

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 6-months period ended 30 June 2020.

Operational Highlights

The Company maintained its excellent record of zero lost time accidents, thereby clocking 3,282 lost time accident free days or 934,625 man-hours since inception, which is reflective of our continued focus on health, safety, security and environment ("HSSE").

The plant operated with a reliability of 99.76% and delivered 491 GWh to the grid. The plant load for the period was 15.26% compared to 32.85% in the corresponding period of 2019.

Financial Results

	6-month-2020 RO'000s Unaudited	6-month-2019 RO'000s Unaudited	Percentage change
Revenues	22,711	27,780	-18.2%
Direct costs	(11,959)	(17,058)	
Gross profit	10,752	10,722	0.3%
General and administrative expenses	(395)	(376)	
Profit before interest and tax	10,357	10,346	0.1%
Finance costs (net)	(4,281)	(4,744)	
Profit before tax	6,076	5,602	8.5%
Tax	(890)	(829)	
Net Profit for the period	5,186	4,773	8.6%

Lower revenues and direct costs as compared to the previous year were attributed mainly to lower plant load factor. The variability of the plant load influences the fuel and energy charges received from the Oman Power & Water Procurement Company SAOC ("OPWP"). However, these charges are passed through to the gas supplier and the O&M service provider and hence have no material impact on the Company's profitability. Higher gross profit was attributed mainly to the better availability partly offset by higher maintenance expenses due to higher applicable exchange rate of the Euro. Furthermore, the steady reduction in the finance costs positively contributed to the better profit before tax. As a result, the net profit is 8.6% better than the correspondence period of the previous year.

The Company distributed a cash dividend of 2.8 baizas per share in June 2020.

The share price was 51 Baizas at the end of June 2020.

Corporate Social Responsibility

The Company allocated 35,000 OMR for the CSR initiatives for the year 2020. 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 contributed amount of 20,000 OMR to the COVID19 special account that has been opened by the Ministry of Health to receive contributions to support medical services to combat COVID-19.

Medium term Outlook

All reasonable measures are taken by the management to maintain 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 COVID-19 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. Following CMA's administrative decision which issued the rules for convening general meetings of public joint stock companies and investment funds via electronic, the Company had convened the extraordinary and annual ordinary general meetings on 4 June 2020 electronically.

The off-taker had withdrawn its letter to the Company with regards to holding back the power capacity investment charge starting from April 2020 valid invoice and had accordingly paid all the Company's valid invoices thus far.

The Company continues to take actions to close the gaps identified in the AER's DCS/SCADA cyber security audit report. AER is being updated on regular basis on the actions taken by the Company to ensure due compliance to the cyber security standards.

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 six month period ended 30 June

	<i>Notes</i>	2020 RO'000s	2019 RO'000s
Revenues		22,711	27,780
Direct costs	3	(11,959)	(17,058)
Gross profit		10,752	10,722
General and administrative expenses	4	(395)	(376)
Profit before interest and tax		10,357	10,346
Finance costs (net)	5	(4,281)	(4,744)
Profit before tax		6,076	5,602
Tax expense		(890)	(829)
Net profit for the period		5,186	4,773
Earnings per share			
Basic earnings per share (Baizas)	20	7.68	7.07

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 six month period ended 30 June*

	2020	2019
	RO'000s	RO'000s
Net profit for the period	5,186	4,773
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	(4,828)	(3,623)
Total comprehensive income for the period	358	1,150

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

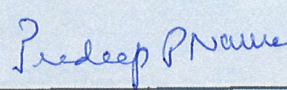
as at

	Notes	30 June 2020 RO'000s	Audited 31 December 2019 RO'000s
Assets			
Non-current assets			
Property, plant and equipment	7	242,632	246,322
Right-of-use assets	8	3,361	3,479
Capital spares		487	487
Total non-current assets		246,480	250,288
Current assets			
Inventory		1,898	1,911
Trade and other receivables	9	13,311	5,118
Short term deposit	10	-	1,578
Cash and cash equivalents	11	3,403	1,883
Total current assets		18,612	10,490
Total assets		265,092	260,778
Equity and liabilities			
Equity			
Share capital	13(a)	67,489	67,489
Legal reserve	13(b)	5,468	5,468
Retained earnings		19,277	15,981
Total equity		92,234	88,938
Hedging reserve	13(c)	(11,644)	(6,816)
Net equity		80,590	82,122
Liabilities			
Non-current liabilities			
Term loans	14	121,837	122,685
Lease liabilities	12	3,485	3,553
Derivative instruments		13,699	8,019
Deferred tax liability		17,940	17,901
Asset retirement obligation		286	276
End of service benefits		25	22
Total non-current liabilities		157,272	152,456
Current liabilities			
Term loans	14	15,680	15,794
Lease liabilities	12	134	128
Trade and other payables	15	9,816	5,040
Short term borrowing		1,600	5,238
Total current liabilities		27,230	26,200
Total liabilities		184,502	178,656
Total equity and liabilities		265,092	260,778
Net assets per share (Baizas) - adjusted	19	136.67	131.78

The financial statements were approved and authorised for issue in accordance with a resolution of the Board of Directors on 22 July 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 six month period ended 30 June

	<i>Notes</i>	2020	2019
		RO'000s	RO'000s
Cash flows from operating activities:			
Profit before tax		6,076	5,602
<i>Adjustments for:</i>			
Depreciation		3,843	3,827
Finance costs (net)		4,281	4,744
Loss on disposals		-	(0)
End of service benefits		3	(15)
Cash from operations before working capital changes		14,203	14,158
<i>Changes in :</i>			
Trade and other receivables		(8,196)	(435)
Inventory		13	(28)
Trade and other payables		4,789	(7,249)
Cash generated from operating activities		10,809	6,446
Lease payments		(166)	-
Finance costs paid		(3,750)	(4,165)
Net cash flows generated from operating activities		6,893	2,281
Cash flows from investing activities:			
Acquisition of property, plant and equipment		(35)	(58)
Sale proceeds from property, plant and equipment		-	0
Net cash flows (used in) investing activities		(35)	(58)
Cash flows from financing activities:			
Repayment of term loans		(1,420)	(1,271)
Proceeds from short term borrowing - net		(3,638)	1,810
Maturity of short term deposit		1,578	1,807
Dividend paid		(1,890)	(1,890)
Interest received		32	32
Net cash flows (used in) generated from financing activities		(5,338)	488
Net change in cash and cash equivalents		1,520	2,711
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>	3,403	4,732

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 six month period ended 30 June

	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 income for the period</i>					
Net profit for the period	-	-	5,186	-	5,186
<i>Other comprehensive (loss) for the period net of income tax</i>					
Cash flow hedges - effective portion of changes in fair value	-	-	-	(4,828)	(4,828)
<i>Total comprehensive income for the period</i>	-	-	5,186	(4,828)	358
<i>Transactions with owners of the Company</i>					
<i>Contribution and distribution</i>					
Dividend	-	-	(1,890)	-	(1,890)
<i>Total transactions with owners of the Company</i>	-	-	(1,890)	-	(1,890)
Balance at 30 June 2020	67,489	5,468	19,277	(11,644)	80,590
Balance at 1 January 2019	67,489	4,493	11,935	(3,249)	80,668
<i>Total comprehensive income for the period</i>					
Net profit for the period	-	-	4,773	-	4,773
<i>Other comprehensive (loss) for the period net of income tax</i>					
Cash flow hedges - effective portion of changes in fair value	-	-	-	(3,623)	(3,623)
<i>Total comprehensive income for the period</i>	-	-	4,773	(3,623)	1,150
<i>Transactions with owners of the Company</i>					
<i>Contribution and distribution</i>					
Dividend	-	-	(1,890)	-	(1,890)
<i>Total transactions with owners of the Company</i>	-	-	(1,890)	-	(1,890)
Balance at 30 June 2019	67,489	4,493	14,818	(6,872)	79,928

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 Commercial Companies Law of Sultanate of Oman (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

	30 June 2020 RO'000s	30 June 2019 RO'000s
3. Direct costs		
Fuel gas	4,217	9,180
Depreciation (note 7 & 8)	3,836	3,820
Operation and maintenance ("O&M") fees (note 16)	2,949	3,053
Seawater extraction	519	507
Insurance	248	249
Fuel oil	13	54
Custom duty (note 16)	9	(7)
Grid connection fee	8	16
Other direct costs	160	186
	11,959	17,058
4. General and administrative expenses		
Secondment fees (note 16)	124	119
Employment costs	88	92
Public company related costs	45	46
Agency fees	28	26
Corporate social responsibility	20	1
Directors' sitting fees (note 16)	14	9
Office rent	10	10
Depreciation (note 7)	7	7
Other general and administrative expenses	59	66
	395	376
5. Finance costs (net)		
Interest on term loans	2,737	3,759
Amortisation of deferred finance costs	458	506
Swap interest	840	193
Interest on lease liabilities	105	103
Interest on short term borrowing	76	78
Debt Service Reserve Account ("DSRA") LC cost (note 16)	71	71
Exchange loss	12	49
Asset retirement obligation - unwinding of discount	10	10
Interest income	(28)	(25)
	4,281	4,744
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.

AL BATINAH POWER COMPANY SAOG

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	2	3	35
Disposal during the period	-	-	(3)	-	(3)
30 June 2020	<u>296,427</u>	<u>1,728</u>	<u>146</u>	<u>76</u>	<u>298,377</u>
Depreciation					
1 January 2020	51,488	415	120	-	52,023
Charge during the period	3,683	35	7	-	3,725
Disposal during the period	-	-	(3)	-	(3)
30 June 2020	<u>55,171</u>	<u>450</u>	<u>124</u>	<u>-</u>	<u>55,745</u>
Carrying amount					
30 June 2020	<u>241,256</u>	<u>1,278</u>	<u>22</u>	<u>76</u>	<u>242,632</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	-	-	-
30 June 2020	<u>999</u>	<u>2,717</u>	<u>3,716</u>
Depreciation			
1 January 2020	125	112	237
Charge during the period	62	56	118
30 June 2020	<u>187</u>	<u>168</u>	<u>355</u>
Carrying amount			
30 June 2020	<u>812</u>	<u>2,549</u>	<u>3,361</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.

AL BATINAH POWER COMPANY SAOG

Notes to the unaudited condensed interim financial statements

	30 June 2020	Audited 31 December 2019
	RO'000s	RO'000s
9. Trade and other receivables		
Trade receivables	13,059	4,506
Prepayments	70	239
Due from a related party (note 16)	34	19
Accrued income	-	300
Other receivables	148	54
	13,311	5,118

10. Short term deposit

As per the Common Terms Ageement ("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 as at 31 December 2019 was put into a short term deposit which matured on 28 April 2020.

	30 June 2020	Audited 31 December 2019
	RO'000s	RO'000s
11. Cash and cash equivalents		
Cash in hand and at bank	3,403	1,883

12. Lease liabilities

Lease liabilities included in the statement of financial position as:

Current lease liabilities	134	128
Non-current lease liabilities	3,485	3,553
	3,619	3,681

	30 June 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	339	134	337	128
In 2 to 5 years	1,392	668	1,385	640
More than 5 years	4,424	2,817	4,599	2,913
	6,155	3,619	6,321	3,681
Less: unpaid finance cost	(2,536)	-	(2,640)	-
Present value of lease payments	3,619	3,619	3,681	3,681

AL BATINAH POWER COMPANY SAOG

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
30 June 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 132 of the Commercial Companies Law requires that 10% of Company's net profits, after deduction of taxes for establishing a legal reserve until such legal reserve amounts to at one-third of the Company's 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

	30 June 2020 RO'000s	Audited 31 December 2019 RO'000s
14. Term loans		
Term loans	141,100	142,520
Less: current portion	(15,680)	(15,794)
Non-current portion	125,420	126,726
Less: unamortised transaction cost	(3,583)	(4,041)
	121,837	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 30 June 2020 and 31 December 2019, the outstanding amounts were as follows:

Commercial Facility	44,486	45,040
Hermes Covered Variable Facility	37,878	38,217
Hermes Covered Fixed Facility	24,177	24,394
KEXIM Direct Facility	23,540	23,751
KEXIM Covered Facility	11,019	11,118
	141,100	142,520

15. Trade and other payables

Fuel gas payable and accrual	7,185	2,891
Accrued interest cost	1,224	1,237
Due to related parties (note 16)	1,034	505
Other payable and accruals	373	407
	9,816	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 six month period ended are as follows:

	30 June 2020 RO'000s	30 June 2019 RO'000s
Key management benefits	215	194

AL BATINAH POWER COMPANY SAOG

Notes to the unaudited condensed interim financial statements

16. Related party transactions (continued)

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

	30 June 2020 RO '000s	30 June 2019 RO '000s
Suez-Tractebel Operation & Maintenance Oman LLC	2,993	3,068
Al Suwadi Power Company SAOG	107	154
Kahrabel Operations & Maintenance (Oman) LLC	67	65
Sojitz Corporation	65	62
International Power SA Dubai Branch	34	37
ENGIE SA	33	33
Middle East Investment LLC	15	15
Directors'	14	9
Shikoku Electric Power Co., Inc.	8	8
Public Authority for Social Insurance	7	7
	3,343	3,458

The nature of the above transactions is as follows:

Operation and maintenance ("O&M") fees (note 3)	2,949	3,053
Sharing of costs	107	154
Secondment fees (note 4)	124	119
DSRA LC cost (note 5)	71	71
Professional fees	34	37
Directors' sitting fees (note 4)	14	9
Other O&M expenses	9	16
Custom duty	9	(7)
Others	26	6
	3,343	3,458

	30 June 2020 RO '000s	Audited 31 December 2019 RO '000s
Balance due from a related party		
Al Suwadi Power Company SAOG	34	19

Balances due to related parties comprised:

Suez-Tractebel Operation & Maintenance Oman LLC	927	432
Kahrabel Operations & Maintenance (Oman) LLC	46	31
ENGIE SA	21	6
Sojitz Corporation	14	10
Middle East Investment LLC	10	3
International Power SA Dubai Branch	6	5
Shikoku Electric Power Co., Inc.	5	2
Public Authority for Social Insurance	5	1
Directors'	0	15
Kahrabel FZE	-	-
	1,034	505

AL BATINAH POWER COMPANY SAOG

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 six month period ended 30 June 2020.
- b) The Company has placed purchase orders for RO 61,373 which are outstanding as at 30 June 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.

	30 June 2020	Audited 31 December 2019
Net assets - shareholder funds (RO'000s)	92,234	88,938
Weighted average number of shares outstanding during the period/year ('000s)	674,887	674,887
Net asset per share (Baizas) - adjusted	136.67	131.78

The management believes that the hedging deficit of RO 11.64 million as at 30 June 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.

	30 June 2020	30 June 2019
Net profit for the period (RO'000s)	5,186	4,773
Weighted average number of shares outstanding during the period ('000s)	674,887	674,887
Basic earnings per share (Baizas)	7.68	7.07