



## Chairman's Report

### 1. Introduction

On behalf of the Board of Directors of Al Kamil Power Company SAOG (the "Company"), I have the pleasure to present the Chairman's report for the period ended 30 September 2017.

### 2. Review of Operations for nine months ended 30 September 2017

During the nine months of the current year the plant achieved 99.84% commercial availability as against 98.93% during same period in 2016. The electricity exported to the grid during the period was lower than the electricity exported in the same period in 2016. However, since the actual level of power generation fees are pass through in nature, this has no major effect on the Company's net income.

As at 30<sup>th</sup> September 2017, the plant completed 5,187 days without "Lost Time Due to Accident" since inception, which is reflective of our continued internal focus on Health, Safety and Environment.

The Company posted a net profit of RO 1.14 million during the period ended September 2017 compared to RO 2.956 million during the same period in 2016. The net profit for the period in 2017 was adversely impacted by the Restatement of Deferred Tax Liability at the new tax rate, pursuant to the amendment to the Tax Law in Oman.

On the tax litigation, the Appeals Court rejected the company's suit against the disallowance of carry forward of losses incurred during the tax exempt period for the years 2008 to 2012. The company has since filed a suit with the Supreme Court. The decision of Supreme Court is awaited. However, the company has settled the tax liabilities for the said period as per the assessments and hence has no additional liabilities.

### 3. Financial Results for nine months ended 30 September 2017

#### a. *Operating Revenue and Gross Profit*

The Company achieved a turnover of RO 8.055 million and a gross profit of RO 2.553 million.

#### b. *Operating costs*

The operating costs were RO 5.502 million.

#### c. *Administrative and General Expenses*

Administrative expenses amounted to RO 0.291 million.

#### d. *Financing Expenses*

Net financing costs were RO 0.040 million, 80% lower than for the same period of 2016.

#### e. *Deferred Tax - Prior Period charge, representing restatement of Deferred Tax Liability at the new tax rate, amounted to RO 0.759 million.*

#### f. *Net Profit*

The net profit for the period was RO 1.14 million.

### Future Outlook

Plant availability is expected to remain high.

Finally, I would like to take this opportunity to extend our sincere gratitude to His Majesty Sultan Qaboos Bin Said and His Government for the encouragement and support they continue to provide to private sector investors.

Manuel Colcombet  
Chairman