

## 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 2017.

### Operational Highlights

The plant successfully passed the annual performance test for the 5th Contract Year under the Power Purchase Agreement with OPWP (the "PPA") by demonstrating the Guaranteed Contracted Power Capacity on gas.

The plant operated with a reliability of 98.2% and delivered 973 GWh to the grid. The plant load for the period was 61.0% as against 43.2% in corresponding period of 2016. Also the Company maintained its excellent record of zero lost time accidents, thereby clocking 2,095 lost time accident free days since inception, which is reflective of our continued focus on health, safety and environment ("HSE").

### Financial Results

	3-month-2017 RO'000s Unaudited	3-month-2016 RO'000s Unaudited	Percentage change
Revenues	12,342	9,905	24.6%
Direct costs	(12,644)	(9,334)	
Gross (loss)/profit	(302)	571	-152.8%
General and administrative expenses	(186)	(192)	
(Loss)/profit before interest and tax	(488)	379	-228.7%
Finance costs (net)	(2,559)	(2,763)	
(Loss) before tax	(3,047)	(2,384)	-27.8%
Tax expense:			
- Current period	(333)	(352)	
- Prior period	(2,843)	-	
Net (loss) for the period	(6,223)	(2,736)	-127.5%

Higher plant load enhanced both revenues and direct costs such as gas cost. Maintenance on one of the gas turbines, which had not been planned previously, was carried out in order to secure reliable and continuous operation of the turbine and revenues throughout the ongoing summer period, and its impact on the Direct cost was approximately a half million Omani Rial. The steady reduction in finance costs positively contributed to the result.

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

The change in the income tax rates has necessitated increase in provision for deferred tax which has significantly impacted the bottom line. We are still awaiting Executive Regulation to be promulgated

by the Tax Department that are expected to clarify the amendment made to other clauses of the Tax Laws. The total financial impact from tax law changes is uncertain at this point of time. The PPA with OPWP provides protection to the Company for Change of Law and accordingly a formal notification has been made and the matter is being pursued with OPWP.

The share price was 180 Baizas at the end of March 2017.

### **Corporate Social Responsibility**

Guided by its new corporate social responsibility policy, the Company is preparing for five projects at local schools near the plant: interactive boards for two schools, soft playground for other two schools and a park for another school.

### **Medium term Outlook**

All reasonable measures are taken by the management to maintain the high availability levels in 2017. 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.

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



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Catherine Lorgere Chouteau  
Chairperson of the Board

## AL BATINAH POWER COMPANY SAOG

### Unaudited condensed income statement

for the three month period ended 31 March

	<i>Notes</i>	2017 RO'000	2016 RO'000
Revenues		12,342	9,905
Direct costs	3	<u>(12,644)</u>	<u>(9,334)</u>
Gross (loss) / profit		(302)	571
General and administrative expenses	4	<u>(186)</u>	<u>(192)</u>
<b>(Loss) / profit before interest and tax</b>		<b>(488)</b>	<b>379</b>
Finance costs (net)	5	<u>(2,559)</u>	<u>(2,763)</u>
<b>(Loss) before tax</b>		<b>(3,047)</b>	<b>(2,384)</b>
Tax expense:	6		
- Current period		(333)	(352)
- Prior period		<u>(2,843)</u>	<u>-</u>
<b>Net (loss) for the period</b>		<b><u>(6,223)</u></b>	<b><u>(2,736)</u></b>
Earnings per share			
Basic earnings per share (Baizas)	18	<b><u>(9.22)</u></b>	<b><u>(4.05)</u></b>

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

## AL BATINAH POWER COMPANY SAOG

### Unaudited condensed statement of profit or loss and other comprehensive income

*for the three month period ended 31March*

	2017	2016
	RO'000	RO'000
<b>Net (loss) for the period</b>	<b>(6,223)</b>	<b>(2,736)</b>
<b>Other comprehensive income / (loss) for the period, net of tax:</b>		
<i>Item that will be reclassified to profit or loss</i>		
Cash flow hedges - effective portion of changes in fair value	<u>1,116</u>	<u>(3,185)</u>
<b>Total comprehensive (loss) for the period</b>	<u><b>(5,107)</b></u>	<u><b>(5,921)</b></u>

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


**AL BATINAH POWER COMPANY SAOG**  
**Unaudited condensed statement of financial position**

as at

	Notes	31 March 2017 RO'000s	Audited 31 December 2016 RO'000s
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	266,923	268,743
Capital spares		291	287
<b>Total non-current assets</b>		<b>267,214</b>	<b>269,030</b>
<b>Current assets</b>			
Trade and other receivables	8	4,000	5,127
Inventories		1,756	1,793
Short term deposit	9	2,192	2,192
Cash and cash equivalents	10	4,677	3,939
<b>Total current assets</b>		<b>12,625</b>	<b>13,051</b>
<b>Total assets</b>		<b>279,839</b>	<b>282,081</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	11(a)	67,489	67,489
Legal reserve	11(b)	3,130	3,130
Retained earnings		4,090	10,313
<b>Shareholders' fund</b>		<b>74,709</b>	<b>80,932</b>
Hedging reserve	11(c)	(8,482)	(9,598)
<b>Total equity</b>		<b>66,227</b>	<b>71,334</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Term loans	12	164,601	164,301
Derivative instruments		9,979	10,907
End of service benefits		23	22
Asset retirement obligation		561	549
Deferred tax liability		13,074	10,085
<b>Total non-current liabilities</b>		<b>188,238</b>	<b>185,864</b>
<b>Current liabilities</b>			
Term loans	12	13,785	13,785
Trade and other payables	13	8,684	7,498
Short term borrowing		2,905	3,600
<b>Total current liabilities</b>		<b>25,374</b>	<b>24,883</b>
<b>Total liabilities</b>		<b>213,612</b>	<b>210,747</b>
<b>Total equity and liabilities</b>		<b>279,839</b>	<b>282,081</b>
<b>Net assets per share (Baizas)</b>	17	<b>110.70</b>	<b>119.92</b>

The financial statements were approved and authorised for issue in accordance with a resolution of the Board of Directors on 26 April 2017.

  
 Chairperson

  
 Director

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

## AL BATINAH POWER COMPANY SAOG

### Unaudited condensed statement of cash flows

for the three month period ended 31 March

	<i>Notes</i>	<b>2017</b>	2016
		<b>RO'000s</b>	RO'000s
<b>Cash flows from operating activities:</b>			
Net (loss) for the period		<b>(6,223)</b>	(2,736)
<i>Adjustments for:</i>			
Tax expense		<b>3,176</b>	352
Finance costs (net)		<b>2,559</b>	2,763
Depreciation		<b>1,864</b>	1,864
End of service benefits		<b>1</b>	1
		<b>1,377</b>	2,244
<i>Changes in:</i>			
Trade and other receivables		<b>1,127</b>	(3,853)
Inventories		<b>37</b>	8
Trade and other payables		<b>966</b>	2,592
Cash generated from operating activities		<b>3,507</b>	991
Finance costs paid		<b>(2,026)</b>	(2,063)
Net cash generated from/ (used in) operating activities		<b>1,481</b>	(1,072)
<b>Cash flows from investing activities:</b>			
Acquisition of property, plant and equipment		<b>(44)</b>	(12)
Acquisition of capital spares		<b>(4)</b>	-
Net cash (used in) investing activities		<b>(48)</b>	(12)
<b>Cash flows from financing activities:</b>			
Repayment of / proceeds from short term borrowing		<b>(695)</b>	965
Net cash (used in) / from financing activities		<b>(695)</b>	965
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>738</b>	(119)
<b>Cash and cash equivalents at beginning of the period</b>	<i>10</i>	<b>3,939</b>	370
<b>Cash and cash equivalents at end of the period</b>	<i>10</i>	<b>4,677</b>	251

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

**AL BATINAH POWER COMPANY SAOG**  
**Unaudited condensed statement of changes in equity**  
*for the 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
<b>Balance at 1 January 2017</b>	<b>67,489</b>	<b>3,130</b>	<b>10,313</b>	<b>(9,598)</b>	<b>71,334</b>
<i>Total comprehensive (loss) for the period</i>					
Net (loss) for the period	-	-	(6,223)	-	(6,223)
<i>Other comprehensive income for the period, net of income tax</i>					
Cash flow hedge - effective portion of changes in fair value	-	-	-	1,116	1,116
<i>Total comprehensive (loss) for the period</i>	-	-	(6,223)	1,116	(5,107)
<b>Balance at 31 March 2017</b>	<b>67,489</b>	<b>3,130</b>	<b>4,090</b>	<b>(8,482)</b>	<b>66,227</b>
Balance at 1 January 2016	67,489	2,301	8,639	(12,271)	66,158
<i>Total comprehensive (loss) for the period</i>					
Net (loss) for the period	-	-	(2,736)	-	(2,736)
<i>Other comprehensive (loss) for the period, net of income tax</i>					
Cash flow hedge - effective portion of changes in fair value	-	-	-	(3,185)	(3,185)
<i>Total comprehensive (loss) for the period</i>	-	-	(2,736)	(3,185)	(5,921)
Balance at 31 March 2016	67,489	2,301	5,903	(15,456)	60,237

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

# AL BATINAH POWER COMPANY SAOG

## Notes to the unaudited condensed interim financial statements

### 1. Legal status and principal activities

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

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

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

#### Basis of preparation

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

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

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

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

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

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

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

#### Significant accounting policies

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



# AL BATINAH POWER COMPANY SAOG

## Notes to the unaudited condensed interim financial statements

	<b>31 March 2017 RO '000s</b>	31 March 2016 RO '000s
<b>3. Direct costs</b>		
Fuel gas	7,953	5,372
Depreciation (note 7)	1,859	1,859
Operation and maintenance ("O&M") fees	1,658	1,585
Other O&M cost	446	10
Seawater extraction	246	232
Custom duty	218	6
Insurance	125	158
Grid connection fee	41	40
Plant site rent	41	39
Fuel oil	36	8
Other direct costs	21	25
	<b>12,644</b>	<b>9,334</b>
<b>4. General and administrative expenses</b>		
Secondment fees	61	62
Employment costs	34	34
Public company related costs	29	30
Agency fees	13	12
Office rent	6	6
Directors' sitting fee (note 14)	5	5
Depreciation (note 7)	5	5
Other general and administrative expenses	33	38
	<b>186</b>	<b>192</b>
<b>5. Finance costs (net)</b>		
Interest on term loans	1,465	1,403
Interest rate swap	746	993
Amortisation of deferred finance costs	300	322
Debt Service Reserve Account ("DSRA") LC cost	22	24
Interest on working capital	16	6
Asset retirement obligation - unwinding of discount	12	11
Exchange loss	5	5
Interest income	(7)	(0)
	<b>2,559</b>	<b>2,763</b>

## AL BATINAH POWER COMPANY SAOG

### Notes to the unaudited condensed interim financial statements

#### 6. Tax expense

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

#### 7. Property, plant and equipment

	Property, plant and equipment	Decommi ssioning asset	Technical spares	Others assets	Total
	RO'000s	RO'000s	RO'000s	RO'000s	RO'000s
<b>Cost</b>					
1 January 2017	296,311	399	1,665	122	298,497
Additions during the period	41	-		3	44
<b>31 March 2017</b>	<b>296,352</b>	<b>399</b>	<b>1,665</b>	<b>125</b>	<b>298,541</b>
<b>Depreciation</b>					
1 January 2017	29,412	38	200	104	29,754
Charge during the period	1,840	2	17	5	1,864
<b>31 March 2017</b>	<b>31,252</b>	<b>40</b>	<b>217</b>	<b>109</b>	<b>31,618</b>
<b>Carrying amount</b>					
<b>31 March 2017</b>	<b>265,100</b>	<b>359</b>	<b>1,448</b>	<b>16</b>	<b>266,923</b>
31 December 2016	266,899	361	1,465	18	268,743

#### 8. Trade and other receivables

	31 March 2017 RO '000s	Audited 31 December 2016 RO '000s
Trade receivables	3,758	4,606
Prepayments	183	241
Due from related parties (note 14)	1	65
Other receivables	58	215
	<b>4,000</b>	<b>5,127</b>

#### 9. Short term deposit

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

## AL BATINAH POWER COMPANY SAOG

### Notes to the unaudited condensed interim financial statements

#### 10. Cash and cash equivalents

	31 March 2017 RO '000s	Audited 31 December 2016 RO '000s
Cash in hand and at bank	<b>4,677</b>	3,939

#### 11. Equity

##### (a) Share capital

The details of shareholders are as follows:

31 March 2017	Nationality	No. of shares held of nominal value 100 Bzs. each	% of total	Aggregate nominal value of shares held RO'000s
Kahrabel FZE	UAE	201,791,343	29.90%	20,179
Multitech LLC	Omani	96,508,899	14.30%	9,651
Civil Service Employees Pension Fund	Omani	87,218,269	12.92%	8,722
SEP International Netherlands B.V.	Netherlands	48,254,453	7.15%	4,825
Blue Horizon Sohar Power B.V.	Netherlands	48,254,453	7.15%	4,825
Public Authority for Social Insurance	Omani	44,575,563	6.60%	4,458
Ministry of Defence Pension Fund	Omani	41,047,407	6.08%	4,105
Shareholders with less than 5% shareholding		107,237,043	15.90%	10,724
		<b>674,887,430</b>	<b>100.00%</b>	<b>67,489</b>

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

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

##### (b) Legal reserve

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

##### (c) Hedging reserve

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

# AL BATINAH POWER COMPANY SAOG

## Notes to the unaudited condensed interim financial statements

	<b>31 March 2017 RO'000s</b>	Audited 31 December 2016 RO'000s
<b>12. Term loans</b>		
Term loans	<b>185,370</b>	185,370
<i>Less: current portion</i>	<b>(13,785)</b>	(13,785)
Non-current portion	<b>171,585</b>	171,585
<i>Less: Unamortised transaction cost</i>	<b>(6,984)</b>	(7,284)
	<b>164,601</b>	164,301

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

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

Hermes Covered Variable Facility	<b>54,330</b>	54,330
Commercail Facility	<b>46,792</b>	46,792
Hermes Covered Fixed Facility	<b>34,679</b>	34,679
KEXIM Direct Facility	<b>33,764</b>	33,764
KEXIM Covered Facility	<b>15,805</b>	15,805
	<b>185,370</b>	185,370

### 13. Trade and other payables

Fuel gas payable and accrual	<b>4,797</b>	4,588
Accrued finance costs	<b>1,808</b>	1,590
Due to related parties (note 14)	<b>1,453</b>	717
Other payable and accruals	<b>626</b>	603
	<b>8,684</b>	7,498

### 14. Related party transactions

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

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

	<b>31 March 2017 RO '000s</b>	31 March 2016 RO '000s
Top five employees	<b>89</b>	106

## AL BATINAH POWER COMPANY SAOG

### Notes to the unaudited condensed interim financial statements

#### 14 Related party transactions (continued)

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

	<b>31 March 2017 RO '000s</b>	31 March 2016 RO '000s
Suez-Tractebel Operation & Maintenance Oman LLC	2,308	1,601
Al Suwadi Power Company SAOG	46	38
Kahrabel Operation & Maintenance (Oman) LLC	34	35
Shikoku Electric Power Co., Inc.	30	30
International Power SA Dubai Branch	10	12
ENGIE S.A. (Electrabel S.A.)*	10	11
Multitech LLC	5	5
Directors	5	5
Sojitz Corporation	2	3
Public Authority for Social Insurance	2	2
	<u>2,452</u>	<u>1,742</u>

The nature of the above transactions is as follows:

O&M fixed fee	1,290	1,303
O&M variable fee	368	282
Other O&M cost	432	10
Custom duty	218	6
Secondment fees	61	62
Sharing of costs	46	38
DSRA LC cost	22	24
Professional fees	10	12
Directors' sitting fees (note 4)	5	5
Others	0	0
	<u>2,452</u>	<u>1,742</u>

	<b>31 March 2017 RO '000s</b>	Audited 31 December 2016 RO '000s
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Balances due from related parties at 31 March 2017 and 31 December 2016 comprised:

Kahrabel Operation & Maintenance (Oman) LLC	1	-
Al Suwadi Power Company SAOG	-	65
	<u>1</u>	<u>65</u>

Balances due to related parties at 31 March 2017 and 31 December 2016 comprised:

Suez-Tractebel Operation & Maintenance Oman LLC	1,358	652
Shikoku Electric Power Co., Inc.	22	11
Directors	19	17
ENGIE S.A. (Electrabel S.A.)*	17	7
Kahrabel Operation & Maintenance (Oman) LLC	11	11
International Power SA Dubai Branch	10	-
Multitech LLC	8	3
Public Authority for Social Insurance	4	15
Sojitz Corporation	4	1
	<u>1,453</u>	<u>717</u>

\* Effective 29 July 2016 Electrabel S.A. letter of credit has been replaced by ENGIE S.A.

## AL BATINAH POWER COMPANY SAOG

### Notes to the unaudited condensed interim financial statements

#### 15. Financial risk management

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 31 December 2016.

#### 16. Commitments

- a) Operation and maintenance commitments and land lease commitments are consistent, with those disclosed in the financial statements as at and for the year ended 31 December 2016 as reduced by amounts accounted for during the three month period ended 31 March 2017.
- b) The Company has placed purchase orders for RO 89,145 (mainly relating to spare parts) which are outstanding as at 31 March 2017 (RO 94,898 as at 31 December 2016).

#### 17. Net assets per share

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

	<b>31 March 2017</b>	Audited 31 December 2016
Net assets - shareholder funds (RO'000s)	<b>74,709</b>	80,932
Weighted average number of shares outstanding during the period ('000s)	<b>674,887</b>	674,887
Net assets per share (Baizas)	<b>110.70</b>	119.92

The management believes that the hedging deficit of RO 8.89 million as at 31 March 2017 (RO 9.60 million as at 31 December 2016) represents the loss which the Company would incur, if it opts to terminate its swap agreements on this date. However, under the terms of its Financing Documents, the Company is not permitted to terminate the swap agreements. Accordingly, the hedging deficit has been excluded from the Shareholder Funds.

#### 18. Basic earnings per share

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

	<b>31 March 2017</b>	31 March 2016
Net loss for the period (RO'000s)	<b>(6,223)</b>	(2,736)
Weighted average number of shares outstanding during the period ('000s)	<b>674,887</b>	674,887
Basic earnings per share (Baizas)	<b>(9.22)</b>	(4.05)

#### 19. Comparative figures

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