

AL SUWADI POWER COMPANY SAOG

Unaudited condensed income statement

for the three month period ended 31 March

	<i>Notes</i>	2020 RO'000s	2019 RO'000s
Revenues		11,042	11,957
Direct costs	3	(10,312)	(11,325)
Gross profit		730	632
General and administrative expenses	4	(232)	(228)
Profit before interest and tax		498	404
Finance costs (net)	5	(2,244)	(2,451)
Profit/(loss) before tax		(1,746)	(2,047)
Tax expense		(457)	(439)
Net profit/(loss) for the period		(2,203)	(2,486)
Earnings per share			
Basic earnings per share (Baizas)	19	(3.08)	(3.48)

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 three month period ended 31 March*

	2020 RO'000s	2019 RO'000s
Net profit/(loss) for the period	(2,203)	(2,486)
Other comprehensive income/(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>(5,258)</u>	<u>(1,758)</u>
Total comprehensive income/(loss) for the period	<u>(7,461)</u>	<u>(4,244)</u>

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

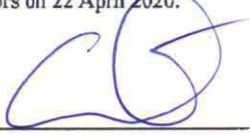
AL SUWADI POWER COMPANY SAOG

Unaudited condensed statement of financial position

as at

	Notes	31 March 2020 RO'000s	Audited 31 December 2019 RO'000s
Assets			
Non-current assets			
Property, plant and equipment	6	263,165	265,151
Right-of-use assets	7	1,193	1,229
Capital spares		594	594
Total non-current assets		264,952	266,974
Current assets			
Inventory		1,853	1,854
Trade and other receivables	8	32,973	26,843
Short term deposit	9	1,233	1,233
Cash and cash equivalents	10	544	291
Total current assets		36,603	30,221
Total assets		301,555	297,195
Equity and liabilities			
Equity			
Share capital	12(a)	71,441	71,441
Legal reserve	12(b)	6,367	6,367
Retained earnings		15,274	17,477
Total equity		93,082	95,285
Hedging reserve	12(c)	(12,411)	(7,153)
Net equity		80,671	88,132
Liabilities			
Non-current liabilities			
Term loans	13	131,837	131,587
Lease liabilities	11	1,150	1,221
Derivative instruments		14,602	8,415
Deferred tax liability		19,621	20,092
Asset retirement obligation		294	288
End of service benefits		-	8
Total non-current liabilities		167,504	161,611
Current liabilities			
Trade and other payables	14	34,543	27,767
Lease liabilities	11	120	118
Short term borrowing		1,700	2,550
Term loans	13	17,017	17,017
Total current liabilities		53,380	47,452
Total liabilities		220,884	209,063
Total equity and liabilities		301,555	297,195
Net assets per share (Baizas) - adjusted	18	130.29	133.38

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



Chairperson



Director

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

AL SUWADI POWER COMPANY SAOG

Unaudited condensed statement of cash flows

for the three month period ended 31 March

	<i>Notes</i>	2020 RO'000s	2019 RO'000s
Cash flows from operating activities:			
Profit/(loss) before tax		(1,746)	(2,047)
<i>Adjustments for:</i>			
Depreciation		2,040	2,042
Finance costs (net)		2,244	2,451
(Gain)/loss on disposals		(0)	0
End of service benefits		-	0
Cash from operations before working capital changes		2,538	2,446
Changes in :			
Trade and other receivables		(6,123)	(1,275)
Inventory		1	11
Trade and other payables		6,537	(2,033)
Cash generated from/(used in) operating activities		2,953	(851)
End of service benefits paid		(8)	-
Lease payments		(90)	-
Finance costs paid		(1,734)	(2,003)
Net cash flows generated from/(used in) operating activities		1,121	(2,854)
Cash flows from investing activities:			
Acquisition of property, plant and equipment		(18)	(5)
Sale proceeds from property, plant and equipment		0	0
Net cash flows (used in) investing activities		(18)	(5)
Cash flows from financing activities:			
(Repayment)/proceeds from short term borrowing - net		(850)	1,910
Interest received		0	1
Net cash flows (used in)/generated from financing activities		(850)	1,911
Net change in cash and cash equivalents		253	(948)
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>	544	326

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 three month period ended 31 March

	Share capital RO'000s	Legal reserve RO'000s	Retained earnings RO'000s	Hedging reserve RO'000s	Total RO'000s
Balance at 1 January 2020	71,441	6,367	17,477	(7,153)	88,132
<i>Total comprehensive income/(loss) for the period</i>					
Net profit/(loss) for the period	-	-	(2,203)	-	(2,203)
<i>Other comprehensive income/(loss) for the period net of income tax</i>					
Cash flow hedges - effective portion of changes in fair value	-	-	-	(5,258)	(5,258)
Total comprehensive income/(loss) for the period	-	-	(2,203)	(5,258)	(7,461)
Balance at 31 March 2020	71,441	6,367	15,274	(12,411)	80,671
Balance at 1 January 2019	71,441	5,377	13,564	(3,290)	87,092
<i>Total comprehensive (loss) for the period</i>					
Net (loss) for the period	-	-	(2,486)	-	(2,486)
<i>Other comprehensive (loss) for the period net of income tax</i>					
Cash flow hedges - effective portion of changes in fair value	-	-	-	(1,758)	(1,758)
Total comprehensive (loss) for the period	-	-	(2,486)	(1,758)	(4,244)
Balance at 31 March 2019	71,441	5,377	11,078	(5,048)	82,848

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 Oman Commercial Companies Law of 1974 (as amended) (“CCL”) and disclosure requirements of the Capital Market Authority of the Sultanate of Oman (“CMA”). Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the last annual financial statements as at and for the year ended 31 December 2019. The condensed interim financial statements do not include all information required for full annual financial statements prepared in accordance with International Financial Reporting Standards (IFRSs).

(b) *Basis of measurement*

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

(c) *Use of estimates and judgements*

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

Critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in these condensed interim financial statements are same as those that were applied to the financial statements as at and for the year ended 31 December 2019.

(d) *Presentation Currency*

These condensed interim financial statements have been presented in Rial Omani which is the presentation currency, and all values are rounded to the nearest thousand (RO’000) except where otherwise stated.

Change in significant accounting policies

The significant accounting policies applied by the Company in these condensed interim financial statements are consistent with those applied by the Company in its financial statements as at and for the year ended 31 December 2019.

AL SUWADI POWER COMPANY SAOG

Notes to the unaudited condensed interim financial statements

	31 March 2020 RO'000s	31 March 2019 RO'000s
3. Direct costs		
Fuel gas	6,493	7,524
Depreciation (note 6 & 7)	2,037	2,039
Operation and maintenance ("O&M") fees (note 15)	1,607	1,562
Insurance	116	123
Grid connection fee	4	4
Fuel oil	-	10
Other O&M expenses	55	63
	10,312	11,325
4. General and administrative expenses		
Public company related costs	76	76
Secondment fees (note 15)	58	56
Employment costs	39	37
Agency fees	13	13
Office rent	5	5
Directors' sitting fees (note 15)	5	4
Depreciation (note 6)	3	3
Other general and administrative expenses	33	34
	232	228
5. Finance costs (net)		
Interest on term loans	1,581	2,018
Swap interest	343	91
Amortisation of deferred finance costs	250	276
Interest on short term borrowing	24	26
Debt Service Reserve Account ("DSRA") LC cost (note 15)	21	21
Interest on lease liabilities	20	20
Exchange loss	6	5
Asset retirement obligation - unwinding of discount	5	5
Interest income	(6)	(11)
	2,244	2,451

AL SUWADI POWER COMPANY SAOG

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	-	-	-	18	18
Disposal during the period	-	-	(5)	-	(5)
31 March 2020	<u>318,042</u>	<u>1,717</u>	<u>102</u>	<u>24</u>	<u>319,885</u>
Depreciation					
1 January 2020	54,219	412	90	-	54,721
Charge during the period	1,984	17	3	-	2,004
Disposal during the period	-	-	(5)	-	(5)
31 March 2020	<u>56,203</u>	<u>429</u>	<u>88</u>	<u>-</u>	<u>56,720</u>
Carrying amount					
31 March 2020	<u>261,839</u>	<u>1,288</u>	<u>14</u>	<u>24</u>	<u>263,165</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	-	-	-
31 March 2020	<u>1,100</u>	<u>274</u>	<u>1,374</u>
Depreciation			
1 January 2020	137	8	145
Charge during the period	34	2	36
31 March 2020	<u>171</u>	<u>10</u>	<u>181</u>
Carrying amount			
31 March 2020	<u>929</u>	<u>264</u>	<u>1,193</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

	31 March 2020 RO'000s	Audited 31 December 2019 RO'000s
8. Trade and other receivables		
Trade receivables	32,795	26,207
Prepayments	134	307
Accrued income	-	293
Other receivables	44	36
	<u>32,973</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 lying in the DSPA account has been placed into a short term deposit maturing on 28 April 2020.

	31 March 2020 RO'000s	Audited 31 December 2019 RO'000s
10. Cash and cash equivalents		
Cash in hand	1	1
Cash at bank	543	290
	<u>544</u>	<u>291</u>

11. Lease liabilities

Lease liabilities included in the statement of financial position as:

Current lease liabilities	120	118
Non-current lease liabilities	1,150	1,221
	<u>1,270</u>	<u>1,339</u>

	31 March 2020		31 December 2019	
	Contractual Undiscounted Cash flows RO'000s	Present value of lease payments RO'000s	Contractual Undiscounted Cash flows RO'000s	Present value of lease payments RO'000s
Amount payable under operating leases				
Within one year	197	120	196	118
In 2 to 5 years	786	568	786	558
More than 5 years	845	582	935	663
	<u>1,828</u>	<u>1,270</u>	<u>1,917</u>	<u>1,339</u>
Less: unpaid finance cost	(558)	-	(578)	-
Lease liabilities	<u>1,270</u>	<u>1,270</u>	<u>1,339</u>	<u>1,339</u>

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

(c) Hedging reserve

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

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Notes to the unaudited condensed interim financial statements

	31 March 2020 RO'000s	Audited 31 December 2019 RO'000s
13. Term loans		
Term loans	152,658	152,658
Less: current portion	(17,017)	(17,017)
Non-current portion	135,641	135,641
Less: unamortised transaction cost	(3,804)	(4,054)
	131,837	131,587

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

Hermes Covered Variable Facility	40,720	40,720
Commercial Facility	42,654	42,654
KEXIM Direct Facility	29,021	29,021
Hermes Covered Fixed Facility	25,059	25,059
KEXIM Covered Facility	15,204	15,204
	152,658	152,658

14. Trade and other payables

Fuel gas payable and accrual	31,735	25,242
Accrued finance cost	1,539	1,319
Due to related parties (note 15)	1,092	959
Other payables and accruals	177	247
	34,543	27,767

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 three month period ended are as follows:

	31 March 2020 RO'000s	31 March 2019 RO'000s
Key management benefits	79	78

AL SUWADI POWER COMPANY SAOG

Notes to the unaudited condensed interim financial statements

15. Related party transactions (continued)

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

	31 March 2020 RO '000s	31 March 2019 RO '000s
Suez-Tractebel Operation & Maintenance Oman LLC	1,623	1,618
Al Batinah Power Company SAOG	66	99
International Power SA Dubai Branch	34	10
Kahrabel Operations & Maintenance (Oman) LLC	33	72
Middle East Investment LLC	31	7
ENGIE SA	10	10
Directors'	5	4
Sojitz Corporation	2	2
Shikoku Electric Power Co., Inc.	2	2
Public Authority for Social Insurance	2	2
Laborelec Middle East	-	(0)
	1,808	1,826

The nature of the above transactions is as follows:

Operation and maintenance ("O&M") fees (note 3)	1,607	1,562
Sharing of costs	66	99
Secondment fees (note 4)	58	56
Professional fees	34	9
DSRA LC cost (note 5)	21	21
Custom duties	17	2
Directors' sitting fees (note 4)	5	4
Backcharge of expenses	2	20
Other O&M expenses	(2)	53
	1,808	1,826

	31 March 2020 RO '000s	Audited 31 December 2019 RO '000s
Balances due to related parties comprised:		
Suez-Tractebel Operation & Maintenance Oman LLC	969	882
Kahrabel Operations & Maintenance (Oman) LLC	30	10
Al Batinah Power Company SAOG	26	19
Directors'	20	15
ENGIE SA	16	7
Middle East Investment LLC	16	12
Shikoku Electric Power Co., Inc.	4	2
Sojitz Corporation	4	2
Public Authority for Social Insurance	3	2
International Power SA Dubai Branch	2	2
Tractebel Engineering S.A.	2	2
Laborelec Middle East	-	4
	1,092	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 three month period ended 31 March 2020.
- b) The Company has placed purchase orders for RO 93,146 which are outstanding as at 31 March 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.

	31 March 2020	Audited 31 December 2019
Net assets - shareholder funds (RO'000s)	93,082	95,285
Weighted average number of shares outstanding during the period/year ('000s)	714,406	714,406
Net asset per share (Baizas) - adjusted	130.29	133.38

The management believes that the hedging deficit of RO 12.41 million as at 31 March 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.

	31 March 2020	31 March 2019
Net loss for the period (RO'000s)	(2,203)	(2,486)
Weighted average number of shares outstanding during the period ('000s)	714,406	714,406
Basic earnings per share (Baizas)	(3.08)	(3.48)