



**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 2020.

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 2121 days without a Lost Time Accident since commercial operation of the power plant commenced. Similarly there have been no environmental incidents.

Company Response to COVID-19 Pandemic

As the COVID-19 virus continues to be prevalent, I wish to take this opportunity to update Shareholders of the business continuity and safeguarding measures the Company has in place to protect against the impact of the virus since the onset of the outbreak in Oman:

The Company continues to maintain an ongoing review of developments and guidance issued by the Oman Supreme Committee to ensure our plans and actions remain current and relevant.

The safety and health of our staff are our top priority. We are taking all necessary precautions to continue with our daily operations and ensure the safety of our employees, families and the community.

In April 2020 the Company initiated an Isolation Plan to "lockdown" and secure a core team of 35 staff and contractors living and working on the Sur IPP asset until such time that it is considered safe to return to normal operations. This provides a COVID-19 free work environment at Sur IPP and supports the continuing safe and reliable generation of electricity to the Sultanate of Oman.

Logistics and supply chains remain under continuous review to assure required levels of support to the Sur IPP are available, and regulatory compliance is maintained.

The Company envisages no disruption in the continuity of our operations for the foreseeable future.

Operations

During the first nine months of 2020, the Company has achieved a good level of operational performance with the Sur Power Plant demonstrating a commercial availability of 99.68%, the key parameter to be considered when assessing the revenues generated during the period. This is an improvement on the similar period of 2019 (99.12%) the achievement remains in line with Company expectation.

The net power exported during the first nine months of 2020 was 6510 GWhrs compared with 6195 GWhrs during the same period in 2019, reflecting higher dispatch by the Oman Power & Water Procurement Company SAOC ("OPWP" or the "Buyer").



**PHOENIX POWER
COMPANY(SAOG)**

Financial Results

The Company generated a net profit of RO 20.59 million for the nine months of 2020. Net revenues for the period were RO 114.78 million and costs were RO 78.56 million, the largest of which is the purchase of fuel gas for the power plant. The financial results of the first nine months of 2020 compare favorably with the first nine months of the previous year, 2019, where the net profit was RO 19.61 million. This is mainly due to lower interest costs as a consequence of the progress of loan repayments.

The share price of PPC was 54 Baizas at the close of the first nine months of the year.

Corporate Governance

Significant effort continues to be 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.

Corporate Social Responsibility

The Company continues to provide support as part of its commitment to Corporate Social Responsibility (CSR) in the areas of health and safety, welfare and education, particularly in the local Sur community and in line with the CSR plan and budget for 2019. For the remainder of 2020 the initially planned CSR expenditure will remain flexible to accommodate the impact of COVID-19 on local communities.

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 three months of 2020.

Finally, on behalf of the Board of Directors, I would like to extend our deep appreciation and gratitude to the visionary leader, His Majesty Sultan Haitham bin Tariq Al Said and His Government for their support and co-operation extended to Phoenix Power in achieving its highest goals.

Khalid Jolo
Chairman of the Board