



**PHOENIX POWER
COMPANY(SAOG)**

Dear Shareholders,

On behalf of the Board of Directors of Phoenix Power Company SAOG ("PPC" or the "Company"), I have the pleasure to present the Directors' Report together with the unaudited financial statements of the Company for the nine month period ended 30th September 2015.

Health, Safety and Environment (HSE)

The health and safety performance to date has been excellent, with no Lost Time Accidents (LTAs). The Operations and Maintenance Contractor ("POMCo") has completed 293 days without a Lost Time Accident at the end of September 2015. Similarly there have been no environmental incidents.

Operations

During the nine months of 2015, the Company has achieved an excellent operational performance with the Sur Power Plant demonstrating a commercial availability of 98.8%, the key parameter to be considered when assessing the revenues generated during the period.

The net power exported during the first nine months of 2015 was 3705 GWhrs.

Financial Results

The Company generated a net profit of RO 13.9 million for the first nine months of 2015. Net revenues for the period were RO 89.8 million and costs were RO 52.2 million, the largest of which is the purchase of fuel gas for the power plant. It should be noted that the financials results of the first nine months of 2015 are not comparable with the first nine months of previous year, 2014, as the Company has only commenced commercial operations from 11th December 2014.

The share price of PPC was 151 Baizas at the close of the first nine months of the year.

Corporate Governance

Given the recent conversion of the Company to SAOG status, significant effort is being placed on policy and process review to ensure the highest standards of corporate governance in compliance with local regulatory requirements as well as with international best practices.

Future Outlook

All reasonable and prudent measures will be taken by the Management of the Company to ensure high standards of health, safety, environmental compliance reliability and availability are maintained over the remaining months of 2015.

The Claims from the EPC Contractor have not been concluded and discussions with the Contractor continue.



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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.

Khalid Jolo
Chairman of the Board