

Sohar Power Company SAOG

**Unaudited condensed interim financial statements for
the period ended
31 March 2020**

Sohar Power Company SAOG

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BOARD OF DIRECTORS' REPORT March 2020

The Board of Directors of Sohar Power Company is pleased to submit their report together with the financial statements of the Company for the 3 month period ended March 31 2020.

Annual Ordinary General Meeting ("AGM") and Extraordinary General Meeting ("EGM"):

Pursuant to the Capital Market Authority circular no KH/3/2020 dated March 18 2020 with regard to suspending all Annual General Meetings of SAOG companies until further notice, the Company AGM has been postponed accordingly. The CMA decision was based on the decision issued by the Supreme Committee dealing with the Coronavirus (COVID-19) to ban all mass gatherings, events, and conferences in the Sultanate with effect from March 18 2020.

The EGM that was planned to approve the Company's revised Articles of Association (the "AoA") to that required by the new Commercial Company Law has been postponed as well.

Health & Safety

There has been no Loss Time Incident during the first 3 months of 2020 and the Health and Safety performance has been excellent. On March 31 2020, Sohar Power has accumulated 2,619 days without loss time accident.

The Company has closely monitored the situation caused by COVID-19 pandemic and the directions and decision issued by Supreme Committee dealing with the Coronavirus (COVID-19). In line with its role as an "essential service", the Company and the plant Operator have activated the Business Continuity Plan and implemented different measures to ensure the safety of the staff and the continuity of the business during the exceptional situation.

Operations and Maintenance

The plant achieved an excellent reliability level of 99.89% and 100% for power and water respectively during the first quarter of the year.

The Company exported a net power of 85 GWh and delivered 0.53 million m³ of potable water to its customer. The load factor of the power plant represented 6.64% of its maximum capability and 3.91% of the water plant maximum capability. The production level is much lower than the production of 61.2% and 71.4% for the power and water plants, respectively, in the same period of the previous year. This is due to the water demand being fulfilled mainly by the new desalination plant commissioned around August 2019. The water plant was kept under preservation and available for startup as and when required to meet the water demand.

The Authorities approved the total plant shut down to undertake the annual maintenance on January 11 2020 for 15 days.

All Gas turbines underwent regular annual inspection during the last winter outage.

The Company undertook its performance test on fuel gas for the Contract Year starting on April 1 2020, successfully demonstrating the availability of the Guaranteed Power and Water Capacity to its customer. The performance test on fuel oil waived by OPWP as a precautionary measure in view of COVID-19 pandemic.

Financial Results

Revenues at the end of March 2020 amount to RO 7.2 million as against RO 15.3 million at the end of March 2019, reduced mainly due to lower load factor.

The Direct costs for the first 3 months have decreased from RO 14.0 million in 2019 to RO 2.7 million in 2020. The decrease in direct cost is mainly due to lower gas fuel cost due to lower consumption.

The Company recorded a net profit of RO 0.1 million during the period, compared to a net loss of RO 0.4 million in 2019.

Long term loans were repaid and swaps were settled on their due dates. An additional amount of RO 1.0 million was repaid to the lenders under the cash sweep mechanism in place since 2015. The hedging deficit on Company's swap agreements, at the close of business at March 31 2020 was RO 5.2 million, in comparison with valuations as of December 31 2019 of RO 4.2 million. As per IFRS, hedging deficit is calculated on each balance sheet date and it represents the loss, which the Company may incur, if it opts to terminate the swap agreements on this date. However under the terms of loan agreements, the Company is not permitted to terminate its swap agreements and, as such, the loss is considered to be notional.

The term loan facilities agreement contains mandatory cash sweep prepayment provisions effective since September 30 2015, consisting in accelerating the repayment of the long term loan during the duration of the contract with our customer. As a consequence, no further amount will be available for distribution as dividend to shareholders until the full repayment of the loans, unless the debt can be restructured.

There are no legal proceedings against the company as of 31 March 2020.

We expect the Company to operate safely, reliably, and deliver a continuous supply of power and water to its customer during the summer period started on April 1 2020.

Following the qualification and issue of RfP in October 2019, for the 2022 Power Procurement process launched by OPWP, SPC has been following the timeline in terms of submission of various documents as called for in the RfP. The process is expected to conclude by June / July 2020.

Wim Alen

Chairman of the Board

Sohar Power Company SAOG

Unaudited condensed statement of financial position as at 31 March 2020

| | Notes | 31 March 2020 RO'000 | 31 December 2019 RO'000 | 31 March 2020 USD'000 | 31 December 2019 USD'000 |
|---|-------|----------------------------|-------------------------------|-----------------------------|--------------------------------|
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | 3 | 90,790 | 93,630 | 235,819 | 243,196 |
| Right-of-use assets | 3 | 339 | 376 | 881 | 976 |
| Total non-current assets | | <u>91,129</u> | <u>94,006</u> | <u>236,700</u> | <u>244,172</u> |
| Current assets | | | | | |
| Inventories | | 705 | 705 | 1,831 | 1,831 |
| Trade and other receivables | 4 | 15,500 | 14,650 | 40,259 | 38,052 |
| Bank balances | 5 | 1,942 | 4,998 | 5,044 | 12,982 |
| Total current assets | | <u>18,147</u> | <u>20,353</u> | <u>47,134</u> | <u>52,865</u> |
| Total assets | | <u>109,276</u> | <u>114,359</u> | <u>283,834</u> | <u>297,037</u> |
| EQUITY AND LIABILITIES | | | | | |
| Capital and reserves | | | | | |
| Share capital | 6 | 22,101 | 22,101 | 57,405 | 57,405 |
| Legal reserve | 7 | 4,160 | 4,148 | 10,805 | 10,774 |
| Accumulated Losses | | (9,072) | (9,177) | (23,564) | (23,836) |
| Shareholders' equity | | <u>17,189</u> | <u>17,072</u> | <u>44,646</u> | <u>44,343</u> |
| Hedging deficit - net of tax | 8 | (3,808) | (3,140) | (9,891) | (8,156) |
| Total capital and reserves | | <u>13,381</u> | <u>13,932</u> | <u>34,755</u> | <u>36,187</u> |
| Non-current liabilities | | | | | |
| Hedging deficit | 8 | 5,162 | 4,152 | 13,408 | 10,784 |
| Non-current portion of long-term loans | 9 | 53,497 | 57,777 | 138,953 | 150,070 |
| Provision for decommissioning costs | 10 | 1,701 | 1,676 | 4,418 | 4,353 |
| Non-current Portion of deferred revenue | | 1,499 | 1,881 | 3,894 | 4,886 |
| Non-current Portion of Lease Liability | 3 | 243 | 236 | 631 | 613 |
| Deferred tax liability | 11 | 9,007 | 9,261 | 23,395 | 24,055 |
| Total non-current liabilities | | <u>71,109</u> | <u>74,983</u> | <u>184,699</u> | <u>194,761</u> |
| Current liabilities | | | | | |
| Current portion of long term loans | 9 | 8,981 | 8,649 | 23,327 | 22,465 |
| Current Portion of Lease Liability | 3 | 150 | 150 | 390 | 390 |
| Current Portion of deferred revenue | | 1,531 | 1,533 | 3,975 | 3,982 |
| Trade and other payables | 12 | 13,670 | 13,795 | 35,508 | 35,831 |
| Amount due to a related party | 13 | 176 | 235 | 457 | 610 |
| Provision for taxation | 11 | 278 | 1,082 | 723 | 2,811 |
| Total current liabilities | | <u>24,786</u> | <u>25,444</u> | <u>64,380</u> | <u>66,089</u> |
| Total equity and liabilities | | <u>109,276</u> | <u>114,359</u> | <u>283,834</u> | <u>297,037</u> |
| Net assets per share | 19 | <u>0.078</u> | <u>0.077</u> | <u>0.202</u> | <u>0.201</u> |

These financial statements, as set out on pages 4 to 15, were approved and authorised for issue by the Board of Directors on 23rd April 2020 and signed on their behalf by:

Chairman

Vice - Chairman

Sohar Power Company SAOG

Unaudited condensed statement of profit or loss for the period ended 31 March 2020

| | | 31 March 2020 | 31 March 2019 | 31 March 2020 | 31 March 2019 |
|--|-------|------------------|------------------|------------------|------------------|
| | Notes | RO'000 | RO'000 | USD'000 | USD'000 |
| Revenue | 14 | 7,243 | 15,327 | 18,813 | 39,810 |
| Cost of revenue | 15 | (5,552) | (14,058) | (14,421) | (36,512) |
| Gross profit | | <u>1,691</u> | <u>1,269</u> | <u>4,392</u> | <u>3,298</u> |
| Other income | 16 | 56 | 56 | 145 | 145 |
| | | <u>1,747</u> | <u>1,325</u> | <u>4,537</u> | <u>3,443</u> |
| Expenses | | | | | |
| General and administrative expenses | 17 | (189) | (308) | (490) | (803) |
| Finance costs | 18 | (1,436) | (1,272) | (3,730) | (3,301) |
| | | <u>(1,625)</u> | <u>(1,580)</u> | <u>(4,220)</u> | <u>(4,104)</u> |
| Profit/(loss) before tax for the period | | 122 | (255) | 317 | (661) |
| Income tax expense | 11 | (5) | (98) | (12) | (255) |
| Net profit/(loss) after tax for the period | | <u>117</u> | <u>(353)</u> | <u>305</u> | <u>(916)</u> |
| Basic and diluted earnings per share | 20 | <u>0.001</u> | <u>(0.002)</u> | <u>0.001</u> | <u>(0.004)</u> |

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Unaudited condensed statement of profit or loss for the period ended 31 March 2020

| | | 31 March 2020 | 31 March 2019 | 31 March 2020 | 31 March 2019 |
|--|-------|------------------|------------------|------------------|------------------|
| | Notes | RO'000 | RO'000 | USD'000 | USD'000 |
| Net profit/(loss) after tax for the period | | 117 | (353) | 305 | (916) |
| Other comprehensive income: | | | | | |
| <i>Items that may be reclassified into profit and loss</i> | | | | | |
| Fair value gains on interest rate swaps | | (321) | (88) | (836) | 1,911 |
| Related taxation | 11 | 140 | (76) | 364 | (230) |
| Total other comprehensive income for the period | | <u>(181)</u> | <u>(164)</u> | <u>(472)</u> | <u>1,681</u> |
| Total comprehensive income for the period | | <u>(64)</u> | <u>(517)</u> | <u>(167)</u> | <u>765</u> |

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Unaudited condensed statement of changes in shareholders' equity for the period ended 31 March 2020

| | Notes | Share capital RO'000 | Legal reserve RO'000 | Accumulated Lossess RO'000 | Hedging deficit RO'000 | Total RO'000 | Total USD'000 |
|---|-------|-------------------------|-------------------------|-------------------------------|---------------------------|-----------------|------------------|
| Balance beginning of the year | | 22,101 | 4,148 | (9,177) | (3,140) | 13,932 | 36,192 |
| Net profit after tax for the period | | - | - | 117 | - | 117 | 304 |
| Other comprehensive loss for the period | | - | - | - | (181) | (181) | (472) |
| Transferred to legal reserve | 7 | - | 12 | (12) | - | - | - |
| Ineffective portion of cash flow hedge | | - | - | - | (487) | (487) | (1,269) |
| At 31 March 2020 | | <u>22,101</u> | <u>4,160</u> | <u>(9,072)</u> | <u>(3,808)</u> | <u>13,381</u> | <u>34,755</u> |
| Balance at 1 January 2019 (as restated) | | <u>22,101</u> | <u>4,032</u> | <u>(10,216)</u> | <u>(3,514)</u> | <u>12,403</u> | <u>32,222</u> |
| Net profit for the year | | - | - | 1,155 | - | 1,155 | 2,999 |
| Other comprehensive income for the year | | - | - | - | 180 | 180 | 467 |
| Transferred to legal reserve | 7 | - | 116 | (116) | - | - | - |
| Ineffective portion of cash flow hedge | | - | - | - | 194 | 194 | 504 |
| At 31 December 2019 | | <u>22,101</u> | <u>4,148</u> | <u>(9,177)</u> | <u>(3,140)</u> | <u>13,932</u> | <u>36,192</u> |

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Unaudited condensed statement of cash flows for the period ended 31 March 2020

| | Notes | 31 March 2020 RO'000 | 31 March 2019 RO'000 | 31 March 2020 USD'000 | 31 March 2019 USD'000 |
|--|-------|----------------------------|----------------------------|-----------------------------|-----------------------------|
| Operating activities | | | | | |
| Cash receipts from customers | | 6,009 | 15,355 | 15,608 | 39,883 |
| Cash paid to suppliers and employees | | (1,615) | (11,186) | (4,195) | (29,055) |
| Cash generated from operations | | <u>4,394</u> | <u>4,169</u> | <u>11,413</u> | <u>10,828</u> |
| Interest paid | | (2,385) | (2,404) | (6,195) | (6,244) |
| Taxation | | (1,063) | (1,118) | (2,761) | (2,904) |
| Net cash provided by operating activities | | <u>946</u> | <u>647</u> | <u>2,457</u> | <u>1,680</u> |
| Investing activities | | | | | |
| Purchase of property, plant and equipment | 3 | (2) | - | (5) | - |
| Net cash used in investing activities | | <u>(2)</u> | <u>-</u> | <u>(5)</u> | <u>-</u> |
| Financing activities | | | | | |
| Net movement in long-term loans | | (4,000) | (4,430) | (10,390) | (11,506) |
| Net cash used in financing activities | | <u>(4,000)</u> | <u>(4,430)</u> | <u>(10,390)</u> | <u>(11,506)</u> |
| Net increase/decrease in cash and cash equivalents | | (3,056) | (3,783) | (7,938) | (9,826) |
| Cash and cash equivalents, beginning of the period | | <u>4,998</u> | <u>7,911</u> | <u>12,982</u> | <u>20,548</u> |
| Cash and cash equivalents, end of the period | 5 | <u><u>1,942</u></u> | <u><u>4,128</u></u> | <u><u>5,044</u></u> | <u><u>10,722</u></u> |

Sohar Power Company SAOG

Notes to the unaudited condensed financial statements 31 March 2020

1 Legal status and activities

Sohar Power Company SAOG ("the Company") was initially registered as a closed joint stock company in the Sultanate of Oman on 17 July 2004. The Company was incorporated on 22 June 2004. The Company has been established to build and operate a 585 megawatt (MW) electricity generating station and 33 Million Imperial Gallon per day of water desalination plant at Sohar. The commercial operation date ("COD") has been determined to be 28 May 2007. The shareholders in the Extra-ordinary General Meeting held on 23 March 2008 resolved to convert the company from a closed joint stock company into a public joint stock company.

The Company's principal place of business is located at Sohar, Sultanate of Oman.

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 2019 ("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.

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.

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Notes to the unaudited condensed financial statements 31 March 2020

3 Property, plant and equipment

(a) The movement in property, plant and equipment is as set out below:

| March 2020 | Buildings | Plant and machinery | Technical parts | Other assets | Decommissioning assets | Capital work-in-progress | Total RO'000 | Total USD'000 |
|---------------------------------|---------------------|----------------------|---------------------|-----------------|------------------------|--------------------------|----------------------|-----------------------|
| Cost | | | | | | | | |
| 1 January 2020 | 7,027 | 189,443 | 5,049 | 26 | 777 | 280 | 202,602 | 526,240 |
| Additions during the period | - | - | 2 | - | - | - | 2 | 5 |
| At 31 March 2020 | <u>7,027</u> | <u>189,443</u> | <u>5,051</u> | <u>26</u> | <u>777</u> | <u>280</u> | <u>202,604</u> | <u>526,245</u> |
| Accumulated depreciation | | | | | | | | |
| 1 January 2020 | 3,820 | 102,182 | 2,618 | 25 | 327 | - | 108,972 | 283,044 |
| Charge for the period | 98 | 2,666 | 72 | - | 6 | - | 2,842 | 7,382 |
| At 31 March 2020 | <u>3,918</u> | <u>104,848</u> | <u>2,690</u> | <u>25</u> | <u>333</u> | <u>-</u> | <u>111,814</u> | <u>290,426</u> |
| Net book amount | | | | | | | | |
| At 31 March 2020 | <u><u>3,109</u></u> | <u><u>84,595</u></u> | <u><u>2,361</u></u> | <u><u>1</u></u> | <u><u>444</u></u> | <u><u>280</u></u> | <u><u>90,790</u></u> | <u><u>235,819</u></u> |

(b) Land on which the power station, building and auxiliaries are constructed has been sub-leased from Sohar Industrial Port Company SAOC for a period of 15 years from the COD. The sub-lease is further extendable for another 15 years. Lease rent is paid at the rate of approximately RO 64,000 (USD 165,000) per annum.

(c) Property, plant and equipment are mortgaged against long-term loan facilities (Note 9) availed by the Company.

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Notes to the unaudited condensed financial statements 31 March 2020

| | 31 March 2020 | 31 December 2019 | 31 March 2020 | 31 December 2019 |
|--|------------------|---------------------|------------------|---------------------|
| | RO'000 | RO'000 | USD'000 | USD'000 |
| 3 Right-of-use assets and lease liability: | | | | |
| Right-of-use assets | | | | |
| At 1 January 2020 | 376 | 526 | 976 | 1,366 |
| Depreciation Charges (note 15) | (37) | (150) | (95) | (390) |
| | <u>339</u> | <u>376</u> | <u>881</u> | <u>976</u> |
| Lease Liability | | | | |
| At 1 January 2020 | 386 | 526 | 1,003 | 1,366 |
| Finance Charge | 33 | 26 | 85 | 68 |
| Payments During the year | (26) | (166) | (68) | (431) |
| | <u>393</u> | <u>386</u> | <u>1,020</u> | <u>1,003</u> |
| Current Portion | (150) | (150) | (390) | (390) |
| Non-current portion | <u>243</u> | <u>236</u> | <u>630</u> | <u>613</u> |
| 4 Trade and other receivables | | | | |
| | 31 March 2020 | 31 December 2019 | 31 March 2020 | 31 December 2019 |
| | RO'000 | RO'000 | USD'000 | USD'000 |
| Trade receivables | 14,674 | 13,418 | 38,114 | 34,852 |
| Advances and prepayments | 141 | 237 | 366 | 616 |
| Other advances | 685 | 995 | 1,779 | 2,584 |
| | <u>15,500</u> | <u>14,650</u> | <u>40,259</u> | <u>38,052</u> |
| 5 Cash and cash equivalents | | | | |
| For the purposes of the statement of cash flows, cash and cash equivalents comprise the following: | 31 March 2020 | 31 December 2019 | 31 March 2020 | 31 December 2019 |
| | RO'000 | RO'000 | USD'000 | USD'000 |
| Current account balances with banks | 1,942 | 4,998 | 5,044 | 12,982 |
| | <u>1,942</u> | <u>4,998</u> | <u>5,044</u> | <u>12,982</u> |

The current account balances with banks are non-interest bearing.

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Notes to the unaudited condensed financial statements 31 March 2020

6 Share capital

The authorised, issued and fully paid-up share capital of the Company as registered with the Ministry of Commerce and Industry is as follows:

| | 31 March 2020 RO'000 | 31 December 2019 RO'000 | 31 March 2020 USD'000 | 31 December 2019 USD'000 |
|---|----------------------------|-------------------------------|-----------------------------|--------------------------------|
| Authorised share capital of 600,000,000 shares of RO 0.100 | <u>60,000</u> | <u>60,000</u> | <u>156,000</u> | <u>156,000</u> |
| Issued and fully paid-up share capital of 221,010,000 shares of RO 0.100 | <u>22,101</u> | <u>22,101</u> | <u>57,405</u> | <u>57,405</u> |

At the end of the period, shareholders who own 10% or more of the Company's share capital and the number of shares they hold are as follows:

| Name of the shareholders | Percentage share holding | Number of shares held | Percentage share holding | No of shares held |
|--------------------------------------|-----------------------------|--------------------------|-----------------------------|----------------------|
| | 31 March 2020 | 31 December 2019 | 31 March 2020 | 31 December 2019 |
| Kahrabel FZE | 35% | 77,353,500 | 35% | 77,353,500 |
| MENA Sohar 1SPV LTD | 20% | 44,202,000 | 20% | 44,202,000 |
| Civil Service Employees Pension Fund | 15% | 33,151,500 | 15% | 33,151,500 |

7 Legal reserve

In accordance with the provisions of the Commercial Companies Law 2019, of the Sultanate of Oman, an amount equivalent to 10% of the Company's net profit before appropriations is required to be transferred to a non-distributable reserve until such time as a minimum of one-third of the issued and fully paid-up share capital is set aside. During the current period RO 12,000 transferred to legal reserve. (2019 RO 116,000.)

8 Hedging deficit

In accordance with IFRS the hedge is tested quarterly for its effectiveness on the basis of clean fair values from the swap banks, and consequently effective and ineffective portions, if any, are recognised in the statement of changes in shareholders' equity and statement of profit or loss, respectively.

9 Long-term loans

| | 31 March 2020 RO'000 | 31 December 2019 RO'000 | 31 March 2020 USD'000 | 31 December 2019 USD'000 |
|--|----------------------------|-------------------------------|-----------------------------|--------------------------------|
| Base facility | 52,912 | 56,267 | 137,434 | 146,148 |
| Repayment facility | 10,178 | 10,823 | 26,436 | 28,112 |
| Less: Current portion of long-term loans | <u>(8,981)</u> | <u>(8,649)</u> | <u>(23,327)</u> | <u>(22,465)</u> |
| | 54,109 | 58,441 | 140,543 | 151,795 |
| Less: deferred financing costs | <u>(612)</u> | <u>(664)</u> | <u>(1,590)</u> | <u>(1,725)</u> |
| Non-current portion of long-term loans | <u>53,497</u> | <u>57,777</u> | <u>138,953</u> | <u>150,070</u> |

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Syndicated facilities

The Company has syndicated long-term loan facilities ("syndicated facilities") in the aggregate maximum amount of approximately USD 455 million. HSBC Bank plc is the facility agent ("Facility Agent") for administration and monitoring of the overall loan facilities. HSBC Bank USA - National Association and Bank Muscat has respectively been appointed as the off-shore security trustee and on-shore security agent for the secured finance parties.

| 10 Provision for decommissioning costs | 31 March 2020 | 31 December 2019 | 31 March 2020 | 31 December 2019 |
|--|------------------|---------------------|------------------|---------------------|
| | RO'000 | RO'000 | USD'000 | USD'000 |
| At the beginning of the year | 1,676 | 1,577 | 4,353 | 4,096 |
| Unwinding of discount on decommissioning costs (Note 18) | 25 | 99 | 65 | 257 |
| At the end of the year | <u>1,701</u> | <u>1,676</u> | <u>4,418</u> | <u>4,353</u> |

11 Income tax

The Company is subject to income tax in accordance with the income tax law of the Sultanate of Oman at the tax rate of 15% on taxable profits.

12 Trade and other payables

| | | | | |
|-----------------------------|---------------|---------------|---------------|---------------|
| Trade payables | 11,668 | 11,495 | 30,307 | 29,854 |
| Accruals and other payables | 2,002 | 2,300 | 5,201 | 5,971 |
| | <u>13,670</u> | <u>13,795</u> | <u>35,508</u> | <u>35,825</u> |

13 Related party transactions and balances

The Company, in the ordinary course of business, deals with parties, which fall within the definition of 'related parties' as contained in IAS 24. The management believes that such transactions are not materially different from those that could be obtained from unrelated parties.

| Significant transactions during the period with related parties are as follows: | 31 March 2020 | 31 March 2019 | 31 March 2020 | 31 March 2019 |
|---|------------------|------------------|------------------|------------------|
| | RO'000 | RO'000 | USD'000 | USD'000 |
| Services provided by Sohar Operations and Maintenance Co. LLC (SOMC) | 1,027 | 1,492 | 2,668 | 3,874 |
| Services provided by Power Management Co. LLC | | | | |
| - Management fees | 38 | 38 | 99 | 99 |
| - Other administrative expenses | 75 | 59 | 195 | 153 |
| Services provided by Suez -Tractebel S.A. | 13 | 13 | 34 | 34 |
| Key management remuneration fees | 43 | 36 | 112 | 94 |
| | 5 | 17 | 13 | 44 |
| Electrabel S.A. - guarantee fee | 11 | 14 | 29 | 36 |
| MENA Sohar 1SPV LTD - LC fee | 7 | 8 | 18 | 21 |
| SOGEX Oman LLC - LC fee | 2 | 2 | 5 | 5 |
| MOD Pension Fund - LC fee | 2 | 2 | 5 | 5 |

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Notes to the unaudited condensed financial statements 31 March 2020

A summary of the related party balances as at 31 March 2020 is as follows:

| Amounts due to a related party | 31 March 2020 RO'000 | 31 December 2019 RO'000 | 31 March 2020 USD'000 | 31 December 2019 USD'000 |
|--|----------------------------|-------------------------------|-----------------------------|--------------------------------|
| Sohar Operations and Maintenance Co. LLC | 176 | 235 | 457 | 610 |
| | <u>176</u> | <u>235</u> | <u>457</u> | <u>610</u> |

The balances due to related parties are unsecured, bear no interest, have no fixed repayment terms and have been disclosed separately in the statement of financial position.

14 Revenue

| | 31 March 2020 RO'000 | 31 March 2019 RO'000 | 31 March 2020 USD'000 | 31 March 2019 USD'000 |
|-----------------------------------|----------------------------|----------------------------|-----------------------------|-----------------------------|
| Power and water revenue | 6,860 | 15,009 | 17,818 | 38,984 |
| Transferred from deferred revenue | 383 | 318 | 995 | 826 |
| | <u>7,243</u> | <u>15,327</u> | <u>18,813</u> | <u>39,810</u> |

15 Cost of revenue

| | 31 March 2020 RO'000 | 31 March 2019 RO'000 | 31 March 2020 USD'000 | 31 March 2019 USD'000 |
|---|----------------------------|----------------------------|-----------------------------|-----------------------------|
| Fuel gas | 1,177 | 9,127 | 3,057 | 23,706 |
| Operations and maintenance costs | 1,027 | 1,492 | 2,668 | 3,874 |
| Depreciation | 2,844 | 2,906 | 7,387 | 7,547 |
| Depreciation relating to right-of-use assets (Note 3) | 37 | 37 | 95 | 95 |
| Seawater extraction | 196 | 124 | 509 | 322 |
| Other operating expenses | 271 | 372 | 705 | 968 |
| | <u>5,552</u> | <u>14,058</u> | <u>14,421</u> | <u>36,512</u> |

16 Other income

| | 31 March 2020 RO'000 | 31 March 2019 RO'000 | 31 March 2020 USD'000 | 31 March 2019 USD'000 |
|------------------------------------|----------------------------|----------------------------|-----------------------------|-----------------------------|
| Reimbursement of extra tax payable | 56 | 56 | 145 | 145 |
| | <u>56</u> | <u>56</u> | <u>145</u> | <u>145</u> |

17 General and administrative expenses

| | 31 March 2020 | 31 March 2019 | 31 March 2020 | 31 March 2019 |
|--|------------------|------------------|------------------|------------------|
|--|------------------|------------------|------------------|------------------|

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Notes to the unaudited condensed financial statements 31 March 2020

| | RO'000 | RO'000 | USD'000 | USD'000 |
|---|--------------|--------------|--------------|--------------|
| Management fees | 38 | 38 | 99 | 99 |
| Directors' meeting attendance fees and remuneration | 6 | 17 | 16 | 44 |
| Legal and professional fees | 18 | 14 | 47 | 36 |
| Staff costs | 7 | 7 | 18 | 18 |
| Other administrative expenses | 120 | 232 | 310 | 606 |
| | <u>189</u> | <u>308</u> | <u>490</u> | <u>803</u> |
| 18 Finance costs | | | | |
| Interest on net settlement of swaps | 491 | 461 | 1,275 | 1,196 |
| Interest on base facility | 457 | 608 | 1,187 | 1,578 |
| Interest on repayment facility | 88 | 117 | 229 | 304 |
| Ineffective portion of changes in fair value of cash flow hedges | 188 | - | 488 | - |
| Amortisation of deferred financing costs | 52 | 59 | 135 | 153 |
| Other financial charges | 135 | 2 | 351 | 5 |
| Unwinding of discount on decommissioning costs (note 10) | 25 | 25 | 65 | 65 |
| | <u>1,436</u> | <u>1,272</u> | <u>3,730</u> | <u>3,301</u> |

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Notes to the unaudited condensed financial statements 31 March 2020

19 Net assets per share

Net assets per share is calculated by dividing the shareholders' funds by the number of shares at the end of the period.

| | 31 March 2020 RO'000 | 31 December 2019 RO'000 | 31 March 2020 USD'000 | 31 December 2019 USD'000 |
|--|----------------------------|-------------------------------|-----------------------------|--------------------------------|
| Shareholders' funds (in '000) | <u>17,189</u> | <u>17,072</u> | <u>44,646</u> | <u>44,343</u> |
| Number of issued and fully paid-up shares at the end of the period (in '000) | <u>221,010</u> | <u>221,010</u> | <u>221,010</u> | <u>221,010</u> |
| Net assets per share (RO/USD) | <u>0.078</u> | <u>0.077</u> | <u>0.202</u> | <u>0.201</u> |

20 Basic and diluted earnings per share

Basic earnings per share is calculated by dividing the net profit for the year with the weighted average number of shares issued during the period.

| | 31 March 2020 RO'000 | 31 March 2019 RO'000 | 31 March 2020 USD'000 | 31 March 2019 USD'000 |
|--|----------------------------|----------------------------|-----------------------------|-----------------------------|
| Net profit/(loss) for the period (in '000) | <u>117</u> | <u>(353)</u> | <u>305</u> | <u>(916)</u> |
| Weighted average number of shares at the end of the period (in '000) | <u>221,010</u> | <u>221,010</u> | <u>221,010</u> | <u>221,010</u> |
| Basic and diluted earnings per share (RO/USD) | <u>0.001</u> | <u>(0.002)</u> | <u>0.001</u> | <u>(0.004)</u> |

22 Comparative Figures

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