# 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 31 March 2017.

## 2. Review of Operations for three months ended 31 March 2017

During the three months of the current year the plant achieved 99.97% commercial availability. During the period, the electricity exported to the grid 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 31st March 2017, the plant completed 5,004 days without "Lost Time Due to Accident" since inception, which is reflective of our continued internal focus on Health, Safety and Environment.

The Company's net profit during the first quarter of 2017 was adversely impacted by the Restatement of Deferred Tax Liability at the new tax rate, pursuant to the recent amendment to the Tax Law in Oman.

During the period, the Company and OPWP executed the Amendment Agreement to the Power Purchase Agreement, extending the term of the PPA upto 31st December 2021.

During the Annual Performance Test conducted on 11th April 2017, the plant successfully demonstrated power generation capacity of 283.628 MW as against 280 MW guaranteed under the Extended PPA.

The winter outage schedule program is being executed as per the schedule approved by the Load Dispatch Center.

On the tax litigation, the company's suit against the disallowance of carry forward of losses incurred during the tax exempt period for the years 2008 to 2012, has been rejected by the Appeals Court. The company will now pursue further legal recourse. However, the company has settled the tax liabilities for the said period and hence has no additional liabilities.

## 3. Financial Results for three months ended 31 March 2017

a. ***Operating Revenue and Gross Profit***
The Company achieved a turnover of RO 1.847 million and a gross profit of RO 0.999 million.

b. ***Operating costs***
The operating costs were RO 0.848 million.

c. ***Administrative and General Expenses***
Administrative expenses amounted to RO 0.095 million.

*d.* ***Financing Expenses***
Net financing costs were RO 0.019 million, 78% 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 0.004 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