

**Sohar Power Company SAOG**

**Unaudited condensed interim financial statements for  
the period ended  
30 June 2017**

Sohar Power Company SAOG

Unaudited condensed interim financial statements for the period ended  
30 June 2017

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## Sohar Power Company SAOG

### Unaudited condensed statement of financial position as at 30 June 2017

	Notes	30 June 2017 RO'000	31 December 2016 RO'000	30 June 2017 USD'000	31 December 2016 USD'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	3	133,806	137,171	347,548	356,288
<b>Total non-current assets</b>		<u>133,806</u>	<u>137,171</u>	<u>347,548</u>	<u>356,288</u>
<b>Current assets</b>					
Inventories		744	691	1,932	1,795
Trade and other receivables	4	5,787	5,200	15,030	13,506
Bank balances	5	9,143	7,150	23,748	18,571
<b>Total current assets</b>		<u>15,674</u>	<u>13,041</u>	<u>40,710</u>	<u>33,872</u>
<b>Total assets</b>		<u><u>149,480</u></u>	<u><u>150,212</u></u>	<u><u>388,258</u></u>	<u><u>390,160</u></u>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and reserves</b>					
Share capital	6	22,101	22,101	57,405	57,405
Legal reserve	7	3,708	3,708	9,633	9,633
Retained earnings		2,673	3,197	6,947	8,309
<b>Shareholders' equity</b>		<u>28,482</u>	<u>29,006</u>	<u>73,985</u>	<u>75,347</u>
Hedging deficit - net of tax	9	(8,623)	(9,356)	(22,397)	(24,301)
<b>Total capital and reserves</b>		<u>19,859</u>	<u>19,650</u>	<u>51,588</u>	<u>51,046</u>
<b>Non-current liabilities</b>					
Hedging deficit	9	9,796	10,632	25,444	27,615
Non-current portion of long-term loans	10	86,835	91,429	225,546	237,478
Provision for decommissioning costs	11	1,439	1,395	3,737	3,624
Deferred tax liability	12	12,942	9,648	33,613	25,060
<b>Total non-current liabilities</b>		<u>111,012</u>	<u>113,104</u>	<u>288,340</u>	<u>293,777</u>
<b>Current liabilities</b>					
Trade and other payables	13	8,836	8,165	22,946	21,199
Amount due to a related party	14	499	286	1,296	743
Current portion of long-term loans	10	9,274	9,007	24,088	23,395
<b>Total current liabilities</b>		<u>18,609</u>	<u>17,458</u>	<u>48,330</u>	<u>45,337</u>
<b>Total equity and liabilities</b>		<u><u>149,480</u></u>	<u><u>150,212</u></u>	<u><u>388,258</u></u>	<u><u>390,160</u></u>
<b>Net assets per share</b>	20	<u><u>0.129</u></u>	<u><u>0.131</u></u>	<u><u>0.335</u></u>	<u><u>0.341</u></u>

These financial statements, as set out on pages 4 to 20, were approved and authorised for issue by the Board of Directors on 24 July 2017 and signed on their behalf by:

Chairman

Vice - Chairman

Sohar Power Company SAOG

Unaudited condensed statement of profit or loss for the period ended 30 June 2017

		30 June 2017	30 June 2016	30 June 2017	30 June 2016
	Notes	RO'000	RO'000	USD'000	USD'000
Revenue	15	31,446	32,568	81,674	84,592
Cost of revenue	16	(25,215)	(26,816)	(65,493)	(69,652)
<b>Gross profit</b>		<u>6,231</u>	<u>5,752</u>	<u>16,181</u>	<u>14,940</u>
Other income	17	-	403	-	1,048
		<u>6,231</u>	<u>6,155</u>	<u>16,181</u>	<u>15,988</u>
<b>Expenses</b>					
General and administrative expenses	18	(405)	(445)	(1,053)	(1,155)
Finance costs	19	(3,159)	(3,597)	(8,203)	(9,344)
		<u>(3,564)</u>	<u>(4,042)</u>	<u>(9,256)</u>	<u>(10,499)</u>
Profit before tax for the period		2,667	2,113	6,925	5,489
Income tax expense	12	(3,191)	(240)	(8,289)	(623)
Net loss/profit after tax for the period		<u>(524)</u>	<u>1,873</u>	<u>(1,364)</u>	<u>4,866</u>
Basic and diluted earnings per share	21	<u>0.00</u>	<u>0.01</u>	<u>(0.01)</u>	<u>0.02</u>

## Sohar Power Company SAOG

### Unaudited condensed statement of other comprehensive income for the period ended 30 June

		30 June 2017 RO'000	30 June 2016 RO'000	30 June 2017 USD'000	30 June 2016 USD'000
Net profit after tax for the year		(524)	1,873	(1,364)	4,866
Other comprehensive income:					
<i>Items that may be reclassified into profit and loss</i>					
Fair value gains on interest rate swaps		836	(1,850)	2,168	(4,809)
Related taxation	12	(103)	222	(264)	577
Total other comprehensive income for the year		<u>733</u>	<u>(1,628)</u>	<u>1,904</u>	<u>(4,232)</u>
Total comprehensive income for the year		<u>209</u>	<u>245</u>	<u>540</u>	<u>634</u>

## Sohar Power Company SAOG

### Unaudited condensed statement of changes in shareholders' equity for the period ended 30 June 2017

	Notes	Share capital RO'000	Legal reserve RO'000	Retained earnings RO'000	Hedging deficit RO'000	Total RO'000	Total USD'000
At 31 December 2015		22,101	3,254	1,833	(12,904)	14,284	37,106
Net loss/profit after tax for the period		-	-	1,873	-	1,873	4,866
Other comprehensive loss for the period		-	-	-	(1,628)	(1,628)	(4,225)
Transferred to legal reserve	7	-	187	(187)	-	-	-
Final dividend for the year 2015	8	-	-	(1,812)	-	(1,812)	(4,706)
At 30 June 2015		<u>22,101</u>	<u>3,441</u>	<u>1,707</u>	<u>(14,532)</u>	<u>12,717</u>	<u>33,041</u>
At 31 December 2016		<u>22,101</u>	<u>3,708</u>	<u>3,197</u>	<u>(9,356)</u>	<u>19,650</u>	<u>51,046</u>
Net loss after tax for the period		-	-	(524)	-	(524)	(1,361)
Other comprehensive income for the period		-	-	-	733	733	1,903
Transferred to legal reserve	7	-	-	-	-	-	-
At 30 June 2017		<u>22,101</u>	<u>3,708</u>	<u>2,673</u>	<u>(8,623)</u>	<u>19,859</u>	<u>51,588</u>

Sohar Power Company SAOG

Unaudited condensed statement of cash flows for the period ended 30 June 2017

	Notes	30 June 2017 RO'000	30 June 2016 RO'000	30 June 2017 USD'000	30 June 2016 USD'000
<b>Operating activities</b>					
Cash receipts from customers		31,021	32,591	80,574	84,652
Cash paid to suppliers and employees		(21,416)	(22,063)	(55,625)	(57,307)
<b>Cash generated from operations</b>		<u>9,605</u>	<u>10,528</u>	<u>24,949</u>	<u>27,345</u>
Interest paid		(3,139)	(3,597)	(8,154)	(9,343)
<b>Net cash provided by operating activities</b>		<u>6,466</u>	<u>6,931</u>	<u>16,795</u>	<u>18,002</u>
<b>Investing activities</b>					
Purchase of property, plant and equipment	3	(7)	(20)	(18)	(52)
<b>Net cash used in investing activities</b>		<u>(7)</u>	<u>(20)</u>	<u>(18)</u>	<u>(52)</u>
<b>Financing activities</b>					
Net movement in long-term loans		(4,466)	(5,196)	(11,600)	(13,496)
Dividends paid	8	-	(1,812)	-	(4,706)
<b>Net cash used in financing activities</b>		<u>(4,466)</u>	<u>(7,008)</u>	<u>(11,600)</u>	<u>(18,202)</u>
<b>Net increase/decrease in cash and cash equivalents</b>		<u>1,993</u>	<u>(97)</u>	<u>5,177</u>	<u>(252)</u>
Cash and cash equivalents, beginning of the period		7,150	9,182	18,571	23,849
<b>Cash and cash equivalents, end of the period</b>	5	<u>9,143</u>	<u>9,085</u>	<u>23,748</u>	<u>23,597</u>

## Sohar Power Company SAOG

### Notes to the unaudited condensed financial statements

#### 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 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.

**Sohar Power Company SAOG**  
**Notes to the unaudited condensed financial statements**

**3 Property, plant and equipment**

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

<b>June 2017</b>	<b>Buildings</b>	<b>Plant and machinery</b>	<b>Technical parts</b>	<b>Other assets</b>	<b>Decommissioning assets</b>	<b>Capital work-in-progress</b>	<b>Total RO'000</b>	<b>Total USD'000</b>
<b>Cost</b>								
1 January 2017	7,027	189,236	4,945	24	777	307	202,316	525,496
Additions during the period	-	-	-	-	-	7	7	18
At 30 June 2017	<u>7,027</u>	<u>189,236</u>	<u>4,945</u>	<u>24</u>	<u>777</u>	<u>314</u>	<u>202,323</u>	<u>525,514</u>
<b>Accumulated depreciation</b>								
1 January 2017	2,294	61,064	1,517	22	248	-	65,145	169,208
Charge for the period	118	3,154	85	2	13	-	3,372	8,758
At 30 June 2017	<u>2,412</u>	<u>64,218</u>	<u>1,602</u>	<u>24</u>	<u>261</u>	<u>-</u>	<u>68,517</u>	<u>177,966</u>
<b>Net book amount</b>								
At 30 June 2017	<u>4,615</u>	<u>125,018</u>	<u>3,343</u>	<u>-</u>	<u>516</u>	<u>314</u>	<u>133,806</u>	<u>347,548</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 61,600 (USD 160,000) per annum.

(c) Property, plant and equipment are mortgaged against long-term loan facilities (Note 10) availed by the Company.

Sohar Power Company SAOG  
Notes to the unaudited condensed financial statements

3 Property, plant and equipment (continued)

December 2016	Buildings	Plant and machinery	Technical parts	Other assets	Decommissioning assets	Capital work-in-progress	Total RO'000	Total USD'000
<b>Cost</b>								
At 31 December 2015	7,027	189,234	4,901	24	777	326	202,289	525,426
Additions during the year	-	38	44	-	-	62	144	374
Disposals during the period	-	(36)	-	-	-	-	(36)	(94)
Transferred from capital work-in-progress during the year	-	-	-	-	-	(81)	(81)	(210)
At 31 December 2016	<u>7,027</u>	<u>189,236</u>	<u>4,945</u>	<u>24</u>	<u>777</u>	<u>307</u>	<u>202,316</u>	<u>525,496</u>
<b>Accumulated depreciation</b>								
At 31 December 2015	2,059	54,753	1,348	21	222	-	58,403	151,696
Charge for the year	235	6,311	169	1	26	-	6,742	17,512
At 31 December 2016	<u>2,294</u>	<u>61,064</u>	<u>1,517</u>	<u>22</u>	<u>248</u>	<u>-</u>	<u>65,145</u>	<u>169,208</u>
<b>Net book amount</b>								
At 31 December 2016	<u>4,733</u>	<u>128,172</u>	<u>3,428</u>	<u>2</u>	<u>529</u>	<u>307</u>	<u>137,171</u>	<u>356,288</u>

**Sohar Power Company SAOG**  
**Notes to the unaudited condensed financial statements**

4 Trade and other receivables	30 June	31 December	30 June	31 December
	2017	2016	2017	2016
	RO'000	RO'000	USD'000	USD'000
Trade receivables	6,895	6,460	17,909	16,779
Less: allowance for credit losses	(1,392)	(1,392)	(3,616)	(3,616)
	<u>5,503</u>	<u>5,068</u>	<u>14,293</u>	<u>13,163</u>
Advances and prepayments	51	132	132	343
Other advances	233	-	605	-
	<u>5,787</u>	<u>5,200</u>	<u>15,030</u>	<u>13,506</u>

Trade receivables are generally on 25 days credit terms.

The ageing analysis of unimpaired trade receivables is as follows:	30 June	31 December	30 June	31 December
	2017	2016	2017	2016
	RO'000	RO'000	USD'000	USD'000
Up to 3 months	<u>5,503</u>	<u>5,068</u>	<u>14,293</u>	<u>13,163</u>

Trade receivables are from Oman Power and Water Procurement Co. SAOC, the only customer of the Company (2016: OPWP).

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.

The carrying amounts of the Company's trade receivables are denominated in Omani Rial.

**5 Cash and cash equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following:	30 June	31 December	30 June	31 December
	2017	2016	2017	2016
	RO'000	RO'000	USD'000	USD'000
Current account balances with banks	<u>9,143</u>	<u>7,150</u>	<u>23,748</u>	<u>18,571</u>
	<u>9,143</u>	<u>7,150</u>	<u>23,748</u>	<u>18,571</u>

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

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**Notes to the unaudited condensed financial statements**

**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:

	30 June 2017 RO'000	31 December 2016 RO'000	30 June 2017 USD'000	31 December 2016 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 2017	Number of shares held 2017	Percentage share holding 2016	No of shares held 2016
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 1974, as amended, 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. As the Company recorded a loss during the period ended 30 June 2017, no transfer was made to the legal reserve (2016: Rial 454 thousand).

**8 Dividends paid**

As explained in Note 10 and, in line with the facilities agreement entered into with the lenders, there will be no more proposal of dividend distribution to shareholders until the debt is fully repaid or restructured.

**Sohar Power Company SAOG**  
**Notes to the unaudited condensed financial statements**

**9 Hedging deficit**

*Interest rate swap*

The long-term loan facilities of the Company bear interest at US LIBOR plus applicable margins (refer note 10). In accordance with the term loan agreement, the Company has fixed the rate of interest through Interest Rate Swap Agreements ("IRS") to hedge the risk of variation in US LIBOR for 95% of its loan facility till 31 March 2022. The corresponding maximum hedged notional amount of the swaps at 30 June 2017 is approximately RO 96 million (USD 249 million) [31 December 2016: RO 100 million (USD 260 million)] bearing fixed interest rates of 7.89%, 4.50%, 5.70%, 4.36% and 4.36% per annum (31 December 2016: 7.89%, 4.50%, 5.70%, 4.36% and 4.36% per annum) excluding applicable margin.

At 30 June 2017, the USD LIBOR was 1.42489% per annum, (31 December 2016 - 1.2336% per annum) whereas the Company has fixed interest on its borrowings as described above.

	30 June 2017 RO'000	31 December 2016 RO'000	30 June 2017 USD'000	31 December 2016 USD'000
HSBC Bank plc	(1,616)	(1,935)	(4,197)	(5,026)
Standard Chartered Bank	(1,033)	(1,233)	(2,683)	(3,203)
HSBC Bank plc	(1,116)	(1,102)	(2,899)	(2,862)
Standard Chartered Bank	(3,033)	(3,181)	(7,878)	(8,262)
Credit Agricole Corporate & Investment Bank	(2,998)	(3,181)	(7,787)	(8,262)
Hedging instrument at the end of the year	(9,796)	(10,632)	(25,444)	(27,615)
Deferred tax (Note 12)	1,173	1,276	3,047	3,314
Hedging reserve at the end of the year (net of tax)	(8,623)	(9,356)	(22,397)	(24,301)
Less: Hedging reserve at the beginning of the year	(9,356)	(12,904)	(24,301)	(33,513)
Effective portion of change in the fair value of cash flow hedge for the year	(733)	(3,548)	(1,904)	(9,212)

In case, the Company terminates the IRS at 30 June 2017, it may incur losses to the extent of approximately RO 9.79 million (USD 25.44 million) [31 December 2016: RO 11.64 million (USD 30.23 million)]. However, under the terms of the loan agreements, the Company is not permitted to terminate the interest rate swap agreements.

In accordance with 'IAS 39 Financial Instruments: Recognition and Measurement', 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.

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**Notes to the unaudited condensed financial statements**

**10 Long-term loans**

	30 June 2017 RO'000	31 December 2016 RO'000	30 June 2017 USD'000	31 December 2016 USD'000
Base facility	81,668	85,414	212,125	221,855
Repayment facility	15,709	16,429	40,803	42,673
Less: Current portion of long-term loans	(9,274)	(9,007)	(24,088)	(23,395)
	<u>88,103</u>	<u>92,836</u>	<u>228,840</u>	<u>241,133</u>
Less: deferred financing costs	(1,268)	(1,407)	(3,294)	(3,655)
Non-current portion of long-term loans	<u><u>86,835</u></u>	<u><u>91,429</u></u>	<u><u>225,546</u></u>	<u><u>237,478</u></u>

**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.

**Base facility**

The Company has obtained the term loan under base facility in an aggregate amount of USD 382.50 million. The aggregate amount of base facility is repayable in 34 (thirty four) semi-annual installments, of which 28 installments are ranging between USD 6.5 million and USD 13.2 million. The last 6, post concession, installments shall be of USD 18.8 million each. Repayments under the revised Base facility commenced from 30 September 2007.

**Repayment facility**

The Company has obtained the term loan under repayment facility in an aggregate amount of USD 72 million. The aggregate amount of repayment facility is repayable in 34 (thirty four) semi-annual installments, of which 28 installments are ranging between USD 1.2 million and USD 2.5 million. The last 6, post concession, installments shall be of USD 3.5 million each. Repayments under the repayment facility commenced from 30 September 2008.

**Interest**

The facilities bear interest at USD LIBOR rates plus applicable margins. The margins vary depending upon the outstanding facilities.

**Commitment and other fees**

Under the terms of the loan facilities, the Company is required to pay commitment fees, performance bond fee, front end fee for the facilities, agency fee and all other bank fees.

**Security**

The facilities are secured by comprehensive legal and commercial mortgages on all the assets of the Company.

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**Notes to the unaudited condensed financial statements**

**10 Long-term loans (continued)**

**Covenants**

The facilities agreements contain certain covenants pertaining to, amongst other things, project finance ratios, entering into material new agreements, negative pledge, change of business, loan and guarantee, etc.

**Cash sweep**

The long-term loan facilities agreement contain cash sweep prepayments which have started from the 17th repayment date i.e. 30 September 2015, requiring in accelerating the repayment of the term loan during the duration of the contract with our customer. The cash sweep prepayment amount equals to 100% of all amounts standing to the credit of the operating revenues account but limited to certain conditions. As a consequence no further amount will be available for distribution as dividends to the shareholders until the full repayment of the loan.

**11 Provision for decommissioning costs**

The provision for decommissioning costs represents the present value of management's best estimate of the future sacrifice of the economic benefits that will be required to remove the facilities and restore the affected area at the Company's sites. The movement in provision for decommissioning costs is as follows:

	30 June 2017 RO'000	31 December 2016 RO'000	30 June 2017 USD'000	31 December 2016 USD'000
At the beginning of the year	1,395	1,312	3,623	3,408
Unwinding of discount on decommissioning costs (Note 19)	44	83	114	216
At the end of the year	<u>1,439</u>	<u>1,395</u>	<u>3,737</u>	<u>3,624</u>

**12 Income tax**

**(a) Current tax**

Provision for income tax has been made after giving due consideration to adjustments for potential allowances and disallowances.

	30 June 2017 RO'000	30 June 2016 RO'000	30 June 2017 USD'000	30 June 2016 USD'000
Statement of profit or loss				
Deferred tax charge (net)				
- Current period	<u>3,191</u>	<u>240</u>	<u>8,289</u>	<u>623</u>
Statement of other comprehensive income				
Taxation (credit)/charge relating to interest rate swap	<u>103</u>	<u>-</u>	<u>264</u>	<u>-</u>

The following further notes apply:

	30 June 2017 RO'000	31 December 2016 RO'000	30 June 2017 USD'000	31 December 2016 USD'000
Statement of financial position				
Deferred tax liability	<u>12,942</u>	<u>9,648</u>	<u>33,613</u>	<u>25,060</u>

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**12 Income tax (continued)**

(b) Status of tax assessments

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. The Company's assessments have been agreed with the Oman Tax Authorities upto the tax year 2011. The management considers that the amount of additional taxes, if any, that may become payable in relation to the tax years for which assessments are pending would not be material to the Company's financial position as at 30 June 2017

(c) Deferred tax

The deferred tax liability and the deferred tax charge (net) in the statement of comprehensive income and statement of other comprehensive income are attributable to the following items:

	At 2016 31 December RO'000	Recognised in the statement of profit or loss RO'000	Recognised in the statement of other comprehensive income RO'000	At 30 June RO'000
Provisions	247	6	-	253
Tax losses	266	(266)	-	-
Fair value of hedging instrument	1,276	-	(103)	1,173
Depreciation	(11,437)	(2,931)	-	(14,368)
	<u>(9,648)</u>	<u>(3,191)</u>	<u>(103)</u>	<u>(12,942)</u>
	USD'000	USD'000	USD'000	USD'000
Provisions	639	19	-	658
Tax losses	689	(689)	-	-
Fair value of hedging instrument	3,318	-	(264)	3,054
Depreciation	(29,706)	(7,619)	-	(37,325)
	<u>(25,060)</u>	<u>(8,289)</u>	<u>(264)</u>	<u>(33,613)</u>
<b>13 Trade and other payables</b>	<b>30 June 2017 RO'000</b>	<b>31 December 2016 RO'000</b>	<b>30 June 2017 USD'000</b>	<b>31 December 2016 USD'000</b>
Trade payables	3,241	3,030	8,419	7,870
Accruals and other payables	5,595	5,135	14,527	13,329
	<u>8,836</u>	<u>8,165</u>	<u>22,946</u>	<u>21,199</u>

Trade payables are generally settled within 30 to 60 days of the suppliers' invoice date.

The contractual maturity date for trade payables is due within 12 months from the statement of financial position date.

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**14 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 International Accounting Standard Number 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:**

	30 June 2017 RO'000	30 June 2016 RO'000	30 June 2017 USD'000	30 June 2016 USD'000
Services provided by Sohar Operations and Maintenance Co. LLC (SOMC)	3,292	3,002	8,550	16,380
Services provided by Power Management Co. LLC				
- Management fees	77	77	200	200
- Other administrative expenses	153	152	397	395
Services provided by Suez -Tractebel S.A.	13	13	34	34
Key management remuneration	36	35	94	91
Directors' remuneration	21	53	55	258
Directors' meeting attendance fees	12	9	31	50
Electrabel S.A. - guarantee fee	17	14	44	36
MENA Sohar 1SPV LTD - LC fee	10	8	26	21
SOGEX Oman LLC - LC fee	2	2	5	5
MOD Pension Fund - LC fee	2	2	5	5

A summary of the related party balances as at 30 June 2017 is as follows:

Amounts due to a related party	30 June 2017 RO'000	31 December 2016 RO'000	30 June 2017 USD'000	31 December 2016 USD'000
Sohar Operations and Maintenance Co. LLC	499	286	1,296	743
	<u>499</u>	<u>286</u>	<u>1,296</u>	<u>743</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.

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Notes to the unaudited condensed financial statements

15 Revenue

	30 June 2017 RO'000	30 June 2016 RO'000	30 June 2017 USD'000	30 June 2016 USD'000
Power and water revenue	31,446	32,568	81,674	84,592
	<u>31,446</u>	<u>32,568</u>	<u>81,674</u>	<u>84,592</u>

16 Cost of revenue

	30 June 2017 RO'000	30 June 2016 RO'000	30 June 2017 USD'000	30 June 2016 USD'000
Fuel gas	17,701	19,317	45,977	50,174
Operations and maintenance costs	3,292	3,002	8,550	7,797
Depreciation	3,372	3,371	8,758	8,756
Repairs and maintenance	-	205	-	532
Seawater extraction	370	363	961	944
Other operating expenses	480	558	1,247	1,449
	<u>25,215</u>	<u>26,816</u>	<u>65,493</u>	<u>69,652</u>

17 Other income

	30 June 2017 RO'000	30 June 2016 RO'000	30 June 2017 USD'000	30 June 2016 USD'000
Insurance claim	-	387	-	1,006
Claim received against forced outage	-	16	-	42
	<u>-</u>	<u>403</u>	<u>-</u>	<u>1,048</u>

18 General and administrative expenses

	30 June 2017 RO'000	30 June 2016 RO'000	30 June 2017 USD'000	30 June 2016 USD'000
Management fees	77	77	200	200
Directors' meeting attendance fees and remuneration	33	62	86	161
Legal and professional fees	42	46	109	119
Staff costs	15	16	39	42
Depreciation	-	-	-	1
Other administrative expenses	238	244	619	632
	<u>405</u>	<u>445</u>	<u>1,053</u>	<u>1,155</u>

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**19 Finance costs**

	30 June 2017 RO'000	30 June 2016 RO'000	30 June 2017 USD'000	30 June 2016 USD'000
Interest on net settlement of swaps	1,765	2,338	4,583	6,073
Interest on base facility	945	764	2,454	1,984
Interest on repayment facility	182	147	473	382
Amortisation of deferred financing costs	139	152	361	396
Other financial charges	84	155	218	403
Unwinding of discount on decommissioning costs (note 11)	44	41	114	106
	<u>3,159</u>	<u>3,597</u>	<u>8,203</u>	<u>9,344</u>

**20 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.

	30 June 2017	31 December 2016	30 June 2017	31 December 2016
Shareholders' funds (in '000)	<u>28,482</u>	<u>29,006</u>	<u>73,985</u>	<u>75,347</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>0.129</u>	<u>0.131</u>	<u>0.335</u>	<u>0.341</u>

**21 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.

	30 June 2017	30 June 2016	30 June 2017	30 June 2016
Net loss/profit for the period (in '000)	<u>(524)</u>	<u>1,873</u>	<u>(1,364)</u>	<u>4,866</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>(0.002)</u>	<u>0.008</u>	<u>(0.006)</u>	<u>0.022</u>

**22 Comparative Figures**

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