



**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 three month period ended 31st March 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 1938 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 spread, I wish to take this opportunity to inform Shareholders of the business continuity and safeguarding measures the Company has put in place to protect against the impact of the virus since the onset of the outbreak in Oman:

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.

PPC and its O&M Company, POMCo, have taken appropriate measures to ensure a coordinated and integrated approach to the management of the situation and assure we make informed and responsible decisions. We are maintaining an ongoing review of the developments to ensure our plans and actions remain current and relevant, and assure the continuing safe and reliable generation of electricity to the Sultanate of Oman.

A detailed assessment has been completed considering our people, logistics and supply chains to assure the continuing safe operation of the Sur Power Station, and its ongoing regulatory compliance. This has included practical measures to limit the contagion of the disease; contingency plans should staff member`s contract the disease; and securing supply chain availability of materials and consumables required for continued operation.

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

Operations

During the first three months of 2020, the Company has achieved an excellent level of operational performance with the Sur Power Plant demonstrating a commercial availability of 99.90%, the key parameter to be considered when assessing the revenues generated during the period. This is a very similar performance to that of the same period of 2019 (99.96%) and remains in line with Company expectation.



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The net power exported during the first three months of 2020 was 1317 GWhrs compared with 1208 GWhrs during the same period in 2019, reflecting higher dispatch by the Oman Power & Water Procurement Company SAOC (“OPWP” or the “Buyer”).

Financial Results

The Company generated a net loss of RO (5.34) million for the three months of 2020. Net revenues for the period were RO 19.30 million and costs were RO 19.29 million, the largest of which is the purchase of fuel gas for the power plant. The financial results of the first three months of 2020 compare reasonably with the first three months of the previous year, 2019, where the net loss was RO (4.86) million. This small change is mainly due to higher cost of outage works in 2020 compared to the same period during the previous year.

The share price of PPC was 49 Baizas at the close of the first three months of the year.

Corporate Governance

To comply with restrictions imposed by the government of Oman to contain the spread of the COVID-19 virus, the Oman Capital Markets Authority (CMA) required that the 2020 AGM planned for 23rd March in Muscat be postponed. Until such time that the AGM is rescheduled, the CMA have confirmed that the proposed PPC dividend distribution for 2020 is “deemed approved” by the CMA and the Company should continue to operate on a “Business as Usual” basis.

Corporate Social Responsibility

Until such time that the 2020 AGM is rescheduled and the Company’s CSR plan and budget for 2020 is approved, the Company will continue to support the community wherever possible, and in particular in contributing to the Government of Oman’s response to the COVID19 pandemic. Recognizing this fact, the Company made a contribution of 50% of its planned 2020 CSR budget to the Endowment Fund to Support Health Services to support the Government of Oman’s efforts to combat the pandemic.

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 2020 and that the possible effects of the COVID-19 virus is effectively managed to assure no impact to our operations.

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.


23/4/2020
Khalid Jolo
Chairman of the Board