

BOARD OF DIRECTORS' REPORT

Dear Shareholders,

On behalf of the Board of Directors of Al Suwadi Power Company SAOG (the "Company"), I have the pleasure to present the Directors' Report of the Company for the nine months ended September 2020.

Operational Results

The international health emergency occasioning from COVID 19 pandemic has been excellently dealt by our plant operator, STOMO, through their timely implementation of all necessary health and safety precautions and we are proud to inform that the plant witnessed seamless operation and ran smoothly and efficiently delivering 3,518 GWh to the Omani grid for the nine months ended September 2020 as compared to 3,683 GWh delivered during the similar period in 2019. The strict precautionary measures at the plant are being gradually eased after a structured risk assessment in line with STOMO's health and safety policy. The plant achieved an excellent reliability of 99.56%.

As reported earlier, the unfortunate and unforeseen occurrence of two major jelly fish attacks during June 2020 causing partial stoppage of plant operation that resulted in loss of revenue. The plant operations have been smooth without any forced outage during the third quarter of 2020. Force Majeure claim in respect of the jelly fish event has been accepted by OPWP and the duration of the PPA stands extended by 25.913 hours. The Company has engaged international experts to advise appropriate modification to the water intake facility of the plant to ensure that the plant is safeguarded from all future jelly fish attacks. The modification exercise is being closely monitored.

Other than this, the Plant's operational performance was excellent and was achieved with no Lost Time Accidents to any of our staff, thereby clocking 3,378 Lost Time Accident free days since inception, and is reflective of our continued internal focus on Health, Safety, Environment and Quality Management.

Financial Results (Unaudited)

	9 month 2020 RO'000s Unaudited	9 month 2019 RO'000s Unaudited	Percentage change
Revenues	63,416	64,121	(1.1)%
Gross profit	21,720	21,923	(0.9)%
Profit before tax	14,370	13,909	3.3%
Net profit for the period	12,998	12,594	3.2%

Lower revenue during the nine months ended September 2020 as compared to the similar period of 2019 was mainly in energy income, which depends on the actual power generation but has no impact on the Company net financial results. The lower generation was partly on account of lower despatches received and few unavoidable plant outages including the outages due to the two jelly fish attacks. Further, sharp reduction in finance costs during 2020 has resulted in 3.2% increase in the net profit during the nine month period of 2020 as compared to the similar period in 2019.

As previously reported, due to the current unfavourable international financial market situation, the board has suspended its efforts to avoid cash sweep by refinancing the Company's project loans relating to Commercial tranche facility. The Company is constantly following-up the subject and it will take immediate action should the international financial market improve and it becomes feasible to pursue the exercise.

The share price was 54 Baizas at the end of September 2020.

Corporate Social Responsibility

Solar power facility for a school at Al Kamil run by the Ministry of Education, under the Company's social responsibility initiative, is in progress and is expected to be commissioned by this year end. Within its CSR initiative, this will be the third solar power facility provided to the schools run by the Ministry of Education. Additionally, the Company has financially supported the efforts of the Government of Oman and the Ministry of Health in their fight against the ongoing COVID 19 pandemic.

Medium term Outlook

During the last quarter of the current year routine maintenance of all major plant equipment, which have been previously planned as per the recommendation of the manufacturers, will be undertaken. Major maintenance programme of the gas turbines is scheduled to be performed in the Q1 2021.

All reasonable measures to maintain high reliability of the plant are planned and duly executed. Consequently, we expect a steady progress in the Company's financial performance. The Company is also actively pursuing, with the assistance of Siemens, to improve plant's efficiency and to minimise operational cost.

Acknowledgement

I would like to extend my personal thanks to all personnel associated with the operation of the power plant and the staff of the Company for their hard work and dedication, as well as to those others such as our contractors, whose expertise has assisted us in achieving these excellent results.

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



Charles Paul Dexter
Chairperson

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

	<i>Notes</i>	2020 RO'000s	2019 RO'000s
Revenues		63,416	64,121
Direct costs	3	(41,696)	(42,198)
Gross profit		21,720	21,923
General and administrative expenses	4	(572)	(548)
Profit before interest and tax		21,148	21,375
Finance costs (net)	5	(6,778)	(7,466)
Profit before tax		14,370	13,909
Tax expense		(1,372)	(1,315)
Net profit for the period		12,998	12,594
Earnings per share			
Basic earnings per share (Baizas)	19	18.19	17.63

The attached notes 1 to 19 form part of these condensed interim financial statements.

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

	2020	2019
	RO'000s	RO'000s
Net profit for the period	12,998	12,594
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	<u>(3,952)</u>	<u>(5,378)</u>
Total comprehensive income for the period	<u>9,046</u>	<u>7,216</u>

The attached notes 1 to 19 form part of these condensed interim financial statements.

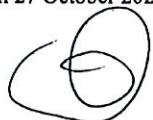
AL SUWADI POWER COMPANY SAOG

Unaudited condensed statement of financial position

as at

	Notes	30 September 2020 RO'000s	Audited 31 December 2019 RO'000s
Assets			
Non-current assets			
Property, plant and equipment	6	259,185	265,151
Right-of-use assets	7	1,120	1,229
Capital spares		577	594
Total non-current assets		260,882	266,974
Current assets			
Inventory		1,854	1,854
Trade and other receivables	8	58,618	26,843
Short term deposit	9	-	1,233
Cash and cash equivalents	10	14,387	291
Total current assets		74,859	30,221
Total assets		335,741	297,195
Equity and liabilities			
Equity			
Share capital	12(a)	71,441	71,441
Legal reserve	12(b)	6,367	6,367
Retained earnings		28,689	17,477
Total equity		106,497	95,285
Hedging reserve	12(c)	(11,105)	(7,153)
Net equity		95,392	88,132
Liabilities			
Non-current liabilities			
Term loans	13	130,946	131,587
Lease liabilities	11	1,077	1,221
Derivative instruments		13,066	8,415
Deferred tax liability		20,766	20,092
Asset retirement obligation		305	288
End of service benefits		-	8
Total non-current liabilities		166,160	161,611
Current liabilities			
Trade and other payables	14	57,219	27,767
Lease liabilities	11	124	118
Short term borrowing		(0)	2,550
Term loans	13	16,846	17,017
Total current liabilities		74,189	47,452
Total liabilities		240,349	209,063
Total equity and liabilities		335,741	297,195
Net assets per share (Baizas) - adjusted	18	149.07	133.38

The financial statements were approved and authorised for issue in accordance with a resolution of the Board of Directors on 27 October 2020.



Chairperson



Director

The attached notes 1 to 19 form part of these condensed interim financial statements.

AL SUWADI POWER COMPANY SAOG

Unaudited condensed statement of cash flows

for the nine month period ended 30 September

	<i>Notes</i>	2020	2019
		RO'000s	RO'000s
Cash flows from operating activities:			
Profit before tax		14,370	13,909
<i>Adjustments for:</i>			
Depreciation		6,120	6,123
Finance costs (net)		6,778	7,466
(Gain)/loss on disposals		(0)	0
End of service benefits		-	1
Cash from operations before working capital changes		27,268	27,499
Changes in :			
Trade and other receivables		(31,777)	(17,928)
Inventory		0	(16)
Trade and other payables		29,145	13,237
Cash generated from operating activities		24,636	22,792
End of service benefits paid		(8)	-
Lease payments		(196)	(107)
Finance costs paid		(5,647)	(6,350)
Net cash flows generated from operating activities		18,785	16,335
Cash flows from investing activities:			
Acquisition of property, plant and equipment		(45)	(96)
Sale proceeds from property, plant and equipment		0	(0)
Net cash flows (used in) investing activities		(45)	(96)
Cash flows from financing activities:			
Repayment of term loans		(1,557)	(1,372)
Proceeds from short term borrowing - net		(2,550)	(1,000)
Maturity of short term deposit		1,233	1,461
Dividend paid		(1,786)	(2,286)
Interest received		16	25
Net cash flows (used in) financing activities		(4,644)	(3,172)
Net change in cash and cash equivalents		14,096	13,067
Cash and cash equivalents at beginning of the period	<i>10</i>	291	1,274
Cash and cash equivalents at end of the period	<i>10</i>	14,387	14,341

The attached notes 1 to 19 form part of these condensed interim financial statements.

AL SUWADI 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
Balance at 1 January 2020	71,441	6,367	17,477	(7,153)	88,132
<i>Total comprehensive profit for the period</i>					
Net profit for the period	-	-	12,998	-	12,998
<i>Other comprehensive (loss) for the period net of income tax</i>					
Cash flow hedges - effective portion of changes in fair value	-	-	-	(3,952)	(3,952)
Total comprehensive profit for the period	-	-	12,998	(3,952)	9,046
<i>Transaction with owners of the Company</i>					
<i>Contribution and distribution</i>					
Dividend	-	-	(1,786)	-	(1,786)
<i>Total transaction with owners of the Company</i>	-	-	(1,786)	-	(1,786)
Balance at 30 September 2020	71,441	6,367	28,689	(11,105)	95,392
Balance at 1 January 2019	71,441	5,377	13,564	(3,290)	87,092
<i>Total comprehensive profit for the period</i>					
Net profit for the period	-	-	12,594	-	12,594
<i>Other comprehensive (loss) for the period net of income tax</i>					
Cash flow hedges - effective portion of changes in fair value	-	-	-	(5,378)	(5,378)
Total comprehensive profit for the period	-	-	12,594	(5,378)	7,216
<i>Transaction with owners of the Company</i>					
<i>Contribution and distribution</i>					
Dividend	-	-	(2,286)	-	(2,286)
<i>Total transaction with owners of the Company</i>	-	-	(2,286)	-	(2,286)
Balance at 30 September 2019	71,441	5,377	23,872	(8,668)	92,022

The attached notes 1 to 19 form part of these condensed interim financial statements.

AL SUWADI POWER COMPANY SAOG

Notes to the unaudited condensed interim financial statements

1 Legal status and principal activities

Al Suwadi 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 Barka 3 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. Accordingly, the Plant is considered and managed as one reportable segment. Commercial Operation of the Plant was achieved by the Company on 4 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 the 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 SUWADI POWER COMPANY SAOG

Notes to the unaudited condensed interim financial statements

	30 September 2020 RO'000s	30 September 2019 RO'000s
3. Direct costs		
Fuel gas	29,318	30,319
Depreciation (note 6 & 7)	6,112	6,114
Operation and maintenance ("O&M") fees (note 15)	5,324	5,250
Custom duties	433	4
Insurance	388	358
Grid connection fee	13	13
Fuel oil	-	44
Other O&M expenses	108	96
	41,696	42,198
4. General and administrative expenses		
Secondment fees (note 15)	184	173
Employment costs	121	125
Public company related costs	83	83
Agency fees	39	39
Corporate social responsibility	20	-
Directors' sitting fees (note 15)	19	13
Office rent	15	15
Depreciation (note 6)	8	9
Other general and administrative expenses	83	91
	572	548
5. Finance costs (net)		
Interest on term loans	4,068	5,970
Swap interest	1,657	390
Amortisation of deferred finance costs	745	824
Debt Service Reserve Account ("DSRA") LC cost (note 15)	151	149
Interest on lease liabilities	59	59
Interest on short term borrowing	56	65
Exchange loss	40	37
Asset retirement obligation - unwinding of discount	16	15
Interest income	(14)	(43)
	6,778	7,466

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Notes to the unaudited condensed interim financial statements

6. 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	318,042	1,717	107	6	319,872
Addition during the period	42	-	3	-	45
Disposal during the period	-	-	(6)	-	(6)
Transfer	6	-	-	(6)	-
30 September 2020	<u>318,090</u>	<u>1,717</u>	<u>104</u>	<u>-</u>	<u>319,911</u>
Depreciation					
1 January 2020	54,219	412	90	-	54,721
Charge during the period	5,951	52	8	-	6,011
Disposal during the period	-	-	(6)	-	(6)
30 September 2020	<u>60,170</u>	<u>464</u>	<u>92</u>	<u>-</u>	<u>60,726</u>
Carrying amount					
30 September 2020	<u>257,920</u>	<u>1,253</u>	<u>12</u>	<u>-</u>	<u>259,185</u>
31 December 2019	<u>263,823</u>	<u>1,305</u>	<u>17</u>	<u>6</u>	<u>265,151</u>

7. Right-of-use assets

	Connection Equipment RO'000s	Site Rent RO'000s	Total RO'000s
Cost			
1 January 2020	1,100	274	1,374
Addition during the period	-	-	-
30 September 2020	<u>1,100</u>	<u>274</u>	<u>1,374</u>
Depreciation			
1 January 2020	137	8	145
Charge during the period	103	6	109
30 September 2020	<u>240</u>	<u>14</u>	<u>254</u>
Carrying amount			
30 September 2020	<u>860</u>	<u>260</u>	<u>1,120</u>
31 December 2019	<u>963</u>	<u>266</u>	<u>1,229</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 SUWADI POWER COMPANY SAOG

Notes to the unaudited condensed interim financial statements

	30 September 2020 RO'000s	Audited 31 December 2019 RO'000s
8. Trade and other receivables		
Trade receivables	58,178	26,207
Prepayments	384	307
Accrued income	-	293
Other receivables	56	36
	<u>58,618</u>	<u>26,843</u>

9. 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 as at 31 December 2019 was put into a short term deposit which matured on 28 April 2020.

	30 September 2020 RO'000s	Audited 31 December 2019 RO'000s
10. Cash and cash equivalents		
Cash in hand	2	1
Cash at bank	658	290
Short term deposit (less than 3 months)	13,727	-
	<u>14,387</u>	<u>291</u>

11. Lease liabilities

Lease liabilities included in the statement of financial position as:

Current lease liabilities	124	118
Non-current lease liabilities	1,077	1,221
	<u>1,201</u>	<u>1,339</u>

	<u>30 September 2020</u>		<u>31 December 2019</u>	
	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	197	124	196	118
In 2 to 5 years	786	586	786	558
More than 5 years	737	491	935	663
	<u>1,720</u>	<u>1,201</u>	<u>1,917</u>	<u>1,339</u>
Less: unpaid finance cost	(519)	-	(578)	-
Lease liabilities	<u>1,201</u>	<u>1,201</u>	<u>1,339</u>	<u>1,339</u>

AL SUWADI POWER COMPANY SAOG

Notes to the unaudited condensed interim financial statements

12. 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 September 2020				
Kahrabel FZE	UAE	213,607,492	29.90%	21,361
Middle East Investment LLC	Omani	102,160,110	14.30%	10,216
Civil Service Employees Pension Fund	Omani	76,534,074	10.71%	7,653
Sojitz Global Investment B.V.	Netherlands	51,080,055	7.15%	5,108
SEP International Netherlands B.V.	Netherlands	51,080,055	7.15%	5,108
Public Authority for Social Insurance	Omani	47,063,982	6.59%	4,706
Ministry of Defence Pension Fund	Omani	45,218,671	6.33%	4,522
Shareholders with less than 5% shareholding		127,661,901	17.87%	12,767
		714,406,340	100.00%	71,441

31 December 2019

Kahrabel FZE	UAE	213,607,492	29.90%	21,361
Middle East Investment LLC	Omani	102,160,110	14.30%	10,216
Civil Service Employees Pension Fund	Omani	76,534,074	10.71%	7,653
Sojitz Global Investment B.V.	Netherlands	51,080,055	7.15%	5,108
SEP International Netherlands B.V.	Netherlands	51,080,055	7.15%	5,108
Public Authority for Social Insurance	Omani	47,063,982	6.59%	4,706
Ministry of Defence Pension Fund	Omani	45,218,671	6.33%	4,522
Shareholders with less than 5% shareholding		127,661,901	17.87%	12,767
		714,406,340	100.00%	71,441

The Company has authorized, issued and paid-up share capital of RO 71,440,634 consisting of 714,406,340 shares of RO 0.1 each (31 December 2019: RO 71,440,634 consisting of 714,406,340 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 profit, after deduction of taxes for establishing a legal reserve until such legal reserve amounts to at least 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 SUWADI POWER COMPANY SAOG

Notes to the unaudited condensed interim financial statements

	30 September 2020 RO'000s	Audited 31 December 2019 RO'000s
13. Term loans		
Term loans	151,101	152,658
Less: current portion	(16,846)	(17,017)
Non-current portion	134,255	135,641
Less: unamortised transaction cost	(3,309)	(4,054)
	<u>130,946</u>	<u>131,587</u>

On 16 September 2010, the Company entered into a 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 September 2020 and 31 December 2019, the outstanding amounts were as follows:

Hermes Covered Variable Facility	40,233	40,720
Commercial Facility	42,414	42,654
KEXIM Direct Facility	28,673	29,021
Hermes Covered Fixed Facility	24,759	25,059
KEXIM Covered Facility	15,022	15,204
	<u>151,101</u>	<u>152,658</u>
14. Trade and other payables		
Fuel gas payable and accrual	54,560	25,242
Accrued finance cost	1,535	1,319
Due to related parties (note 15)	976	959
Other payables and accruals	148	247
	<u>57,219</u>	<u>27,767</u>

15. 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 nine month period ended are as follows:

	30 September 2020 RO'000s	30 September 2019 RO'000s
Key management benefits	<u>233</u>	<u>227</u>

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Notes to the unaudited condensed interim financial statements

15. Related party transactions (continued)

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

	30 September 2020	30 September 2019
	RO '000s	RO '000s
Suez-Tractebel Operation & Maintenance Oman LLC	5,787	5,314
Al Batinah Power Company SAOG	174	228
Middle East Investment LLC	117	88
Kahrabel Operations & Maintenance (Oman) LLC	102	139
ENGIE SA	69	69
International Power SA Dubai Branch	34	37
Directors'	19	13
Sojitz Corporation	17	16
Shikoku Electric Power Co., Inc.	17	16
Public Authority for Social Insurance	15	15
Laborelec Middle East	(0)	(0)
	6,351	5,935

The nature of the above transactions is as follows:

Operation and maintenance ("O&M") fees (note 3)	5,324	5,250
Custom duties	433	5
Secondment fees (note 4)	184	173
Sharing of costs	174	228
DSRA LC cost (note 5)	151	149
Professional fees	34	36
Other O&M expenses	29	51
Directors' sitting fees (note 4)	19	13
Backcharge of expenses	3	30
Technical services	(0)	(0)
	6,351	5,935

	30 September 2020	Audited 31 December 2019
	RO '000s	RO '000s
Balances due to related parties comprised:		
Suez-Tractebel Operation & Maintenance Oman LLC	780	882
ENGIE SA	57	7
Middle East Investment LLC	36	12
Al Batinah Power Company SAOG	43	19
Kahrabel Operations & Maintenance (Oman) LLC	15	10
Shikoku Electric Power Co., Inc.	14	2
Sojitz Corporation	14	2
Public Authority for Social Insurance	12	2
Tractebel Engineering S.A.	3	2
International Power SA Dubai Branch	2	2
Directors'	-	15
Laborelec Middle East	-	4
	976	959

AL SUWADI POWER COMPANY SAOG

Notes to the unaudited condensed interim financial statements

16. 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.

17. 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 nine month period ended 30 September 2020.
- b) The Company has placed purchase orders for RO 552,609 which are outstanding as at 30 September 2020 (RO 27,796 as at 31 December 2019).

18. 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 September 2020	Audited 31 December 2019
Net assets - shareholder funds (RO'000s)	106,497	95,285
Weighted average number of shares outstanding during the period/year ('000s)	714,406	714,406
Net asset per share (Baizas) - adjusted	<u>149.07</u>	<u>133.38</u>

The management believes that the hedging deficit of RO 11.11 million as at 30 September 2020 (RO 7.15 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.

19. 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 September 2020	30 September 2019
Net profit for the period (RO'000s)	12,998	12,594
Weighted average number of shares outstanding during the period ('000s)	714,406	714,406
Basic earnings per share (Baizas)	<u>18.19</u>	<u>17.63</u>