Balance due from a related party		
Al Suwadi Power Company SAOG	26	19

Balances due to related parties comprised:

Suez-Tractebel Operation & Maintenance Oman LLC	574	432
Kahrabel Operations & Maintenance (Oman) LLC	32	31
Directors'	19	15
ENGIE SA	15	6
Sojitz Corporation	13	10
Middle East Investment LLC	7	3
International Power SA Dubai Branch	6	5
Shikoku Electric Power Co., Inc.	4	2
Public Authority for Social Insurance	3	1
	673	505

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Notes to the unaudited condensed interim financial statements

17. 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 2019.

18. Commitments

- a) Operation and maintenance commitments and land lease commitments are consistent with those disclosed in the financial statements as at and for the year ended 31 December 2019 as reduced by amounts accounted for during the three month period ended 31 March 2020.
- b) The Company has placed purchase orders for RO 60,545 which are outstanding as at 31 March 2020 (RO 63,311 as at 31 December 2019).

19. Net assets per share - adjusted

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.

	31 March 2020	Audited 31 December 2019
Net assets - shareholder funds (RO'000s)	86,640	88,938
Weighted average number of shares outstanding during the period/year ('000s)	674,887	674,887
Net asset per share (Baizas) - adjusted	<u>128.38</u>	<u>131.78</u>

The management believes that the hedging deficit of RO 11.69 million as at 31 March 2020 (RO 6.82 million as at 31 December 2019) 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 agreements, the Company is not permitted to terminate the swap agreements. Accordingly the hedging deficit has been excluded from the Total Equity.

20. Basic earnings per share

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

	31 March 2020	31 March 2019
Net loss for the period (RO'000s)	(2,298)	(2,414)
Weighted average number of shares outstanding during the period ('000s)	674,887	674,887
Basic earnings per share (Baizas)	<u>(3.40)</u>	<u>(3.58)</u>