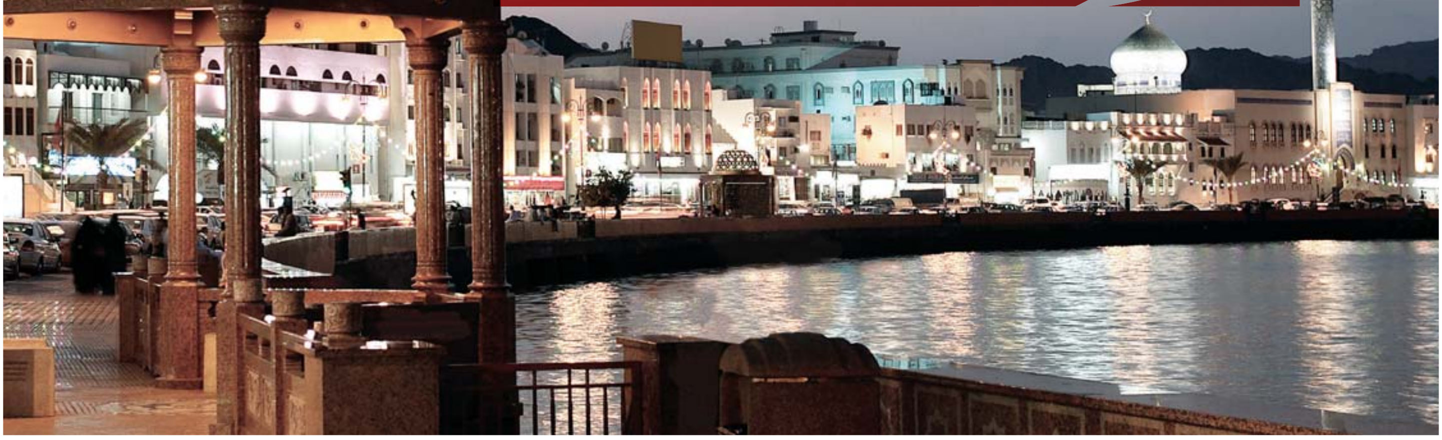
PROSPECTUS

PHOENIX POWER COMPANY SAOG
(Under Transformation)



PHOENIX POWER COMPANY SAOG
(Under Transformation)

Initial Public Offer of 511,910,511 Offer Shares at a price of Bzs 110 per Offer Share

(Comprising a Nominal Value of Bzs 100, premium of Bzs 8 and Offer expenses of Bzs 2 per Offer Share)

Offer opens on 10 May 2015

Offer closes on 8 June 2015

POWER TO CREATE OPPORTUNITIES

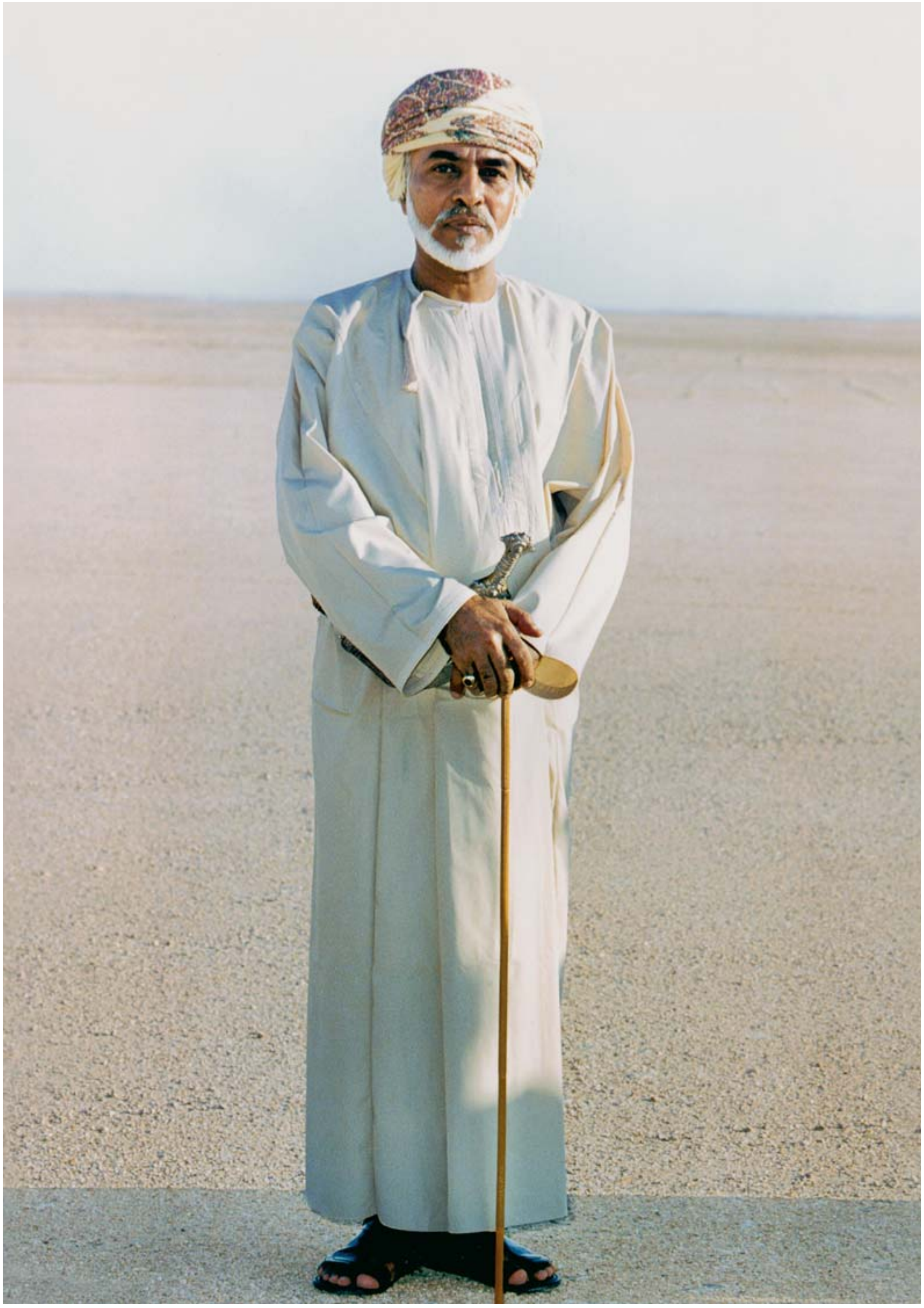
www.phoenixpoweroman.com

Financial Adviser & Lead Manager: bank muscat

Legal Adviser: AMJ Al Busaidy, Mansoor Jamal & Co.

Marketing Adviser: OHI Leo Burnett

Collecting Banks: bank muscat, National Bank of Oman, Oman Arab Bank, BankDhofar, Bank Sohar, ahlibank



HIS MAJESTY SULTAN QABOOS BIN SAID

Phoenix Power Company SAOG

(under transformation)
P.O. Box 96, P.C. 102, Qurum, Muscat, Sultanate of Oman
Tel:+968 2200 9968; Fax:+968 2200 9975
URL: www.phoenixpoweroman.com

PROSPECTUS

Initial Public Offering of 511,910,511 Offer Shares of nominal value Bzs 100 each

OFFER PERIOD

Offer Opens on: 10 May 2015
Offer Closes on: 8 June 2015

OFFER PRICE

Bzs 110 per Offer Share
(Comprising a nominal value of Bzs 100, a premium of Bzs 8 and Offer expenses of Bzs 2 per Offer Share)

FINANCIAL ADVISER & ISSUE MANAGER

P.O.Box 134, Postal Code 112, Ruwi, Sultanate of Oman
Tel: +968 2476 8888; Fax: +968 2479 8220
URL: www.bankmuscat.com

LEGAL ADVISER TO THE ISSUER

Al Busaidy, Mansoor Jamal & Co.

COLLECTING BANKS

The Capital Market Authority (the "CMA") assumes no responsibility for the accuracy and adequacy of the statements and information contained in this Prospectus nor will it have any liability for any damage or loss resulting from the reliance upon or use of any part of the same by any person.This Prospectus has been prepared in accordance with the requirements as prescribed by the CMA. This is an unofficial English language translation of the original Prospectus prepared in the Arabic language and approved by the CMA in accordance with Administrative Decision no. KH/12/2015 dated 29/04/2015.

IMPORTANT NOTICE TO INVESTORS

The aim of this Prospectus is to present material information that may assist investors to make an appropriate decision as to whether or not to invest in the shares of Phoenix Power Company SAOG (under transformation) (the "Company" or "Phoenix Power") offered hereunder (the "Offer Shares").

This Prospectus includes all material information and data and does not contain any misleading information or omit any material information that would have a positive or negative impact on the decision of whether or not to invest in the Offer Shares.

The Directors of Phoenix Power are jointly and severally responsible for the integrity and adequacy of the information contained in this Prospectus and confirm that to their knowledge appropriate due diligence has been performed in the preparation of this Prospectus and further confirm that no material information has been omitted, the omission of which would render this Prospectus misleading.

All investors should examine and carefully review this Prospectus in order to decide whether it would be appropriate to invest in the Offer Shares by taking into consideration all the information contained in this Prospectus in its proper context. Investors should not consider this Prospectus a recommendation by Phoenix Power to buy the Offer Shares. Every investor is responsible for obtaining his or her own independent professional advice on an investment in the Offer Shares and for conducting an independent valuation of the information and assumptions contained herein using appropriate analysis or projections.

No person has been authorised to make any statements or provide information in relation to Phoenix Power or the Offer Shares other than the persons whose names are indicated in this Prospectus. Where any person makes any statement or provides information it should not be taken as authorised by Phoenix Power or the Financial Adviser & Issue Manager.

ADDITIONAL POINTS TO BE NOTED

References to documents

All summaries of documents referred to in this Prospectus may not provide a complete summary of such documents, and statements in this Prospectus relating to such documents may not be exact reproductions of such documents or parts thereof and should not be relied upon as being comprehensive statements in respect of such documents.

Scope of information

The information contained in this Prospectus is intended to provide to a prospective Applicant with adequate information relating to the investment opportunity and background information on the IPO. However, this Prospectus does not necessarily contain all the information that a prospective Applicant may consider material. The content of this Prospectus is not to be construed as legal, business or tax advice. Each prospective Applicant should consult his own lawyer, financial adviser or tax adviser for legal, financial or tax advice in relation to any subscription, purchase or proposed subscription or purchase of the Offer Shares.

Investor due diligence

Prior to making any decision as to whether to subscribe for the Offer Shares, prospective Applicants should read this Prospectus in its entirety. In making an investment decision, prospective Applicants must rely upon their own examination of the terms of this Prospectus and the risks involved in making an investment.

Equity risk

All equity investments carry market risks to varying degrees. The value of any security can fall as well as rise depending on the market conditions. Potential investors should read "Chapter XIII – Risk Factors" of this Prospectus for an outline of important risk factors impacting Phoenix Power's business and the industry it operates in.

Restrictions on distribution of this Prospectus

The distribution of this Prospectus and the Offer Shares may, in certain jurisdictions, be restricted by law or may be subject to prior regulatory approvals. This Prospectus does not constitute an offer or an invitation by or on behalf of Phoenix Power to any person in any jurisdiction outside Oman to subscribe to any of the Offer Shares where such offer or invitation would be unlawful. This Prospectus may not be distributed in any jurisdiction where such distribution is, or may be, unlawful. Phoenix Power, the Financial Adviser & Issue Manager and the Collecting Banks require persons into whose possession this Prospectus comes, to inform themselves of and observe, all such restrictions. None of Phoenix Power, the Financial Adviser & Issue Manager, or the Collecting Banks accept any legal responsibility for any violation of any such restrictions on the sale, offer to sell or solicitation to subscribe for Offer Shares by any person, whether or not a prospective Applicant, in any jurisdiction outside Oman where such sale, offer to sell or solicitation to subscribe would be unlawful.

Restrictions on use of information contained in this Prospectus

The information contained in this Prospectus may not be published, duplicated, copied or disclosed in whole or in part or otherwise used for any purpose other than in connection with the Offer, without the prior written approval of Phoenix Power and the Financial Adviser & Issue Manager.

Disclaimer of implied warranties

Save and except as required under applicable law and regulations, no representation or warranty, express or implied, is given by Phoenix Power, the Financial Adviser & Issue Manager, or the Collecting Banks, or any of their respective directors, managers, accountants, advisers, lawyers, employees or any other person as to the completeness of the contents of this Prospectus; or of the projections included within; or of any other document or information supplied at any time in connection with the Offer; or that any such document has remained unchanged after the issue thereof.

SELLING RESTRICTIONS OUTSIDE OMAN

Kingdom of Bahrain

In relation to investors in the Kingdom of Bahrain, the securities, which are the subject of this Prospectus and related offering documents may only be offered in registered form to existing account holders and accredited investors as defined by the Central Bank of Bahrain in the Kingdom of Bahrain where such investors make a minimum investment of at least US$100,000, or any equivalent amount in other currency or such other amount as the Central Bank of Bahrain may determine.

This offer does not constitute an offer of securities in the Kingdom of Bahrain in terms of Article 81 of the Central Bank and Financial Institutions Law 2006 (Decree Law No. 64 of 2006). This Prospectus and related offering documents have not been and will not be registered as a prospectus with the Central Bank of Bahrain. Accordingly, no securities may be offered, sold or made the subject of an invitation for subscription or purchase nor will this Prospectus or any other related document or material be used in connection with any offer, sale or invitation to subscribe or purchase securities, whether directly or indirectly, to persons in the Kingdom of Bahrain, other than to accredited investors for an offer outside Bahrain.

The Central Bank of Bahrain has not reviewed, approved or registered this Prospectus or related offering documents and it has not in any way considered the merits of the securities to be offered for investment, whether in or outside the Kingdom of Bahrain. Therefore, the Central Bank of Bahrain assumes no responsibility for the accuracy and completeness of the statements and information contained in this document and expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the content of this document.

State of Kuwait

This Prospectus has not been reviewed by the Capital Markets Authority of Kuwait and is not issued by a person licensed by the Capital Markets Authority. Accordingly, this Prospectus may neither be circulated within the State of Kuwait nor may any of the Offer Shares be offered for subscription be sold, directly or indirectly, in the state of Kuwait. Moreover, no invitation or offer to subscribe for any of the Offer Shares may be made to persons, including for the avoidance of doubt, any legal entities, in the State of Kuwait. In the event that this Prospectus is forwarded to any person in the State of Kuwait, it should be disregarded and no steps should be taken in reliance upon it. No person in the State of Kuwait may accept or subscribe for, or purport to accept or subscribe for, the Offer Shares.

State of Qatar

The Offer Shares have not been and will not be offered, sold or delivered, at any time, directly or indirectly in the State of Qatar in a manner that would constitute a public offering. No application has been or will be made for the Offer Shares to be listed or traded on the Qatar Exchange or the QE Venture Market. This Prospectus has not been, and will not be, reviewed or approved by or registered or filed with the Qatar Financial Markets Authority or Qatar Central Bank and may not be publicly distributed. This Prospectus is intended for the original recipient only and must not be provided to any other person. This Prospectus is not for general circulation in the State of Qatar and may not be reproduced or used for any other purpose.

Kingdom of Saudi Arabia

This Prospectus may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations as issued by the Board of the Capital Market Authority of the Kingdom of Saudi Arabia resolution number 2-11-2004 dated October 4, 2004 as amended by resolution number 1-28-2008 dated August 18, 2008 (the “KSA Regulations”).

This Prospectus is directed to “sophisticated investors”, as defined under Article 10 of the KSA Regulations (“Sophisticated Investors”), for information purposes only. This Prospectus is not intended for distribution to, or use by anyone who is not a Sophisticated Investor. Any person who is not a Sophisticated Investor should not act on this Prospectus or any of its contents. This Prospectus also is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution would be contrary to law or regulation.

The Capital Market Authority of the Kingdom of Saudi Arabia does not make any representation as to the accuracy or completeness of this Prospectus, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of this Prospectus, you should consult an authorised financial adviser.

United Arab Emirates (excluding the Dubai International Financial Centre)

This Prospectus is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose.

By receiving this Prospectus, the person or entity to whom it has been issued understands, acknowledges and agrees that neither the Offer Shares nor this Prospectus have been approved by the UAE Central Bank, the UAE Ministry of Economy and Planning, the UAE Securities and Commodities Authority or any other authorities in the United Arab Emirates. The Financial Adviser & Issue Manager has not received authorisation or licensing from the UAE Central Bank, the UAE Ministry of Economy and Planning, the UAE Securities and Commodities Authority or any other authorities in the United Arab Emirates to market or sell the Offer Shares within the United Arab Emirates. No marketing or offer of the Offer Shares has been or will be made from within the United Arab Emirates and no subscription to the Shares may or will be consummated within the United Arab Emirates. It should not be assumed that the Financial Adviser & Issue Manager is a licensed broker, dealer or investment adviser under the laws applicable in the United Arab Emirates, or that it advises individuals resident in the United Arab Emirates as to the appropriateness of investing in or purchasing or selling securities or other financial products. The Offer Shares may not be offered or sold directly or indirectly to the public in the United Arab Emirates. This Prospectus does not constitute a public offer of securities in the United Arab Emirates in accordance with the UAE Commercial Companies Law, Federal Law No. 8 of 1984 (as amended) or otherwise.

Nothing contained in this Prospectus is intended to constitute investment, legal, tax, accounting or other professional advice. This Prospectus is for your information only and nothing in this Prospectus is intended to endorse or recommend a particular course of action. You should consult with an appropriate professional for specific advice rendered on the basis of your situation.

Dubai International Financial Centre

This Prospectus is not intended to, and does not, constitute a financial promotion, an offer, sale or delivery of shares or other securities under the Dubai International Financial Centre (the "DIFC") Markets Law (DIFC Law 12 of 2004, as amended), Regulatory Law (DIFC Law 1 of 2004, as amended), under the Offered Securities Rules of the Dubai Financial Services Authority (the "DFSA") or otherwise. The Offer Shares are not intended for, are not being offered, distributed, sold or publicly promoted or advertised, directly or indirectly, to, or for the account or benefit of, any person in the DIFC. This Prospectus is not intended for distribution to any person in the DIFC and any such person that receives a copy of this Prospectus should not act or rely on this Prospectus and should ignore the same. The DFSA has not approved the offer of Offer Shares or this Prospectus nor taken steps to verify the information set out in it, and has no responsibility for it.

United States

The Offer Shares have not been, and will not be, registered under the US Securities Act of 1933, as amended (the "US Securities Act") and may not be offered or sold within the United States or to, or for the account or benefit of, US persons (as such term is defined in Rule 902 under the US Securities Act (a "US Person")) except in certain transactions exempt from the registration requirements of the US Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the US Securities Act.

The Financial Adviser & Issue Manager has agreed that it will not offer or sell the Offer Shares(i) as part of its distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the Offer and the closing date of the Offer, within the United States or to, or for the account or benefit of, US Persons, and it will have sent to each dealer to which it sells Shares during the distribution compliance period a confirmation or other notice setting out the restrictions on offers and sales of the Shares within the United States or to, or for the account or benefit of, US Persons. Terms used in this paragraph have the meanings given to them by Regulation S.

The Offer Shares are being offered and sold outside of the United States to nonUS Persons in reliance on Regulation S.

United Kingdom

Investment in Phoenix Power is a controlled investment for the purposes of the financial promotion restriction under section 21 of the Financial Services and Markets Act 2000 ("FSMA").

This Prospectus has not been approved under FSMA by an authorised person. This communication is exempt from the general restriction under section 21 of FSMA on the communication of invitations or inducements to engage in investment activity on the grounds that it is made only to, or directed only at, the following persons ("Relevant Persons"):

(a) "investment professionals" within the meaning of Article 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 ("FPO"); or

(b) "high net worth companies, unincorporated associations etc." within the meaning of Article 49 of the FPO, or any other person to whom this Prospectus may lawfully be communicated.

Persons who are not Relevant Persons must not act, or rely, on this communication. Phoenix Power or the Financial Adviser & Issue Manager will deal in the investments described in this Prospectus only with Relevant Persons.

An "investment professional" for the purposes of Article 19 of the FPO is a person who has professional experience in matters relating to "investments".

A "high net worth company", or "unincorporated association etc." for the purposes of Article 49 of the FPO is: (i) a body corporate which has, or is a member of the same group as an undertaking which has, a called-up share capital or net assets of at least £5million (or where the body corporate has more than 20 members or is a subsidiary undertaking of a parent undertaking which has more than 20 members, at least £500,000); (ii) an unincorporated association or partnership which has net assets of not less than £5 million; (iii) the trustee of a high value trust which has, or has had in the 12 months before the date of this communication, an aggregate value of at least £10million; or (iv) any person ("A") whilst acting in the capacity of director, officer or employee of a person ("B") falling within any of the above where A's responsibilities when acting in that capacity, involve him in B's engaging in investment activity.

European Economic Area

In relation to each Member State of the European Economic Area that has implemented Directive 2003/71/EC (as amended) (the "Prospectus Directive") (each, a "Relevant Member State"), an offer to the public of Offer Shares may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of Offer Shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

(i) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(ii) to fewer than 150 natural or legal persons (other than "qualified investors" as defined in the Prospectus Directive); subject to obtaining the prior consent of the Financial Adviser & Issue Manager; or

(iii) in any other circumstances which do not require the publication by Phoenix Power of a prospectus within the meaning of the Prospectus Directive,

provided that no such offer of Offer Shares shall result in a requirement for the publication by Phoenix Power or any underwriter of a prospectus pursuant to Article 3 of the Prospectus Directive or any measure implementing the Prospectus Directive in a Relevant Member State.

For the purposes of this provision, the expression "an offer to the public" in relation to Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offer and any Offer Shares to be offered so as to enable an investor to decide to acquire any Offer Shares, as the same may be varied in that member state by any measure implementing the Prospectus Directive in that member state.

FORWARD-LOOKING STATEMENTS

This Prospectus contains certain "forward-looking statements". These forward-looking statements generally can be identified by the use of forward-looking terminology, including terms such as "aim", "anticipate", "believe", "expect", "estimate", "goal", "intend", "objective", "plan", "project", "shall", "will", "will continue", "will pursue", their negative, or other words or phrases of similar import. Similarly, statements that describe Phoenix Power's strategies, objectives, plans or goals are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions that could cause actual outcomes, including among other things, Phoenix Power's result of operations, financial condition, cash flows, liquidity, financial projections and growth to differ materially from those contemplated by the relevant forward-looking statement.

Important factors that could cause actual results to differ materially from Phoenix Power's expectations include but are not limited to:

- inability to estimate future performance;
- inability of Phoenix Power to meet its debt service obligations under its Finance Documents;
- inability of Phoenix Power to meet their payment obligations under the Project Documents;
- inability to realise revenue forecasts after the expiration of the off-take obligations contained in the Project Documents;
- unavailability of fuel for the Plant after the Project Documents have expired;
- certain financing and/or operational and maintenance risks, which are inherent to the Project;
- access to adequate insurance to cover all potential losses;
- change in monetary and/or interest policies of Oman, local and/or international inflation, local and/or international interest rates;
- fluctuations in foreign exchange rates, equity prices or other rates or prices;
- the performance of the financial markets in Oman;
- general political, economic and business conditions in Oman which may have an impact on Phoenix Power's business activities;
- changes in laws and/or regulation and/or conditions that may have a bearing on the position of Phoenix Power's clients, and/or suppliers after the expiration of the PPA, or the power generation sector in Oman; and
- increased competition in the power generation sector in Oman after expiry of the Project Documents; changes in the economic and/or financial conditions of Phoenix Power's clients, suppliers and the power generation sector after the expiration of the Project Documents.

By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could be materially different from those that have been estimated. None of Phoenix Power or the Financial Adviser & Issue Manager or any of their respective affiliates has any obligation to update or otherwise revise any statements in this Prospectus to reflect circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition or differ in actuality.

The above list is not exhaustive and for a further discussion of factors that could cause actual results to differ, see "Chapter XIII – Risk Factors" of this Prospectus. After listing on the MSM, Phoenix Power will adhere to the disclosure rules and regulations issued by the CMA, which includes making timely disclosure regarding Phoenix Power's results of operation. Phoenix Power advises Applicants to track any information or announcements made by it after listing through the MSM website at www.msm.gov.om in the event they subscribe for offer Shares and become Shareholders.

PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

Financial Data

Unless stated otherwise, the financial data in this Prospectus is derived from Phoenix Power's audited financial statements or its unaudited interim financial statements, in each case prepared in accordance with IFRS. Copies of the 2012, 2013 and 2014 annual audited financial statements are set out in "Chapter XXII – Historical Financial Statements" of this Prospectus. Phoenix Power's financial year commences on 1 January and ends on 31 December. In this Prospectus, any discrepancy in any table between the total and the sum of the relevant amounts listed is due to rounding.

Currency of Presentation

In this Prospectus, all references to "OMR" and/or "Omani Rials" are to the legal currency for the time being of Oman, all references to "US$" and/or "US Dollars" are to the lawful currency for the time being of the United States of America. Conversions of amounts from Omani Rials to US Dollars in this Prospectus are solely for the convenience of the reader. The Omani Rial has been pegged to the US Dollar since June 1986. Unless otherwise specified, for all periods presented in "Chapter X – Description of Phoenix Power and Business Overview", "Chapter XII – Project Cost and sources of Financing", "Chapter XIV – Summary future financials" of this Prospectus, conversions of amounts between Omani Rials and US Dollars have been made at an exchange rate of US$1.00 = OMR 0.3845.

The financial model uses a conversion rate of US$1.00 = OMR 0.3845 and, accordingly, conversion of amounts from Omani Rials to US Dollars have been made at this exchange rate for all periods presented in this Prospectus.

Industry and Market Data

Unless stated otherwise, industry and market data used throughout this Prospectus has been obtained from third-party industry publications and/or websites, including, without limitation OPWP. Although it is believed that industry data used in this Prospectus is reliable, it has not been independently verified and therefore its accuracy and completeness is not guaranteed and its reliability cannot be assured. Similarly, internal company reports, while believed to be reliable, have not been verified by any independent sources. The extent to which the market and industry data used in this Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data.

This Prospectus contains references to the electricity capacities of the independent power and water projects communicated by OPWP. Unless stated otherwise, the stated electricity capacities provided refer to the contracted capacity of such projects at the time of their full commercial operation date. Power plants suffer degradation of their capacity to produce electricity overtime, especially during the early years of operation, and as such, the contracted electricity capacity stated for the Project, pursuant to the PPA, will reduce slightly over time.

Presentation of Power Generation Data

This Prospectus contains references to MW capacities of the Plant. For the purposes of this Prospectus, all of the references to "MW" are to megawatts of electrical energy. All references to ''GW'' are to gigawatts of electrical energy, and all references to ''kW''are to kilowatts of electrical energy. All references to ''heat rate'' or ''gas consumption'' refer to the measure of thermal efficiency of the Plant in the conversion of natural gas into electricity. All references to ''backup fuel'' are to diesel.

PHOENIX POWER COMPANY SAOG
(Under Transformation)

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Chapter I
Abbreviations and Definitions

AER	The Authority for Electricity Regulation of Oman.
Applicant	A person or entity who applies for the purchase of Offer Shares pursuant to the terms of this Prospectus.
Application	The application form used to apply for Offer Shares pursuant to the terms of this Prospectus.
Application Money	The amount to be paid by each Applicant at the time of submission of his/her Application as specified in "Chapter XXI– Subscription Conditions and Procedures" of this Prospectus.
Articles	The articles of association of Phoenix Power, as registered with the Ministry of Commerce & Industry.
Authorised Share Capital	The authorised share capital of the Company.
Axia Power	Axia Power Holdings BV, Netherlands
Baizas/Bzs	Omani Baizas (Bzs 1,000 = OMR 1).
Basis of Allotment	The basis on which the Offer Shares will be allotted to Applicants under the Offer and which is described in "Chapter XXI– Subscription Conditions and Procedures" of this Prospectus.
Board/Board of Directors	The board of directors of Phoenix Power, elected and holding office in accordance with the Articles and the CCL.
Board Election Rules	Rules and conditions for the Election of Directors of Public Joint Stock Companies and their Responsibilities (Ministerial Decision 137/2002).
BOO	Build, own and operate.
BOOT	Build, own, operate and transfer.
Capital Market Law	The Capital Market Law of Oman issued by Royal Decree 80/98, as amended.
Category I Investors	Omani and non-Omani individuals and juristic persons who apply for a minimum of 1,000 Offer Shares and in multiples of 100 Shares thereafter up to a maximum of 600,000 Offer Shares.
Category II Investors	Omani and non-Omani individuals and juristic persons who apply for a minimum of 600,100 Offer Shares and in multiples of 100 Shares thereafter up to a maximum of 51,191,000 Offer Shares, or c.10 per cent. of the Offer.
CBO	The Central Bank of Oman.
CCL	The Commercial Companies Law of Oman issued by Royal Decree 4/74 (as amended).
CCGT	Combined cycle gas turbine.
Chairman	The Chairman of the Board.
Chubu Electric	Chubu Electric Power Sur BV, The Netherlands.
CEPCo	Chubu Electric Power Co. Inc.
CFO	The Chief Financial Officer of Phoenix Power.
CIRR	Commercial Interest Reference Rate.
CMA	The Capital Market Authority of Oman
CML	Capital Market Authority Law (Royal Decree 80/98).
COD	The commercial operation date of the Plant, being 11 December 2014.
Code	The CMA Code of Corporate Governance for public joint stock companies issued by circular 11/2002, as amended.
Collecting Banks	Bank Muscat SAOG, Bank Dhofar SAOG, National Bank of Oman SAOG, Oman Arab Bank SAOC, Bank Sohar SAOG, Ahli Bank SAOG.

PHOENIX POWER COMPANY SAOG
(Under Transformation)

Commercial Facility Agreement	The facility agreement dated 21 November 2011 entered into between Phoenix Power and inter alia The Bank of Tokyo-Mitsubishi UFJ Ltd., KfW IPEX-Bank GMBH, Mizuho Corporate Bank Ltd (now Mizuho Bank Ltd).
Commercial Register	The commercial register maintained by the MOCI pursuant to the Commercial Register Law issued by Royal Decree 3 of 1974.
CPI	Omani Consumer Price Index.
CTA	The Common Terms Agreement dated 21 November 2011 entered into between, Phoenix Power and inter alia Japan Bank for International Cooperation, The Bank of Tokyo-Mitsubishi UFJ Ltd.
DCF	Discounted cash flows valuation methodology.
DEC	Daewoo Engineering & Construction Co. Ltd.
Deputy Chairman	The Deputy Chairman of the Board.
DGC	Dhofar Generating Company SAOC.
Distribution Code	Rules which each licensed distribution system operator is obliged to prepare and maintain after its approval by the AER as specified in the Sector Law.
DPC	Dhofar Power Company SAOC.
DSCR	Debt Service Coverage Ratio.
DSRA	Debt Service Reserve Account.
EBITDA	Earnings before interest, taxes, depreciation and amortisation.
EBL	The equity bridge loans made in favour of Phoenix Power by Mizuho Corporate Bank Ltd., The Bank of Tokyo-Mitsubishi UFJ Ltd., and Bank Muscat SAOG.
ECA	The Electrical Connection Agreement dated 13 July 2011 between OETC and Phoenix Power.
Effective Date	The effective date under the PPA, being 13 July 2011.
EGM	An extraordinary general meeting of the Shareholders.
EHC	Electricity Holding Company SAOC.
EHC Option	The option of EHC to acquire up to 35 per cent. of the Shares in accordance with the PFA.
EMD	The Executive Managing Director of Phoenix Power.
End Date	The date on which Phoenix Power has no further actual or contingent obligation to make any payments to any of the Finance Parties under or pursuant to the terms of any Finance Document and no Finance Party has any actual or contingent right under or pursuant to any Finance Document which will give rise to such an actual or contingent obligation of Phoenix Power.
EPC Contract	The turnkey Engineering, Procurement and Construction contract dated 18 August 2011 between Phoenix Power and the EPC Contractor.
EPCC / EPC Contractor	DEC.
Equator Principles	The principles set out in the paper entitled "A financial industry benchmark for determining, assessing and managing social and environmental risk in project financing" dated July 2006 developed by the International Finance Corporation.
Finance Documents	As defined in the CTA.
Finance Parties	As defined in the CTA.
Financial Adviser & Issue Manager	Bank Muscat SAOG.
Financial Close	28 November 2011.
Financial Year/FY	The period of twelve months starting on 1 January and ending on 31 December of that particular year.

GCC	The Cooperation Council for the Arab States of the Gulf, comprising Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and United Arab Emirates.
GDP	Gross domestic product.
GIS	Gas insulated switchgear.
Generation License	The Electricity Generation License issued by AER to Phoenix Power on 14 April 2014.
Government	The Government of Oman.
Grid Code	The grid code issued pursuant to the Sector Law.
GT	Gas Turbine.
GWh	Gigawatt hours.
HRSG	Heat recovery steam generator.
HSE	Health, Safety, and the Environment.
IFRS	International Financial Reporting Standards.
Independent Director	As defined in the Code.
Investor Number	The investor number issued by the MCDC to investors holding investor accounts with the MCDC.
Issued and Paid-Up Share Capital	The issued and paid-up share capital of the Company.
IPA	IPA Energy + Water Economics Ltd., the independent market adviser in relation to the Offer.
IPO	The initial public offering of the Offer Shares pursuant to the Offer.
IPP	Independent power project.
IRR	Internal rate of return.
Issue Expenses	The expenses incurred by Phoenix Power in relation to the IPO, which are indicated in "Chapter IV– Summary of Expenses in connection with the Offer".
Information Centre	Information centre of the MSM.
IWPP	Independent water and power project.
JBIC	Japan Bank for International Cooperation.
kJ	Kilojoules.
km	Kilometres.
km2	Square kilometres.
kV	Kilovolts.
kW	Kilowatts.
kWh	Kilowatt hours.
LD	Liquidated damages.
Lead Founder	Marubeni Corporation.
Legal Adviser	Al Busaidy, Mansoor Jamal & Co.
Lenders' Independent Engineer	Lummus Consultants International.
LHV	Lower heating value.
LIBOR	London Interbank Offered Rate.
m	Metres.
m2	Square metres.
m3	Cubic metres.
Management	The senior management team of Phoenix Power.
Marubeni	Marubeni Corporation.

MCDC	Muscat Clearing & Depository Company SAOC.
MECA	The Ministry of Environment and Climate Affairs of Oman.
Memorandum	The memorandum of association of Phoenix Power, as registered with the MOCI.
Ministry of Housing Electricity and Water/MHEW	The Ministry of Housing, Electricity and Water.
Ministry of Commerce & Industry/ MoCI	The Ministry of Commerce & Industry.
Ministry of Finance/MoF	The Ministry of Finance.
Ministry of Housing/MoH	The Ministry of Housing formerly known as the Ministry of Housing, Electricity and Water (MHEW).
Ministry of National Economy/ MONE	The Ministry of National Economy (abolished pursuant to Royal Decree 38/2011).
Ministry of Manpower/ MoM	The Ministry of Manpower.
Ministry of Oil & Gas/MoG	The Ministry of Oil & Gas.
MENA	The Middle East and North Africa.
MIGD	Million imperial gallons per day.
MIS	The Main Interconnected System.
MMBTU	Million British thermal units.
MSF Desalination	Multi stage flash desalination.
MSM	The Muscat Securities Market.
MSM Index	The Muscat Securities Market Index.
Multitech	Multitech LLC., Sultanate of Oman
MW	Megawatts.
NCSI	National Center for Statistics and Information of Oman.
NEXI	Nippon Export and Investment Insurance.
NEXI Facilities Agreement	The NEXI Facilities Agreement dated 21 November 2011 between Phoenix Power and inter alia The Bank of Tokyo-Mitsubishi UFJ Ltd., Mizuho Corporate Bank Ltd.
NGSA	The Natural Gas Sales Agreement dated 13 July 2011 between Phoenix Power and the MoG.
Non-Executive Director	As defined in the Code, a member of the Board who is not a full-time director (employee director) and/or does not draw any fixed monthly or annual salary from Phoenix Power.
O&M Agreement	The Operation and Maintenance Agreement dated 22 November 2011 between Phoenix Power and POMCo.
OCCI	Oman Chamber of Commerce & Industry.
OCGT	Open cycle gas turbine.
OETC	Oman Electricity Transmission Company SAOC.
Offer	The offer for sale of 511,910,511 (Five hundred eleven million nine hundred ten thousand five hundred eleven) existing Shares by the Selling Shareholders, each with a nominal value of Bzs 100, as described in this Prospectus.
Offer Closing Date	The closing date of the Offer, which is described in "Chapter XXI – Subscription Conditions and Procedures" of this Prospectus.
Offer Expenses	The expenses collected from each Applicant in connection with the Offer, as further described in "Chapter IV – Summary of Expenses in Connection with the Offer" of this Prospectus.
Offer Opening Date	The opening date with respect to the Offer, which is described in "Chapter XXI – Subscription Conditions and Procedures" of this Prospectus.

Offer Period	The period between the Offer Opening Date and the Offer Closing Date inclusive of both days and during which an Applicant can submit an Application.
Offer Price	Bzs 110 per Share.
Offer Proceeds	The proceeds of the Offer that will be available to the Selling Shareholders.
Offer Shares	The Shares that are offered for subscription in the Offer.
OGC	Oman Gas Company SAOC.
OGM	An ordinary general meeting of the Shareholders.
Oman	The Sultanate of Oman.
Omani Rial/OMR	Omani Rials, the lawful currency of Oman.
OPWP	Oman Power and Water Procurement Company SAOC.
POMCo / Operator	Phoenix Operation and Maintenance Company LLC.
P/E	Price to earnings.
PAEW	Public Authority for Electricity & Water of Oman.
Paid-Up Share Capital	The paid-up share capital of the Company.
PDO	Petroleum Development Oman LLC.
PFA	The Project Founder's Agreement dated 13 July 2011 between each of the Project Founders and EHC, and as further amended from time to time.
Phoenix Power/Company	Phoenix Power Company SAOG (under transformation).
Plant	The independent power plant with c.2,000 MW of contracted power capacity at COD located c.175km south-east of Muscat, Oman.
PPA	Power Purchase Agreement dated 13 July 2011 between Phoenix Power and OPWP.
PPI	U.S. Producer Price Index published by the United States Department of Labor.
Project	The development, ownership, financing, design, construction, maintenance and operation of the Plant.
Project Documents	As defined in the CTA (including, but not limited to, the PPA, the NGSA, the ECA, the Usufruct Agreements, the PFA, the SHA, the EPC Contract and the O&M Agreement).
Project Founders/ Founders/ Founder Members	Marubeni Corporation, Chubu Electric Power Co. Inc., Qatar Electric & Water Company Q.S.C., Multitech LLC.
Project Sponsors	Marubeni Corporation, Chubu Electric Power Co. Inc., Qatar Electric & Water Company Q.S.C., Multitech LLC.
QEWC	Qatar Electric & Water Company Q.S.C. , Qatar
RAECO	Rural Areas Electricity Company SAOC.
Reporting Accountants and Auditor	Ernst & Young.
Repayment Date	As defined in the CTA.
RH	Relative humidity.
ROP	The Royal Oman Police.
Salalah System	The Salalah regional power system of Oman.
SAOC	Société-Anonyme-Omanaise-Closed, an Omani closed joint stock company.
SAOG	Société-Anonyme-Omanaise-Générale, an Omani general public stock company.
Scheduled COD / SCOD	The Scheduled Commercial Operation Date of the Plant under the PPA, being 1 April 2014.
Sector Law	Royal Decree 78/2004, issued on 1 August 2004, as amended.
Security Documents	As defined in the CTA.
Selling Shareholders	Axia Power, Chubu Electric, QEWC and Multitech.

SEPCD	The Scheduled Early Power Commencement Date.
SHA	The Shareholders' Agreement dated 13 July 2011 between Axia Power, Chubu Electric, QEWC, Multitech and Phoenix Power, as substituted by an amended and restated Shareholders' Agreement dated 28 November 2011.
SDA	The Shareholders' Direct Agreement dated 21 November 2011 between Phoenix Power, the Project Founders, the Selling Shareholders, JBIC, Mizuho Corporate Bank Ltd., (as NEXI Facility Agent and Global Facility Agent), Standard Chartered Bank (as Offshore Security Trustee) and National Bank of Oman SAOG (as Onshore Security Trustee).
Share	An ordinary share of Phoenix Power with a face value of Bzs 100.
Share Capital **Shareholder**	The share capital of the Company. A shareholder of Phoenix Power.
Site	The area comprising 206,652m2 and identified as "IPP-1" on the plan forming part of Krooki number 6-39-117-01-020.
ST	Steam turbine.
TCF	Trillion Cubic Feet.
Temporary Areas	The areas comprising 350,474m2 and identified as "Lay Down / Labour Camp area / Temporary Area" on the plan forming part of Krooki number 6-39-117-01-020.
Transfer Scheme	The scheme determined, implemented and modified by the MONE, in accordance with the provisions of the Sector Law, for the purposes of transfer of the relevant assets and liabilities of MHEW to the substitute/successor entities pursuant to the Sector Law.
Transmission System	The lines and electrical installations of OETC, with voltage equal to or greater than 132kV used for transporting electricity from production facilities to substations, or from production facilities to other production facilities, or from substations to other substations, or to or from any interconnector, premises or Transmission System and any electricity plant used for the purposes of dispatch.
TWh	Terawatt-hours.
UAE	United Arab Emirates.
USA	United States of America.
US$/USD	US Dollars, the lawful currency of the United States of America.
UAS	The Usufruct Agreement relating to the Site dated 13 July 2011 between Phoenix Power and the PEIE.
UATA	The Usufruct Agreement relating to the Temporary Areas dated 13 July 2011 between Phoenix Power and the PEIE.
Usufruct Agreements	The UAS and the UATA.

Chapter II
Summary information relating to Phoenix Power

This summary highlights information contained elsewhere in this Prospectus. It does not contain all the information that Applicants should consider before investing in the Offer Shares. All Applicants should read the entire Prospectus carefully, including the financial statements of Phoenix Power set out in "Chapter XXII – Historical Financial Statements" of this Prospectus. In addition, all Applicants should specifically read "Chapter XIII – Risk Factors" of this Prospectus for more information about important risk factors that should be considered before applying for Offer Shares.

Overview of Phoenix Power

Phoenix Power's core business activity is to own and operate the Sur independent power plant, a gas-fired combined cycle power generation plant with a contracted power capacity of 2,000 MW[1], located in the Sur industrial estate between the Oman LNG terminal and Oman India Fertilizer Company plant, approximately 175km south-east of Muscat in Oman. The Plant comprises three blocks, (2*800 MW) and (1*400 MW) and has been in commercial operation since 11 December 2014. It was completed at a cost of OMR 632.53 million. Phoenix Power currently generates its revenues pursuant to a 15-year term PPA with OPWP, which is indirectly wholly-owned by the Government. The power produced from the Plant is fully contracted to OPWP and used to meet the growing power demands of the MIS region during the term of the PPA and beyond. As the largest power plant at a single location in Oman, the Plant's contracted power capacity of c.2,000 MW represents c.27.8% of the MIS total contracted capacity of approximately 7,197 MW[2].

The combined cycle power generation technology employed in the Plant is a proven technology that has been implemented globally on numerous projects. The Plant comprises of 5 gas turbines supplied by Siemens AG, 3 steam turbines supplied by Fuji Electric and 5 Heat Recovery Steam Generators by Nooter Eriksen. The Plant uses the state-of-the-art Siemens V94.3AV7 (SGT5-4000F) gas turbine technology.

The PPA imposes an obligation on Phoenix Power to operate and maintain the Plant at an agreed level of availability in respect of the contracted power capacity. From the COD, Phoenix Power is required to make available electricity generating capacity of 2,000 MW and sell the electrical energy output exclusively to OPWP. In return, Phoenix Power receives a tariff covering capacity charges, electrical energy charges and fuel charges from OPWP. The capacity charge is payable for each hour during which the Plant is available, and OPWP is obliged to pay capacity charges, regardless of whether or not such capacity is dispatched. The capacity charge is subject to reductions due to forced outages and scheduled outages beyond pre-agreed levels. The capacity charges were calibrated so that they cover inter alia the debt service, fixed operating and maintenance costs, taxes, insurance costs and return on capital. In addition to these capacity payments, Phoenix Power also receives the electrical energy charge for the electrical energy delivered under the PPA to cover the variable costs. The fuel charge is calculated based on the consumption of natural gas calculated by the Plant model for electrical energy delivered and is in effect a virtual pass-through cost factor, subject to achieving the guaranteed heat rate (or guaranteed gas consumption). The Plant's contracted power capacity is sold exclusively to OPWP in accordance with the terms of the PPA. Natural gas, supplied by the MoG, is the primary fuel with fuel oil (diesel) as back-up. Phoenix Power has a long-term agreement with the MoG securing supply of natural gas over the contracted PPA period. The power is evacuated to OETC's grid.

The operator of the Plant (pursuant to a 15-year agreement) is POMCo, a company owned by the Project Founders of Phoenix Power with the same shareholding pattern as Phoenix Power as at the date of this Prospectus.

The Plant has been established under a BOO scheme, which enables it to be operated beyond the PPA term of 15 years, either by extending the PPA (if agreed to by OPWP), or by selling the power into an electricity pool which may exist at that time and/or to eligible customers.

As at the date of this Prospectus, the Issued and Paid-Up Share Capital of Phoenix Power is OMR 146,260,146. The Selling Shareholders of Phoenix Power are Axia Power, which owns 50 per cent., Chubu Electric, which owns 30 per cent., QEWC, which owns 15 per cent., and Multitech, which owns 5 per cent. For a profile of each of these Shareholders, please see "Chapter VII – Shareholding Details" of this Prospectus.

1 Applies in Year 1

2 As of 2014

Competitive Strengths

Phoenix Power's competitive strengths include the following:

- Largest power plant in Oman;
- Well-established contractual framework with long term power purchase agreement, ensuring cash flow protection against adverse events such as buyer risk events and force majeure;
- Stable and predictable cash flows, resilient to potential shocks in gas prices and power demand until 2029;
- State-of-the-art power plant with high heat rate and flexibility;
- Experienced Selling Shareholders with an established track record being able to transfer skills and know-how;
- Fully operational Project operated by an experienced operator comprising of experienced and skilled operational personnel;
- Strong and consistent demand for electricity, ensuring opportunities after the expiration of the current off-take contract;
- Mitigation of fuel risks.

For further details in relation to Phoenix Power's competitive strengths, please see "Chapter X – Description of Phoenix Power and Business Overview – Competitive Strengths" of this Prospectus.

Chapter III
General Information on the Offer and the Company

Name	Phoenix Power Company SAOG (under transformation).
Commercial registration number	1113916
Date of registration	25/06/2011
Registered office	P.O. Box 96, Postal Code 102, Qurum, Sultanate of Oman
Principal place of business	P.O. Box 96, Postal Code 102, Suite 409, Al Rawaq Building, Qurum, Muscat, Sultanate of Oman Tel: +968 2200 9968; Fax: +968 2200 9975
Duration	Unlimited.
Financial Year	Commences on 1 January and ends on 31 December each year.
Authorised share capital	OMR 200,000,000 divided into 2,000,000,000 Shares with a nominal value of Bzs 100 per Share.
Issued and paid-up share capital	OMR 146,260,146 divided into 1,462,601,460 Shares with a nominal value of Bzs 100 per Share.
Number of Shares offered for subscription (Offer Shares)	511,910,511 Shares, representing 35 per cent. of Phoenix Power's total Issued and Paid-Up Share Capital.
Type of Shares offered for subscription	All the Shares issued by Phoenix Power and the entire equity capital of Phoenix Power consist only of ordinary shares. Each single Share carries the right to one vote at any general meeting, including any OGM or EGM.
Offer Price of the Offer Shares	Bzs 110 per Offer Share (comprising a nominal value of Bzs 100, a premium of Bzs 8 and the Offer Expenses of Bzs 2 per Offer Share).
Percentage of the total issued and paid-up share capital on Offer	35 per cent. of the Issued And Paid-Up Share Capital of Phoenix Power.
Names of Selling Shareholders and number of Shares being sold	• Axia Power: 255,955,256 Shares, representing 50 per cent. of the Offer Shares. • Chubu Electric: 153,573,154 Shares, representing 30 per cent. of the Offer Shares. • QEWC: 76,786,577 Shares, representing 15 per cent. of the Offer Shares. • Multitech: 25,595,524 Shares, representing 5 per cent. of the Offer Shares.
Purpose of the IPO	Phoenix Power is undertaking the IPO to comply with the obligations stipulated in the PFA.
Persons eligible for the Offer Shares	The subscription will be open to Omani and non-Omani individuals and juristic persons.

Persons prohibited from subscribing to the Offer	The following Applicants shall not be permitted to subscribe to the Offer: • Sole proprietorship establishments: The owners of sole proprietorship establishments may only submit Applications in their personal names. • Trust accounts: Customers registered under trust accounts may only submit Applications in their personal names. • Multiple Applications: An Applicant may not submit more than one Application. • Joint Applications: Applicants may not submit applications in the name of more than one individual (including on behalf of legal heirs). • All such Applications will be rejected without contacting the Applicant.
Proposed allocation procedure	In case of oversubscription of the Offer, for the purpose of allocating the Offer Shares between the eligible investor groups, the allocation of the Offer Shares will be made as follows: • Category I Investors: 332,741,832 Offer Shares, being 65 per cent. of the Offer, on a pro-rata basis. • Category II Investors: 179,168,679 Offer Shares, being 35 per cent. of the Offer, on a pro-rata basis. In accordance with Article 65 of the CCL, a minimum number of Offer Shares may be distributed equally among subscribers, taking into consideration small subscribers and the remaining Offer Shares shall be allocated on a pro-rata basis. Any under-subscription in Category I will be carried to Category II and vice versa, as described in "Chapter XXI – Subscription Conditions and Procedures" of this Prospectus.
Minimum limit for subscription by each Applicant	• Category I Investors: 1,000 Offer Shares and in multiples of 100 Shares thereafter. • Category II Investors: 600,100 Offer Shares and in multiples of 100 Shares thereafter.
Maximum limit for subscription by each Applicant	• Category I Investors: 600,000 Offer Shares. • Category II Investors: 51,191,000 Offer Shares, representing c.10 per cent. of the Offer.
Offer Opening Date	10 May 2015
Offer Closing Date	8 June 2015
Nominal value of the Shares	Bzs 100 per Share
Offer Expenses	Bzs 2 per Offer Share
Date of EGM for approval of the IPO	9 March 2015
Financial Adviser & Issue Manager	**Bank Muscat SAOG** P.O. Box 134, Postal Code 112 Ruwi Sultanate of Oman Tel: +968 2476 8888; Fax: +968 2479 8220 URL: www.bankmuscat.com

Collecting Banks	**Bank Muscat SAOG** P.O. Box 134 Postal Code 112 Ruwi Sultanate of Oman Tel: +968 2476 8064; Fax: +968 2478 7764 URL: www.bankmuscat.com **Bank Dhofar SAOG** P.O. Box 1507 Postal Code 112 Sultanate of Oman Tel: +968 2479 0466; Fax: +968 2478 4428 URL: www.bankdhofar.com **National Bank of Oman SAOG** P.O. Box 751 Postal Code 112 Ruwi Sultanate of Oman Tel: +968 2477 8757/8610; Fax: +968 2477 8993 URL: www.nbo.co.om **Oman Arab Bank SAOC** P.O. Box 2010 Postal Code 112 Ruwi Sultanate of Oman Tel: +968 2475 4663; Fax: +968 2412 5125 URL: www.oman-arabbank.com **Bank Sohar SAOG** P.O. Box 44 Postal Code 114 Hai Al Mina Sultanate of Oman Tel: +968 2476 1851; Fax: +968 2473 0344 URL: www.banksohar.net **Ahli Bank SAOG** P.O. Box 545 Postal Code 116 Mina al Fahal Sultanate of Oman Tel: +968 2457 7082; Fax: +968 2456 7841 URL: www.ahlibank.om
Reporting accountants and auditors of Phoenix Power	**Ernst & Young** P.O. Box 1750, Ruwi, Postal Code 112 3-4th Floor, Ernst & Young Building, Qurum, Muscat, Sultanate of Oman Tel:+968 2455 9559; Fax:+968 2456 6043 URL:www.ey.com/mena

Legal Adviser to Phoenix Power	**Al Busaidy, Mansoor Jamal & Co.** **Barristers & Legal Consultants** P.O. Box 686 Postal Code 112 Ruwi Sultanate of Oman Tel: +968 2481 4466; Fax: +968 2481 2256 URL: www.amjoman.com
Communications consultants to Phoenix Power	**OHI Leo Burnett** P.O. Box 889, Postal Code 100 Muscat Sultanate of Oman Tel: +968 2463 6673; Fax: +968 2448 2746 URL: www.ohileoburnett.com
Independent market adviser	**IPA Energy + Water Economics Ltd** 34 Melville Street Edinburgh, EH3 7HA Scotland Tel:+44 20 7659 9888; Fax: +44 20 7962 1321 URL: www.ipaeconomics.com

Chapter IV
Summary of Expenses in connection with the Offer

The maximum expenses incurred by Phoenix Power in connection with the Offer are estimated at OMR 1,328,000, which would equate to 2.36 per cent. of the total proceeds of the Offer if all 511,910,511 Offer Shares are sold. The breakdown of the maximum estimated expenses incurred by Phoenix Power in relation to the Offer is contained in the table below:

Estimated Expenses	OMR
Financial Adviser & Issue Manager fees	683,000
Collecting Bank fees	282,000
CMA and MCDC fees	45,000
Market adviser fees (IPA Energy + Water Economics Ltd)	29,000
Legal and translator fees	33,000
Accounting Adviser	77,000
Translator fees	4,000
Insurance	30,000
Communications, advertising and publicity	105,000
Other contingency expenses	40,000
Total expenses in connection with the Offer	**1,328,000**
Offer Expenses of Bzs 2 per Offer Share collected	1,023,821
Difference between estimated total expenses incurred and Offer Expenses of Bzs 2 per Offer Share collected	**304,179**

The above figures are indicative estimates only. The Offer Price includes an amount equal to the Offer Expenses of Bzs 2 per Offer Share, which will be used to meet part of the expenses incurred by Phoenix Power in relation to the Offer and any excess shall be borne by or accrue to the Selling Shareholders. If all 511,910,511 Offer Shares are sold, total Offer Expenses of Bzs 2 per Offer Share collected will equate to OMR 1,023,821.

For the summary projected financial statements, please see "Chapter XIV – Summary future financials" of this Prospectus.

Chapter V
Purpose of the Offer and Use of Proceeds

Purpose of the Offer

The Selling Shareholders are undertaking the IPO to comply with their obligations under the PFA, which require them, amongst other things, to make 35 per cent. of the Shares available for public subscription and to list such Shares on the MSM.

The Government has embarked upon an extensive program to enable international investors to participate in infrastructure projects in Oman. It has also been the Government's intention that Omani investors should be able to participate in strategic projects of this nature. As part of the tendering process for the Project, each of the Project Founders entered into the PFA with EHC on 13 July 2011, which required them to provide certain warranties and undertakings to EHC in respect of Phoenix Power, which was the project company formed by the Project Founders for the purposes of entering into the PPA and undertaking the development, ownership and operation of the Project.

The PFA requires the Project Founders, within four years from the incorporation of Phoenix Power, to offer 35 per cent. of the shares of Phoenix Power to the public. Accordingly, the Selling Shareholders are offering 511,910,511 Shares, equivalent to 35 per cent. of the Issued and Paid-Up Share Capital of Phoenix Power. Phoenix Power has obtained the requisite approvals to offer 35 per cent. of Issued and Paid-Up Share Capital, including approval from PAEW pursuant to Article 13 of the Sector Law. Phoenix Power has also obtained the approval of AER to proceed with the sale of 35 per cent. of the Issued and Paid-Up Share Capital through an IPO.

Use of the Proceeds of the Offer

The Offer Shares do not represent an issuance of new Shares. The Offer Shares represent the selling/divestment of a part of the Shares currently held by the Selling Shareholders. The proceeds of the Offer (including the premium) shall therefore accrue to the Selling Shareholders in the ratio of Shares offered. The Bzs 2 per Share collected towards the Issue Expenses will cover a portion of the expenses incurred in relation to the IPO.

Chapter VI
Objects and Approvals

Overview

Phoenix Power was incorporated and registered as an SAOC on the Commercial Register on 25 June 2011. At an EGM held on 26 June 2014, it was resolved to convert Phoenix Power into an SAOG.

Phoenix Power's core business activity is to develop, finance, design, construct, operate, maintain, insure and own a gas fired power generating facility at Sur in Oman. Phoenix Power is 100 per cent owned by the Selling Shareholders and, following this Offer, should the Offer be fully subscribed, the public will own 35 per cent of Phoenix Power's Issued and Paid-Up Share Capital.

Phoenix Power presently holds the following permits and licences which are material to the on-going operation of its business:

Ministry of Commerce & Industry: Commercial Registration
Commercial Registration Number: 1113916
Date of registration: 25 June 2011
Expiry date: 24 June 2016

Oman Chamber of Commerce & Industry: Membership
Renewed on: 26 June 2014
Expiry date: 26 June 2015

AER: Generation Licence
Effective date: 1 May 2014
Expiry date: 30 April 2039

MECA: Environmental Licence
Preliminary Environmental Approval – Third Renewal
Granted on: 28 August 2014
Expiry date: 10 September 2015

Articles of Association

The principal objects for which Phoenix Power is established are to develop, finance, design, construct, operate, maintain, insure and own a gas fired power generating facility with a minimum capacity of 1,500 MW and associated gas interconnection facilities and other relevant infrastructure at Sur in the Sultanate of Oman.

A copy of the Memorandum and Articles is available for perusal at the registered office of Phoenix Power during business hours on any business day.

Resolutions Passed

At the EGM held on 26 June 2014, among other things, the following resolutions were unanimously passed:

a. conversion of Phoenix Power from an SAOC to a SAOG, in connection with which the Selling Shareholders will offer to sell the Offer Shares for public subscription;
b. appointment of Bank Muscat SAOG as Issue Manager for the IPO;
c. appointment of Al Busaidy Mansoor Jamal & Co. as Legal Advisers to the Company for the IPO; and
d. appointment of IPA Energy + Water Economics Ltd. as Independent Market Adviser for the IPO.

At the EGM held on 9 March 2015, among other things, the following resolutions were unanimously passed:

a. approval of the Selling Shareholders offering 35 per cent of Phoenix Power's Issued and Paid-Up Share Capital to the public, in the manner detailed below:

Name of Shareholder	Number of Shares held prior to the Offer	Offer Shares	Number of Shares held following the Offer
Axia Power	731,300,730	255,955,256	475,345,474
Chubu Electric	438,780,440	153,573,154	285,207,286
QEWC	219,390,220	76,786,577	142,603,643
Multitech	73,130,070	25,595,524	47,534,546
Total	**1,462,601,460**	**511,910,511**	**950,690,949**

b. authorise any two (2) members of the Board of Phoenix Power acting jointly, to carry out the following matters:
   - to approve and sign on behalf of the Board of Directors and Phoenix Power the Prospectus and other documents relating to the IPO; and
   - to do all other acts, sign all documents and file and register any documents with any relevant authority and obtain consents and approvals on behalf of Phoenix Power and the Selling Shareholders which may be deemed appropriate or necessary in connection with the IPO including listing of Phoenix Power's shares on the MSM.

c. appointment of OHI Leo Burnett as communications consultants for the IPO;

d. appointment of Ernst & Young as the reporting accountants for the IPO;

At the EGM held on 16 April 2015, among other things, the following resolutions were unanimously passed:

a. approval of the proposed amendments to the Articles in accordance with the regulations issued by the CMA and the provisions of laws of Oman with respect to the form and content of the articles of association of SAOGs;

b. approval of the split in the nominal value of the shares of Phoenix Power from RO 1 to Bzs 100;

c. appointment of the Collecting Banks for the IPO;

d. to approve that the expenses incurred by Phoenix Power in connection with the Offer shall be met from the Offer Expenses of Bzs 2 per Offer Share paid by the Applicants, and any expenses incurred by Phoenix Power in connection with the Offer in excess of the collected Offer Expenses of Bzs 2 per Offer Share shall be borne by the Selling Shareholders; and

e. to ratify all actions taken or delegated by the Board in relation to the IPO prior to the date of the EGM.

Continuing Obligations

In accordance with the CCL, all existing obligations of Phoenix Power, prior to its transformation to a public joint stock company, shall continue in the transformed company.

Chapter VII
Shareholding Details

Equity Structure of Phoenix Power at Incorporation

Phoenix Power was incorporated with an initial Authorised Share Capital of OMR 200,000,000, divided into 200,000,000 ordinary shares with a face value of OMR 1 each, and an Issued and Paid-Up Share Capital of OMR 500,000, divided into 500,000 ordinary shares. The following table provides details of the Issued and Paid-up Share Capital of Phoenix Power, as at the date of incorporation of Phoenix Power:

Name of Shareholder	Number of Shares (F.V. OMR 1) held	% of Total	Aggregate Nominal Value of Shares (F.V. OMR 1) held (OMR)
Axia Power	250,000	50.00	250,000.000
Chubu Electric	150,000	30.00	150,000.000
QEWC	75,000	15.00	75,000.000
Multitech	25,000	5.00	25,000.000
Total	**500,000**	**100.00**	**500,000.000**

Changes in equity structure subsequent to incorporation and details of Phoenix Power before the Offer

At an EGM held on 30 March 2014, the Founders agreed to increase the Issued and Paid-Up Capital of Phoenix Power to OMR 146,260,146, divided into 146,260,146 shares of face value OMR 1 each by converting the amount of the EBL amounting to OMR 145,760,146, obtained by each of:

- Axia Power, in the amount of OMR 72,880,073 under the Axia equity bridge loan facility;
- Chubu Electric, in the amount of OMR 43,728,044 under the Multitech equity bridge loan facility;
- QEWC, in the amount of OMR 21,864,022 under the QEWC equity bridge loan facility; and
- Multitech, in the amount of OMR 7,288,007 under the Multitech equity bridge loan facility,

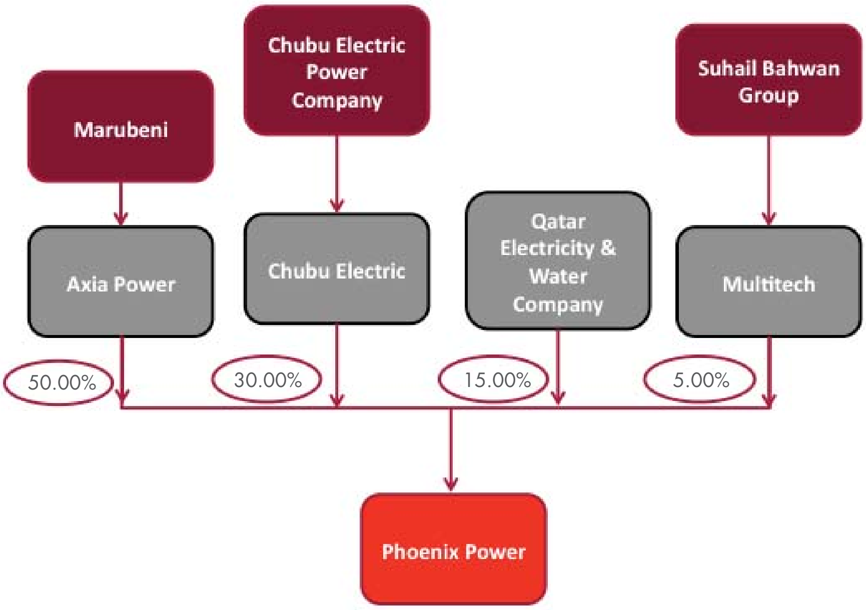
as additional capital contribution to finance the project expenses, as equity contribution of Founders, respectively, to the Issued and Paid-Up Share Capital of Phoenix Power in order to extinguish and settle the liabilities of Phoenix Power towards the Founders, to the extent of their additional contributions to the equity of Phoenix Power on repayment of the amount of the EBL by the Founders to their respective lenders.

At an EGM held on 16 April 2015, the Shareholders resolved to split the nominal value of each share of Phoenix Power from OMR 1 per share to Bzs 100 per share, by making the necessary amendment to the Articles.

The current equity structure, after giving effect to the conversion of the EBL into equity and after share split, is as follows:

Name of Shareholder	Number of Shares held	% of Total	Aggregate Nominal Value of Shares held (OMR)
Axia Power	731,300,730	50.00	73,130,073.000
Chubu Electric	438,780,440	30.00	43,878,044.000
QEWC	219,390,220	15.00	21,939,022.000
Multitech	73,130,070	5.00	7,313,007.000
Total	**1,462,601,460**	**100.00**	**146,260,146.000**

The following diagram illustrates the shareholding structure of Phoenix Power immediately prior to the IPO:



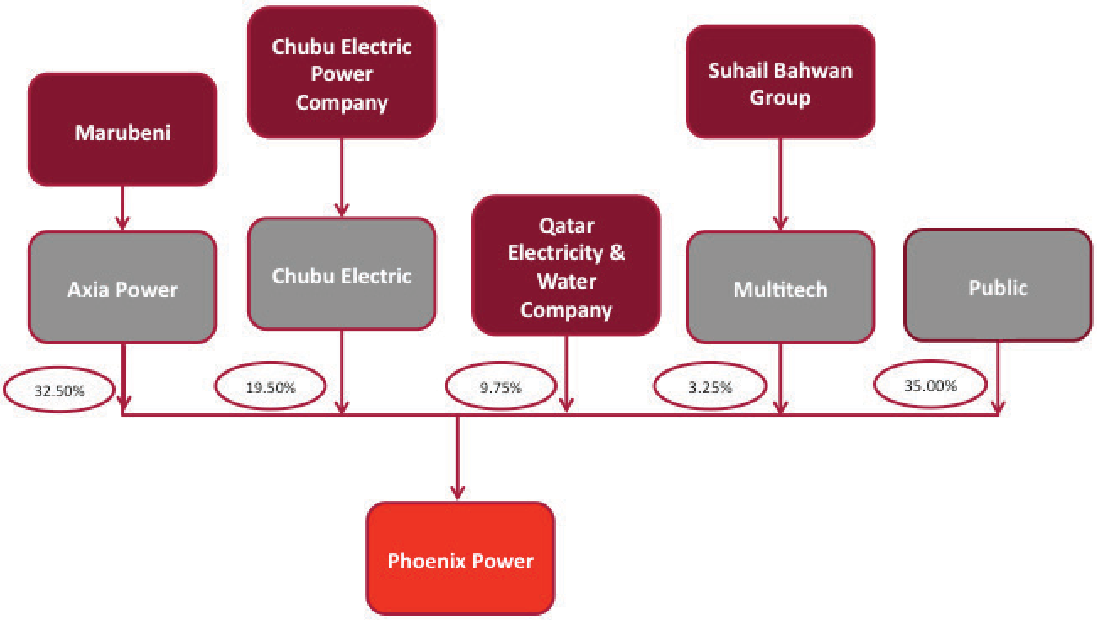
Equity Structure After the Offer

After the completion of the Offer, and assuming that all of the Offer Shares are sold Phoenix Power's Issued and Paid-Up Share Capital will remain OMR 146,260,146 and will be held as follows:

Name of Shareholder	Number of Shares held	% of Total	Aggregate Nominal Value of Shares held (OMR)
Axia Power	475,345,474	32.50	47,534,547.400
Chubu Electric	285,207,286	19.50	28,520,728.600
QEWC	142,603,643	9.75	14,260,364.300
Multitech	47,534,546	3.25	4,753,454.600
Public	511,910,511	35.00	51,191,051.100
Total	**1,462,601,460**	**100.00**	**146,260,146.000**

The following diagram illustrates the shareholding structure of Phoenix Power following the IPO:

Post-offer shareholding structure



Brief profile of the Selling Shareholders:

- ***Axia Power***

Axia Power Holdings B.V. is an entity that is 100% owned by Marubeni, which serves as an overseas investment vehicle for Marubeni's investments into power projects.

Marubeni, acting as the lead member of the consortium, was established in 1858 and grew to become one of the leading Japanese trading houses. It oversee a range of operations that encompass the domestic market, export-import, and offshore trade, with total assets of around USD 70 billion (as of December 2014). As of 1st April 2015, Marubeni has 5 business groups directly under the president and several committees, covering Food & Consumer Products Group, Chemical & Forest Products Group, Energy & Metals Group, Transportation & Industrial Machinery Group, and Power Projects & Plant Group. Power Projects & Plant Group consists of Power Projects Division, Energy & Environment Infrastructure Division, and Plant Division, and is one of the core groups within Marubeni.

Marubeni is very active in the industry, having participated in 49 I(W)PP projects with the total gross capacity of 32,533 MW and the total net capacity of 10,541 MW (as of April 2015) in overseas. Marubeni's role in the IPP business includes development, financing, equity participation as well as engineering, procurement and construction ("EPC") and O&M. Marubeni operates I(W)PP projects in many countries around the world, including Oman, Saudi Arabia, Qatar, U.A.E., Tunisia, Turkey, Portugal, United Kingdom, Jamaica, Trinidad and Tobago, Australia, U.S.A, Canada, the Philippines, Thailand, Taiwan, Pakistan, India, Indonesia, Cambodia, Singapore and Korea.In addition, Marubeni is an active player in the EPC business and has built over 102,145 MW of power plants worldwide. The power division's vision is to establish itself in the top position in the comprehensive power business in Japan and abroad.

In addition to the power business, Marubeni has a variety of experiences in non-recourse project financing such as LNG related business and ship transportation business. Marubeni has an outstanding record in project financing in emerging markets, and has arranged for funds from various export credit agencies, multilateral institutions, international commercial banks, institutional investors and local banks.

Further information about Marubeni is available at: http://www.marubeni.com/

- ***Chubu Electric***

Chubu Electric is a wholly owned subsidiary of CEPCo, established to hold shares in and manage Phoenix Power and the operation and maintenance company for the Project.

Chubu Electric's wholly owned parent company, CEPCo, listed on the Tokyo Stock Exchange, is one of the largest among 9 regional power utilities in Japan, operating its own power plants, transmission and distribution systems. With its 33,386 MW generating capacity, CEPCo serves approximately 39,000 km^2 and 16 million people and a significantly manufacturing focused area with companies such as Toyota Motors based in the region. CEPCo has vast experience over the years of power business and operation since its foundation in 1951.

CEPCo also has an established international business focused on power generation and related businesses in Middle East, Asia and North America, and is involved in a number of independent power projects as shareholder, developer and operator comprising net capacity of 3,260 MW. In terms of having business experience in the Middle East area, CEPCo is participating in 3 IPP/IWPP projects as a shareholder in Qatar and is engaged in technical partnership scheme with the local power sector there.

Further information about CEPCo is available at: http://www.chuden.co.jp/english/

- ***QEWC***

Qatar Electricity & Water Company, Q.S.C (QEWC), a Qatari Shareholding Company, was established in 1990, with the Government of Qatar as a major shareholder. QEWC has since been successfully meeting Qatar's ever-increasing demand for electricity and water. It is one of the major companies in Qatar and the GCC region and owns and operates a vast network of power generation and water desalination stations in Qatar. The company has increased several folds its production capacity in the past 10 years. Outside Qatar, the company has stakes in Jordan and Oman. QEWC's current total equity portfolio includes over over 5,635 MW of power generation and 294 MIGD of water desalination capacity (including projects under construction) of which QEWC solely owns and operates 6 stations with total production capacity of 2,049 MW of power and 201 MIGD of water.

Further information about QEWC is available at: http://www.qewc.com/qewc/en/

- ***Multitech***

Multitech is part of the Suhail Bahwan Group, a leading business house in Oman.

Multitech is the investment arm of the Suhail Bahwan Group for participation in power and water privatisation projects in Oman. Multitech is the founding shareholder in:

a. ACWA Power Barka SAOG (Barka-1 IWPP);
b. Al Suwadi Power Company SAOG (Barka-3 IPP);
c. Al Batinah Power Company SAOG (Sohar-2 IPP); and
d. Phoenix Power Company SAOC (under transformation) (Sur IPP).

Multitech also engages in the trading of welding products, electrical products, water treatment & oilfield chemicals and cranes. Multitech is under the day to day management of Bahwan Engineering Company LLC, the flagship company of Suhail Bahwan Group.

Further information about Suhail Bahwan Group is available at: http://www.suhailbahwangroup.com/

Restrictions imposed on the Selling Shareholders

The following restrictions apply to the Selling Shareholders under the terms of the PFA:

- on and from the Effective Date[3] up to but excluding the date on which the Founders complete the IPO, the Lead Founder, is required to, directly or indirectly, hold and maintain at least 35 per cent of the Shares in Phoenix Power; and
- on and from the date on which the Founders complete the IPO up to and including the third anniversary of the COD, the Lead Founder is required to, directly or indirectly, hold and maintain at least 22.75 per cent of the Shares in Phoenix Power.

Thereafter, no shareholding restrictions apply to the Founders under the PFA. The Founders may, subject to applicable law, dispose of Shares in excess of the above thresholds with the consent of EHC.

3 The effective date under the PPA being 13 July 2011

Chapter VIII
Overview of the Omani Economy

Location

Strategically positioned at the crossroads of Asia and Europe, Oman has historically been a centre of trade and commerce. With a population of approximately 3.9 million as at November 2013, spread over a land area of 309,500 km2, Oman is a country with stable political, economic and social systems. Oman is administratively divided into eleven governorates (Ad Dakhiliyah, Ad Dhahirah, Al Batinah North, Al Batinah South, Al Buraimi, Al Wusta, Ash Sharqiyah North, Ash Sharqiyah South, Dhofar, Muscat and Musandam). Oman's capital city is Muscat (in the Muscat Governorate), which is situated on the northeast coast of the country. The following map illustrates the position of Oman in the south-east of the Arabian peninsula, the governorates of Oman and the key cities of Oman, being Muscat and Salalah:

Government

Oman is politically organised as a monarchy. His Majesty Sultan Qaboos bin Said Al Said came to power in 1970 and is both the Head of State and Prime Minister. As Prime Minister he presides over the Council of Ministers. The Council of Ministers assists His Majesty in framing and implementing the general policies of Oman. The Basic Law, issued in November 1996 (Royal Decree 101/96), serves as the basis of a constitution governing state affairs. The Basic Law establishes a bicameral system of elected representatives with advisory powers and numerous civil liberties for the population. Members of each chamber serve in an advisory capacity, although members of the lower chamber may also propose legislation.

International relations

Oman maintains strong relations with its neighbours, as well as a wide range of Western and other countries. Oman has enjoyed political and economic stability over the past 40 years and is a member of various prominent international organisations, including the United Nations, the International Monetary Fund, the International Bank for Reconstruction and Development and the World Trade Organisation.

Regionally, Oman is a founding member of the GCC (alongside five other Arab Gulf states: Bahrain, Kuwait, Qatar, Saudi Arabia and the United Arab Emirates). Oman is also a member of the GCC's Permanent Petroleum Cooperation Committee which is charged with preparing the long-term petroleum strategy of the GCC in accordance with its sustainability goals. The Permanent Petroleum Cooperation Committee makes proposals with respect to the supply of oil from the GCC to international markets and provides a forum for GCC member states to coordinate policies and share proposals.

Key Economic and Social Indicators

The following table shows a selection of key economic and social statistics for Oman for the periods indicated:

	2011	2012	2013	2014
GDP at market prices (OMR billions)	26.90	30.03	30.60	15.3*
Population (millions)	3.30	3.62	3.91	4.01*
Per capita GDP at market prices (OMR)	9,700	8,231	7,935	3,873*
Annual inflation	4.0%	2.9%	3.3%	1.1%**
MSM market capitalisation (OMR billions)	10.3	11.7	13.0	14.5#

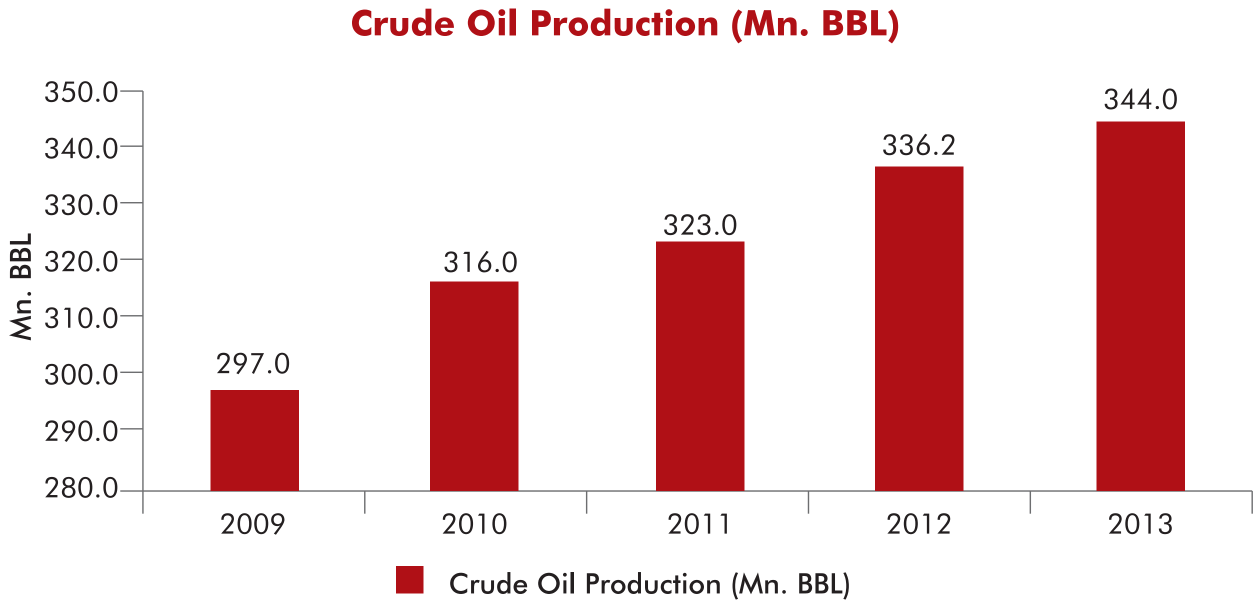
Sources: Ministry of National Economy, erstwhile
NCSI
CBO Annual Report 2012
MSM Annual Statistical Bulletin
World Bank figures
* As on 30th June, 2014; **As on 30th August, 2014, #As on 30th November, 2014

Economy

Oman has a credit rating of "A-" by Standard & Poor's and "A1" by Moody's Investor Services. The Omani Rial is pegged to the US Dollar at a fixed exchange rate of US$1 = OMR 0.3845.

Oman is the world's 26th largest producer of oil and the 27th largest producer of gas, and held the world's 21st largest proven oil reserves and 29th largest proven gas reserves, according to The World Factbook published by the US Central Intelligence Agency. The Government continues to focus on diversification of the economy in order to gradually reduce its dependence on oil and hydrocarbon revenues, which still represents c. 52 per cent. of Oman's GDP. The Government is committed to further non-oil industry growth into the future.

The graph below displays annual production in Oman during the period from 2009 to 2013:



(Source: Statistical Yearbook 2013, NCSI)

Public Finance

The data in this section is based on information gathered from publications of the NCSI, the Central Bank of Oman and other public sources.

For the 11 months ended 30 November 2014, Government revenue was OMR 12.4 billion, of which net oil revenue was OMR 9.4 billion, or 76 per cent. of total revenue. The actual revenue for the year 2014 is estimated at OMR 13.9 billion against the initial approved estimate of OMR 11.7 billion, while the actual expenditure estimate is OMR 14.5 billion (7 percent higher than the approved budget), which leaves a deficit of OMR 600 million. The average price of Omani oil was estimated at US$104.7 per barrel.

For the year 2015, the Government has budgeted public revenue of OMR 11.6 billion based on an estimated oil price of US$55.9 per barrel. Total Government expenditure for 2015 is projected at OMR 14.1 billion, which is 27 per cent. higher than the actual expenditure for the 11 month period ending November 2014.

Development Plans

His Majesty Sultan Qaboos Bin Said issued royal orders to set up the main committee for Oman Vision 2040. The main committee will develop, crystallize and carefully and accurately draft the vision document, while ensuring community-wide agreement and involvement. The Government is also working on the 9th Five Year Development Plan (2016–2020) in addition to the Oman Vision 2040 document both of which shall focus on infrastructure and industrial development stimulating employment, finalizing airport expansion, urban planning and sustainable development.

Chapter IX
Regulatory Framework and Industry Overview

The information in this section has been derived from AER's website, OPWP's 7-year statement (2014-2020) issued in March 2014, OPWP's website and other public sources.

Sector Overview

Until 1999, the power and related water activities were solely run by the Government through MHEW. In December 1999, the Council of Ministers approved the introduction of Government policy designed to facilitate the wholesale restructuring of and private sector participation in the electricity and related water sector in Oman. The Government began the process of preparing a new law to facilitate the restructuring and regulation of the electricity and related water sector in Oman. As a result, a new law for the sector, ("the Sector Law"), came into force on 1 August 2004. The Sector Law provides the framework for the industry structure of electricity and related water in Oman. It provides the outline for the transfer of relevant assets and liabilities of the MHEW (subsequently split into the MoH and the PAEW) to a number of successor companies ("Transfer Scheme").

The distribution of all the electricity and related water activities as per the "Transfer Scheme" involves the setting up of the OPWP and the EHC as well as the transfer of:

- Generation assets to RPC and Wadi Al-Jizzi Power Company SAOC;
- Generation and desalination assets to Al Ghubrah Power and Desalination Company SAOC;
- Transmission assets to OETC;
- Distribution and supply assets transferred to Majan Electricity Company SAOC, Mazoon Electricity Company SAOC and Muscat Electricity Distribution Company SAOC;
- Certain generation, distribution and supply assets to Rural Areas Company SAOC; and
- Establishing a single procurement company, OPWP as well as a holding company, EHC.

The Oman power system is divided into three regional systems partially connected via interconnectors:

- the MIS, which is the largest part of the system and covers the northern area of Oman;
- the Salalah System, located in the Dhofar Governorate; and
- the Rural Areas Electricity System, operated by RAECO, which serves the rest of Oman.

Oman Power and Water Procurement Company

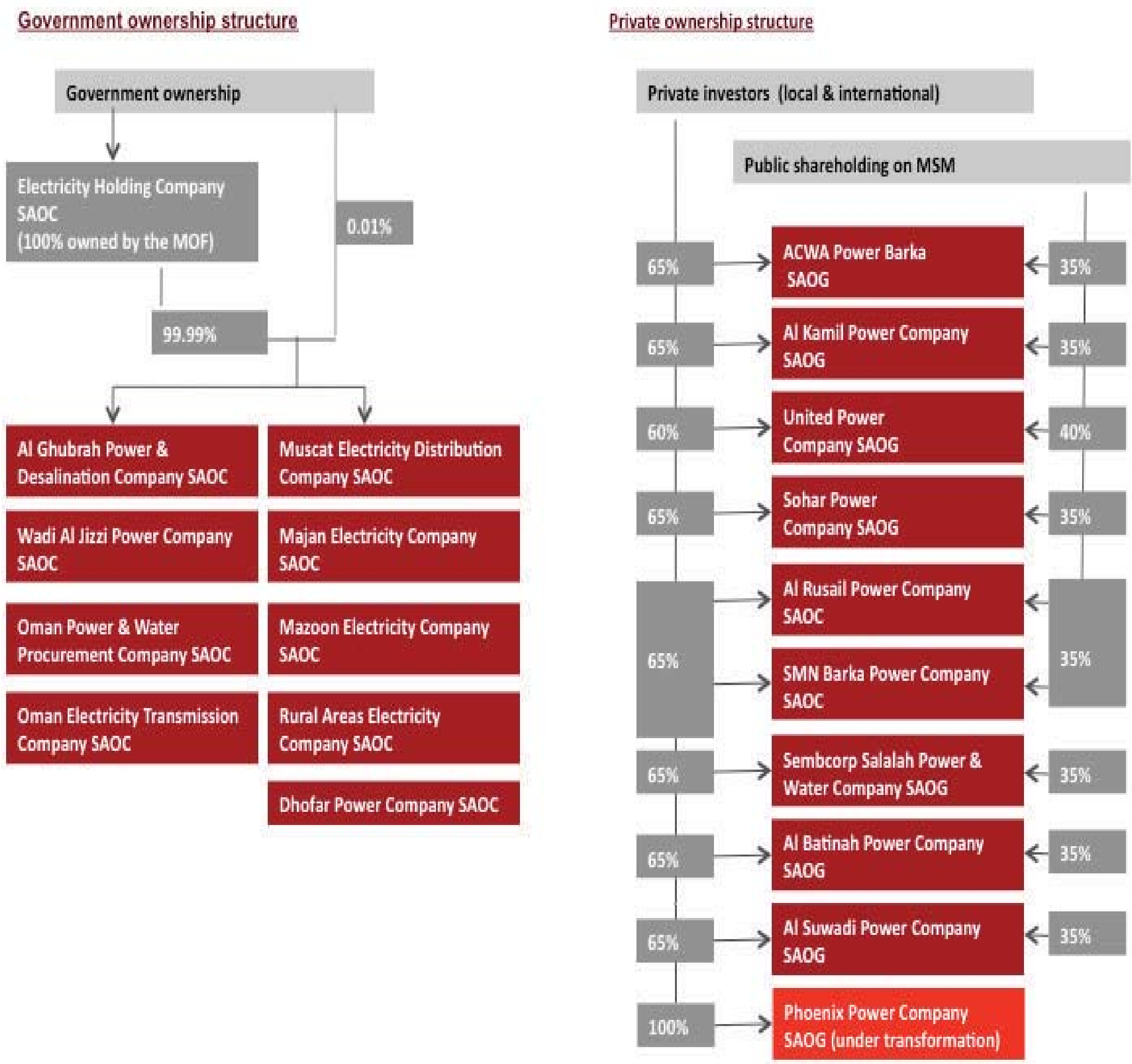
OPWP is the single buyer of power and water for all IPP/IWPP projects within Oman. OPWP is responsible for ensuring that there is sufficient electricity and water production capacity available at the lowest cost to meet growing demands in Oman. OPWP undertakes long-term generation planning and publishes an annual seven-year statement, which identifies new IPP/IWPP projects to be competitively tendered and developed by private sector entities, in order to meet the future power generation and water desalination requirements of Oman. These projects are critical to the reliable and sustainable development of the power sector and the economic development of Oman.

OPWP was established under the Sector Law, Article 74 which specifies its functions and duties including but not limited to:

- Securing production capacity and output to meet demand for electricity in the MIS and the Salalah System, in coordination with RAECO;
- Securing production capacity and output to meet demand for desalinated water in Oman;
- Meeting requirements for new electricity and desalinated water capacity in Oman, with new projects to be designed, constructed, financed, owned and operated by local and foreign investors; and
- the purchase, procurement, and management of production capacity and output, ancillary services and all goods and other services on the basis of economic purchase.

Electricity & Water Sector Ownership

The Omani electricity and water sector is partly government-owned and partly privatised. The chart below displays the ownership structure of the electricity and water sector in Oman:



Contracted Capacity

OPWP's portfolio of contracted capacity in the MIS comprises long-term contracts with eleven plants in operation or under construction. As per OPWP's 7 year statement (2014-2020), the total contracted capacity is 7,197 MW. Summary details of these plants and contractual arrangements are provided in the table below:

Project	Contract Type	Contracted Capacity	Plant Type	Plant Owner	Lead Developer	Contract Expiry
Ghubrah	PWPA	430 MW* 167,000m^3/d	OCGT/Steam MSF Desalination Natural gas-fired	Al Ghubrah Power and Desalination Co. SAOC	(Owned by EHC)	2018
Rusail	PPA	687 MW	OCGT Natural gas-fired	Al Rusail Power Co. SAOC(2)	GDF SUEZ	2022
Wadi-Jizzi	PPA	333 MW	OCGT Natural gas-fired	Wadi Al-Jizzi Power Co. SAOC	Oman Mining	2020
Manah	PPA	273 MW	OCGT Natural gas-fired	United Power Co. SAOG(1)	GDF SUEZ[4]	2020
Al Kamil	PPA	282 MW	OCGT Natural gas-fired	Al Kamil Power Co. SAOG(1)	GDF SUEZ	2017
Barka I	PWPA	435 MW 91,000 m^3/d	CCGT/Steam MSF Desalination Natural gas-fired	ACWA Power Barka SAOG(1)	AES Corporation	2018
	WPA#	45000 m^3/d	RO	ACWA Power Barka SAOG(1)	AES Corporation	2018
Sohar I	PWPA	590 MW 150,000 m^3/d	CCGT/Steam MSF Desalination Natural gas-fired	Sohar Power Co. SAOG(1)	GDF SUEZ	2022
Barka II	PWPA	679 MW 120,000 m^3/d	CCGT/Steam RO Desalination Natural gas-fired	SMN Barka Power Co. SAOC(2)	GDF SUEZ	2024
Sohar II	PPA	744 MW	CCGT/Steam Natural gas-fired	Al Batinah Power Co. SAOG	GDF SUEZ	2028
Barka III	PPA	744 MW	CCGT/Steam Natural gas-fired	Al Suwadi Power Co. SAOG	GDF SUEZ	2028
Sur IPP	PPA	2,000 MW	CCGT/Steam Natural gas-fired	Phoenix Power Co. SAOG (under transformation)	Marubeni	2029

Note 1: Denotes a company listed on the MSM.

Note 2: Denotes a company whose holding company is listed on the MSM.

4 Sold its stake

* GT11 & ST4 at Ghubrah have been retired

Under construction

Main Interconnected System

The transmission grid in Oman is partitioned into 3 geographical regions (north, central and south). The MIS covers the majority of Oman, serving approximately 600,000 electricity customers. The MIS comprises:

- a number of power generation facilities owned and operated by various companies and connected by a single 220/132 kV transmission grid owned by OETC; and
- three distribution networks owned and operated by Muscat Electricity Distribution Company SAOC, Mazoon Electricity Company SAOC and Majan Electricity Company SAOC, respectively.

The MIS is connected to Abu Dhabi via a 220kV link at Mahadha. In addition, several of the power generation facilities connected to the MIS produce desalinated water in conjunction with electricity to meet the water requirements of PAEW and Majis Industrial Services Company SAOC, the entities responsible for water services in the MIS.

The price of electricity is subsidized by the Government. Households pay a tiered rate based on consumption. The following is a summary of the rates charged based on type of consumer:

Consumer type	Structure	Bzs per KW
Residential & Government	up to 3,000 KWh	10
	3,001 to 5,000	15
	5,001 to 7,000	20
	7,001 to 10,000	25
	10,001 and above	30
Tourism	up to 3,000 KWh	10
	3,001 to 5,000	15
	5,001 to 7,000	20
	7,001 and above	20
Agriculture & fisheries	up to 7,000 KWh	10
	7,001 and above	20
Commercial	-	20
Ministry of Defence	-	20
Industrial (except Dhofar)	September – April	12
	May – August	24

Salalah System

The Salalah System covers the city of Salalah and surrounding areas in the Governorate of Dhofar. The Salalah System comprises the generation, transmission and distribution of power and the water desalination capabilities of:

- Salalah IWPP, contracted for 445 MW electricity generation capacity and 15 MIGD desalinated water capacity;
- Power station located in Raysut, operated by DPC and DGC pursuant to a concession agreement with the Government and comprising eight OCGT units with a total net capacity of 276 MW; and
- the transmission and distribution system owned and operated by DPC and its subsidiary, DGC, pursuant to a concession agreement signed with the Government in 2001.

OPWP has also announced plans for a new IPP in Raysut with electricity generation capacity of 300-400 MW alongside restructuring of the existing DPC.

The Salalah System also has contingency reserves via the interconnection with the 132 kV link between Thumrait and Harweel, owned by PDO and completed in 2012. Its purpose is to support reserve-sharing between the two systems, providing improved reliability by allowing each system access to unused reserves in contingency scenarios.

Rural Areas Electricity System

The Rural Areas Electricity System covers the majority of the land mass of Oman, serving over 20,000 customers. The Rural Areas Electricity System comprises more than 40 diesel power plants, comprising approximately 400 MW across Oman for supply of electricity to the Dhofar, Musandam, Al-Wusta, Masirah parts of Dakliyah, Dahira and Sharqiya regions. The power generated from the plants in these regions is sold directly to customers.

The Rural Areas Electricity System is connected to the MIS via a 132kV interconnector that can import/export 60 MW. The Rural Areas Electricity System is also connected to the Salalah System via a 132kV interconnector that can import/export 100 MW. In addition, five desalination plants with a total capacity of over 2.2 MIGD are located in Abu Mudhaibi, Sowgrah, Kumzer, Masirah and Al Hallaniyat. The desalinated water produced by these plants is sold to PAEW.

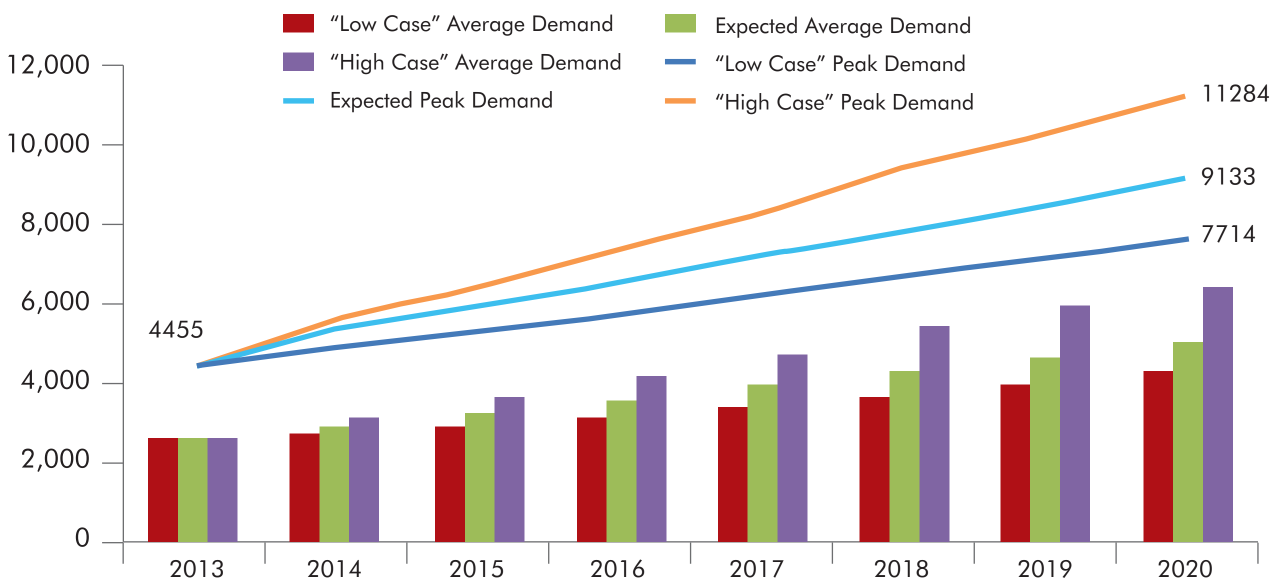
OPWP acts as counter-party to the concession agreement on the Government's behalf. OPWP procures the required power and desalinated water in bulk from generation and production facilities connected to the MIS System and PDO interconnected system.

MIS Electricity Demand

According to OPWP, peak demand for electricity in the MIS is expected to grow from 5,886 MW in 2015 to 9,133 MW by 2020, at an average growth rate of 11.0 per cent. per annum. The demand drivers in the MIS include increasing personal income, population growth, household formation, general economic development and continuing government investment in infrastructure projects. The growth in demand from grid-connected loads (generally large industries and infrastructure projects) comprises expansion at existing industrial plants and new projects.

The annual power demand and contracted capacity for the MIS in the period from 2014 to 2020, as estimated by OPWP, is shown in the table and graph below:

Electricity Demand Projections - MIS



PHOENIX POWER COMPANY SAOG
(Under Transformation)

MIS Power Demand (2014 – 2020)

(Source: OPWP)

	Actual 2013	2014	2015	2016	2017	2018	2019	2020	Average % Growth
Expected Demand:									
Average Demand (MW)	2,597	2,897	3,264	3,561	3,944	4,297	4,661	5,023	10
Annual Energy (TWh)	22.8	25.4	28.6	31.3	34.5	37.6	40.8	44.1	10
Peak Demand (MW)	4,455	5,318	5,886	6,521	7,157	7,774	8,433	9,133	11
Contracted Capacity Required		5,560	6,150	6,810	7,480	8,120	8,810	9,540	
Low Case Demand:									
Average Demand (MW)	2,597	2,722	2,932	3,118	3,391	3,664	3,945	4,253	7
Annual Energy (TWh)	22.8	23.8	25.7	27.4	29.7	32.1	34.6	37.4	7
Peak Demand (MW)	4,455	4,938	5,322	5,730	6,218	6,684	7,146	7,714	8
Contracted Capacity Required		5,160	5,560	5,990	6,500	6,980	7,470	8,060	
High Case Scenario:									
Average Demand (MW)	2,597	3,118	3,649	4,162	4,718	5,424	5,923	6,412	14
Annual Energy (TWh)	22.8	27.3	32	36.6	41.3	47.5	51.9	56.3	14
Peak Demand (MW)	4,455	5,652	6,486	7,431	8,333	9,488	10,337	11,284	14
Contracted Capacity Required		5,910	6,780	7,770	8,710	9,910	10,800	11,790	

OPWP Procurement Activities

In the MIS, the major expected developments through 2020 include:

1. New IPPs to be procured with capacity in the range of 2850 MW to 3150 MW, to be constructed in two phases, the first phase adds between 960 MW to 1160 MW of firm capacity in 2018, and the second phase adds the remaining capacity in 2019;
2. Addition of about 200 MW of solar power, subject to final Government approval, for 2018;
3. Expiration of P(W)PA contracts at existing plants (Al Kamil (2017), Barka I (2018), Ghubrah (2018) and Wadi-Jizzi (2020)) totaling to 1517 MW. OPWP will evaluate whether to enter into new contracts with these power and water plants or whether to procure the development of new power and water capacity; and

4. A new power generation plant at Ad Duqm for commercial operation in 2018. The generation capacity of the power plant, specific timing, and prospect for co-location with the water desalination plant is expected to be specified after the completion of OPWP's ongoing Ad Duqm study.

In addition to these specific projects, OPWP expects that by around 2017, procurement activities will begin for another major power station for commercial operation in about 2021. These projects will be defined further in time, particularly depending on developments in demand growth and system requirements.

Developments

On 30 January 2014, OPWP announced that it intends to implement new arrangements for the future procurement of power and water from independent power producers and independent power and water producers in Oman. The new arrangement will focus mainly on the MIS. The principal features of the proposed new arrangements are:

- the introduction of a "spot market" for power, to operate alongside and in conjunction with the existing system of power purchase agreements and PWPAs; and
- the implementation of a more flexible process for the awarding of new power purchase agreements and PWPAs by OPWP, aimed at increasing competition, including between new-build and existing plants.

The proposed spot market will provide an alternative way for producers to sell power to OPWP. Instead of entering into a P(W)PA, qualified producers will be able to participate in a spot market and receive prices determined on a day-to-day basis in accordance with specified market rules. OPWP will remain the single-buyer in accordance with its existing statutory duties. By providing an additional, open and transparent "route to market" for producers, it is believed that the proposed spot market will increase the potential for competition in the power generation market, by providing opportunities for producers without a P(W)PA, including those whose original P(W)PAs may have expired. It is anticipated that the proposed spot market will be operational by 2017.

Chapter X
Description of Phoenix Power and Business Overview

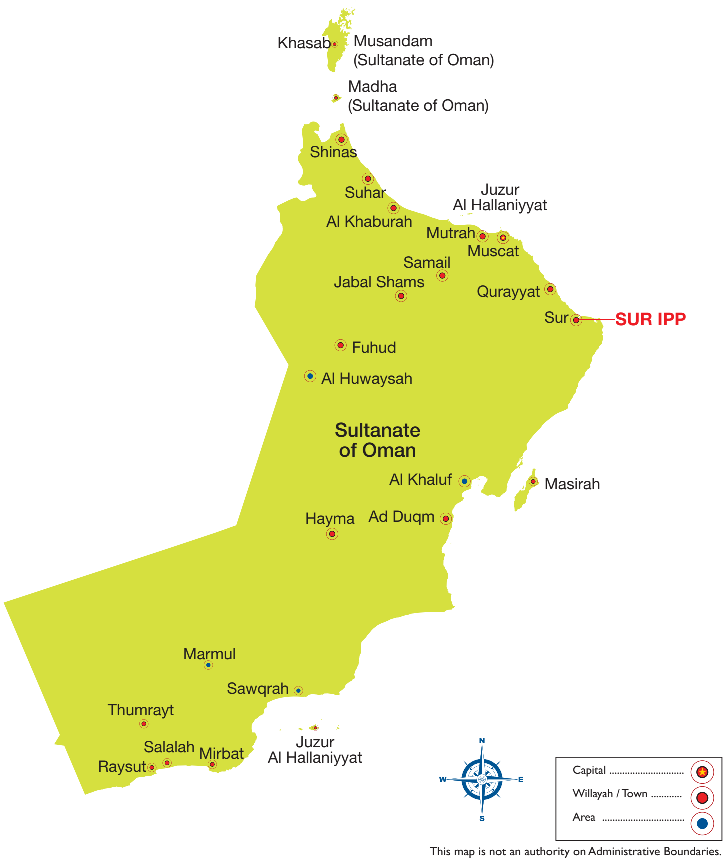
Overview

Phoenix Power's core business activity is to develop, own and operate the Sur independent power plant, a gas-fired combined cycle power generation plant with a contracted power capacity of 2,000 MW[5], located in the Sur industrial estate between the Oman LNG terminal and Oman India Fertilizer Company plant, approximately 175km south-east of Muscat in Oman. The Plant comprises three blocks, (2*800 MW) and (1*400 MW) and has been in full commercial operation since 11 December 2014.

Phoenix Power currently generates its revenues pursuant to a 15-year term PPA with OPWP, which is indirectly wholly-owned by the Government. The power produced from the Plant is fully contracted to OPWP and used to meet the growing power demand of the MIS during the term of the PPA and beyond. As the largest power plant in Oman, the contracted Plant's power capacity of c.2,000 MW represents c.27.8% of the MIS total currently contracted capacity of approximately 7,197 MW as per OPWP's 7 year statement (2014-2020).

The Plant's contracted power capacity is sold exclusively to OPWP in accordance with the terms of the PPA. Natural gas, supplied by the MoG, is the primary fuel with distillate fuel oil (diesel) as back-up. Phoenix Power has a long-term agreement with the MoG securing supply of fuel over the contracted PPA period. The power is evacuated to OETC's grid. The Operator of the Plant (pursuant to a 15-year agreement) is POMCo, a company owned by the Project Founders of Phoenix Power with the same shareholding pattern as Phoenix Power as of the date of this Prospectus.

The following diagram displays the approximate location of the Plant:



5 Applies in Year 1

Phoenix Power was incorporated with the commercial registration number 1113916 for an unlimited duration and registered as a SAOC on 25 June 2011. At an EGM held on 26 June 2014, it was resolved to transform Phoenix Power into a SAOG. The legal and commercial name is Phoenix Power Company SAOG (under transformation) and its registered office is located at P.O. Box 96, Postal Code 102, Qurum, Sultanate of Oman.

As at the date of this Prospectus, the Issued and Paid-Up Share Capital of Phoenix Power is OMR 146,260,146 divided into 1,462,601,460 Shares of Bzs 100 each. The Selling Shareholders of Phoenix Power are Axia Power, which owns 50 per cent., Chubu Electric, which owns 30 per cent., QEWC, which owns 15 per cent., and Multitech, which owns 5 per cent. For a profile of each of these Shareholders and their contribution, please see "Chapter VII – Shareholding Details" and "Chapter XII – Project Cost and sources of Financing" of this Prospectus.

History and Background

The Government invited proposals for the development of an IPP (Tender No 281/2010) on the following basis:

- The IPP was proposed to be located at Sur with a minimum capacity of 1,500MW.
- The Project involved the design, financing, construction, ownership, operation and maintenance of a high efficiency gas fired power generation facility, on a BOO basis, and the capacity of the Plant would be dedicated to, and sell the entirety of its output to OPWP under the PPA.

Following a competitive bidding process run by OPWP in 2011, the Project Founders were awarded the contract to build the Plant. The Project Founders incorporated Phoenix Power for the purpose of building the Plant.

The Plant has been established under a BOO scheme, which enables it to be operated beyond the PPA term of 15 years, either by extending the PPA (if agreed to by OPWP), or by selling the power into an electricity pool which may exist at that time or to eligible customers. The same BOO approach has been adopted in the past for Al Suwadi Power Company SAOG, Al Batinah Power Company SAOG, SMN Power Holding SAOG, Sohar Power Company SAOG, Al Kamil Power Company SAOG, ACWA Power Barka Company SAOG and Sembcorp Salalah Power and Water Company SAOG.

The BOO approach is unlike a BOOT project as in the case of United Power Company SAOG, where the project is required to be handed over to the Government after the initial PPA period. It should be noted that the expected useful life of the Plant is 40 years.

The PFA requires that the Project Founders float 35% of the Shares on the MSM through an IPO. In 2014, it was agreed between the Project Founders that the PFA would be modified to allow for the transformation of the SAOC into an SAOG at the time of the IPO. The Plant's total capital cost as of the COD was OMR 632.53 million, which included EPC and non-EPC costs as well as net early power period revenues.

The table below summarises the main events of the Project's implementation:

Date	Event
September 2010	Request for proposal issued by OPWP
7 March 2011	Bid submission by Phoenix Power
22 June 2011	Declaration as "preferred bidder"
13 July 2011	Execution of PPA
28 November 2011	Financial Close (wet)
11 December 2014	COD achieved
31 March 2029	Expiry date of PPA

The EPC Contractor for the Project was DEC. The Plant is based on gas turbine combined cycle technology. It has dual fuel capability with natural gas as the primary fuel and diesel as a back-up fuel. The Plant is the largest power plant in Oman.

The combined cycle power generation technology employed in the Plant is a proven technology that has been implemented globally on numerous projects. The Plant is mainly comprised of 5 state-of-the-art SGT5-4000F gas turbines supplied by Siemens, 3 steam turbines supplied by Fuji Electric and 5 HRSG's supplied by Nooter Eriksen.

Select Financial Data

The table below shows select financial data for the periods indicated:

Select Financial Data (OMR '000):	As at, and for the year ended, 31 December		
	2012	2013	2014
Revenue for the period	-	980	24,572
Profit (loss) after tax for the period	-	764	11,312
Total assets at the end of the period	450,511	572,569	654,819
Total liabilities at the end of the period	512,969	596,353	536,694
Cash and cash equivalents at the end of the period	2,845	2,422	14,737

For the complete financial statements of Phoenix Power, please see "Chapter XXII – Historical Financial Statements" of this Prospectus.

Competitive Strengths

Phoenix Power's competitive strengths include:

Largest power Plant at a single location in Oman

Phoenix Power is predominantly the largest power Plant in Oman, with an installed capacity of 2,000 MW. As the largest power Plant in Oman, the contracted power capacity of 2,000 MW represents c.27.8% of Oman's MIS total currently contracted capacity of approximately 7,197 MW based on OPWP's 7 year statement (2014-2020).

Current Contracted Capacity in MIS (2014)

Plant	Contracted Capacity (MW)
Sur	2,000
Ghubrah	430
Rusail	687
Wadi Al Jizzi	333
Manah	273
Al Kamil	282
Barka I	435
Sohar I	590
Barka II	679
Sohar II	744
Barka III	744
TOTAL	7,197

The size of the Plant, along with the state-of-the-art technology, brings the Plant to a competitive position relative to other power plants in the Sultanate. Also, in terms of geography, Phoenix Power is strategically located south east of Muscat, whereas most of the other Plants are located north of Muscat. With more demand expected to grow on the southern side of Oman particularly around the Duqm region, Phoenix Power becomes a particularly important Plant for Oman.

Well-established contractual framework with long term power purchase agreement, ensuring cash flow protection against adverse events such as buyer risk events and force majeure

The Project represents one of the eleven independent and government owned power/and or water production projects in Oman. It benefits from a well-established contractual framework.

Oman has an outstanding track record of tendering of IPPs and IWPPs in the private sector dating back more than 20 years. Oman is a pioneer of private power in the GCC and the proven contractual framework, enshrined in the Sector Law, is well established. The first IPP in Oman began generating electricity in 1996 and the track record of execution of a compliance with power (and water) purchase agreements since 1993/1994 makes Oman a preferred destination for IPP/IWPP developers. The procurement, ownership and contractual framework template being adopted for the Project is similar to those adopted with the other IPP/IWPPs in Oman predating the Project.

The entire power output from Phoenix Power's installed capacity is contracted with OPWP, through a single long-term PPA which expires on 31 March 2029. Beyond the PPA period, Phoenix Power shall either extend its PPA with OPWP or sell its output in a liberalized market in a power pool or to eligible customers. Its decision to do so will depend, amongst other factors, on the evolution of the market regulations set by the AER.

The PPA provides for various buyer risk and force majeure events which outline the relief that Phoenix Power may be entitled to receive should certain specified events occur that hinder Phoenix Power from performing its obligations under the PPA, in accordance with and subject to the terms of the PPA. For a more detailed summary on the conditions required to be fulfilled by Phoenix Power in order to receive relief from buyer risk and force majeure events, please refer to the "Chapter XI - Contractual Framework" of this Prospectus.

Stable and predictable cash flows, resilient to potential shocks in gas prices and power demand until 2029

Under the PPA, Phoenix Power receives capacity charges from OPWP for the contracted power capacity of the Plant, which are periodically tested. Such capacity charge comprises approximately 97 per cent. of the total revenues of Phoenix Power in FY 2015 (excluding fuel revenue, which is virtually a pass-through). These capacity charges are payable by OPWP regardless of whether the actual output of the Plant is dispatched by OPWP, and regardless of whether Phoenix Power is instructed by OPWP to generate and deliver power. This means that, subject to certain limited exceptions, OPWP is obliged to pay capacity charges to Phoenix Power for 100 per cent. of the available power capacity of the Plant, irrespective of whether or not power is actually dispatched. Phoenix Power's capacity charges are calculated so that they cover its debt service and other fixed costs, including fixed operating and maintenance costs, insurance costs, taxes and capital returns. Fuel revenues and charges are calculated based on the consumption of natural gas calculated by the Plant model for electrical energy output delivered and therefore the gas price and volume is in effect a virtual pass-through cost, subject to achieving the guaranteed heat rate (or guaranteed gas consumption). In addition, for the power that is made available, OPWP also pays Phoenix Power a variable output charge to cover variable operating costs. OPWP, a Government owned entity, as the off-taker and the contractual counterparty responsible to pay, is an entity with a high credit rating and an excellent track record of timely payments.

Accordingly, Phoenix Power has strong predictability of stable (although seasonal) cash flows that are sheltered from volatility of demand for power, given that Phoenix Power is partly paid on an availability basis.

State-of-the-art power Plant with high heat rate and flexibility

The CCGT power plant combines a set of gas-fired turbines with a steam turbine to make optimum use of the fuel it consumes. The exhaust heat from the gas turbine is exploited to power the steam turbine, greatly improving overall power plant efficiency. This results in high flexibility and availability and overall low life-cycle costs. It also leads to lower fuel consumption thereby resulting in lower operating costs.

The CCGT plants are considered to be among the world's safest fossil-fired plants for the environment and climate. Another advantage of this power plant type is that the natural gas they run on is less carbon dioxide-intense than other fossil fuels, which helps in the battle against climate change.

Experienced Selling Shareholders with an established track record being able to transfer technology and know-how

Phoenix Power has the backing of Selling Shareholders with a proven track record of implementing large and complex independent power and water plants globally and in the GCC. It should be noted that the Selling Shareholders will all remain Shareholders in the Company immediately after the IPO, with a collective holding of 65%:

- Axia is a 100% owned subsidiary of Marubeni. Marubeni is a leading private power developer with a total power generation capacity (including capacity in operation and under construction) of 10,590 MW (net) globally (as of

January 2015). In the GCC region, its power assets are located in the UAE, Oman, the Kingdom of Saudi Arabia, and Qatar, with the total generation capacity of 3,431MW (net).

- Chubu Electric Power Sur is an affiliate of Chubu Electric Power Co., Inc. (Chubu), the Japanese power utility company listed on the Tokyo Stock Exchange. In addition to the generation capacity of 33,386 MW in Japan, Chubu also has an established international business focused on power generation and related businesses in Middle East, Asia and North America, with a total generation capacity of 3,260 MW (net).
- Qatar Electricity & Water Company is a Qatari power and water utility company with the Government of Qatar as a major shareholder. QEWC's current total equity portfolio includes over 5,818 MW of power generation and 294 MIGD of water desalination capacity (including projects under construction) of which QEWC solely owns and operates 6 stations with total production capacity of 2,232 MW of power and 201 MIGD of water.
- Multitech is the investment arm of the Suhail Bahwan Group for participation in power and water privatisation projects in Oman. Apart from being a Founder in Phoenix Power, Multitech is also the founding shareholder in ACWA Barka (435 MW power plant and 20 MIGD water, operational); Al Batinah (744 MW power plant; operational); and Al Suwadi (744 MW power plant; operational).

For further information in relation to the Project Sponsors, please see "Chapter VII – Shareholding Details" of this Prospectus.

Fully operational Project operated by an experienced operator comprising of experienced and skilled operational personnel

The Plant is completed and has been in full commercial operation since December 2014, thereby eliminating any construction risk. The existing operational Plant has achieved excellent performance parameters in Q1 2015 with a commercial reliability of 99.9% which evidences efficient plant operation.

Phoenix Power has entered into an O&M agreement with POMCo, which is managed by the same shareholders as Phoenix Power. By applying the rich experience and expertise of the shareholders of their domestic and international power generation into the business of POMCo, Phoenix Power has established a robust means of operating and maintaining the Plant, with alignment between the two companies. Through the O&M Agreement, Phoenix Power has largely insulated itself from major operating and maintenance risks. The maintenance of the gas turbines, which is a specialized activity, has been contracted on a long-term basis to Siemens AG, whose capabilities in this area are among the best globally.

Phoenix Power also benefits from an experienced Management team in addition to the experienced personnel employed by POMCo. Collectively, the Plant benefits from extensive management expertise and operational knowledge accumulated through decades of collective experience. The presence of such experienced professionals, Management and Founders also contributes to the pursuit of good corporate governance and ensures that Phoenix Power benefits from the senior management expertise of the Project Founders' organizations. The Management is strongly supported by:

- a highly-trained Plant staff of approximately 100 employed by POMCo;
- the O&M Contract entered into with POMCo, a company formed by the Project Founders;
- a long-term maintenance contract with Siemens AG, the original equipment manufacturer of the gas turbines of the Plant.

The presence of such experienced professionals and Management is important for present and future success and achievement of business strategies. For further details relating to the Management team of Phoenix Power, please see "Chapter XVIII – Corporate Governance" of this Prospectus.

Strong and consistent demand for electricity, ensuring opportunities after the expiration of the current off-take contract

Overall demand for electricity in Oman is expected to increase significantly according to OPWP, driven by economic development, population growth, increasing personal income, capital investment, housing, infrastructure and industrial spending and tourism developments. Peak and annual demand for electricity are expected to grow from 4,455MW and 22,702GWh respectively in 2013 to 13,729MW and 66,144GWh in 2029, when the Project's PPA is due to expire. IPA anticipates that the capacity of existing plants and firm new builds in the MIS will not be sufficient to cover demand thereafter. Therefore, based on the results of the IPA's study, Phoenix Power is expected to remain economically useful in the post-PPA period.

Mitigation of fuel risks

Natural gas is the primary fuel used at the Plant. A long term NGSA entered into by Phoenix Power secures the supply over the contracted PPA period. Under the NGSA, the MoG is responsible for the procurement and delivery to the Plant of all of its natural gas requirements. All gas delivered to the Plant by the MoG must meet minimum quality standards. Any increase in the price of gas charged by MoG is directly passed through in the PPA entered by Phoenix Power with OPWP. Also, Phoenix Power is not responsible for and is shielded against failures of MoG to deliver gas in accordance with the provisions set out in the NGSA. Therefore, the Plant's gas procurement risk is largely mitigated in terms of quality, quantity and price. In the event, among others, of the non-availability of natural gas or a disruption in the natural gas supply system, Phoenix Power has an obligation under the PPA to maintain a backup fuel supply for five days of full load at the Site, which it complies with at all times. In the event that the PPA is extended, the NGSA will be automatically extended.

Technology and Processes

Description of the Plant

The Plant is located in the Sur industrial estate between the Oman LNG terminal and Oman India Fertilizer Company plant, approximately 175km south-east of Muscat in Oman. The facility entered into full commercial operation on 11 December 2014.

The following pictures display the Plant's power facility in operation:

The Plant consists of five Siemens AG SGT5-4000F gas turbines (GT), five Nooter Eriksen triple pressure heat recovery steam generators (HRSG) and three Fuji Electric steam turbines (ST). The condenser is cooled via a once through seawater system. Seawater is extracted by a submerged pipe intake and discharged through a seal-pit and diffusers. The gas turbines are fitted with by-pass stacks to enable the operation in open cycle. Although capable of open cycle operation, the normal operating mode of the Plant is in combined cycle (CCGT) for higher thermal efficiency. At site reference conditions of 50°C ambient temperature and 30% relative humidity, the Plant has a net power capacity of approximately 2,000 MW at COD.

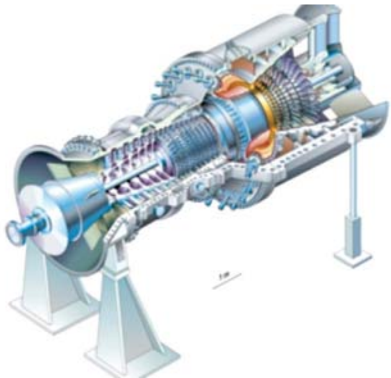
With this technology, the energy for electricity generation is obtained from the combustion of natural gas. Hot combustion gases formed by the combustion of natural gas drive a gas turbine, which, in turn, rotates an alternator to produce electricity. After driving the gas turbine, the exhaust gases are still hot enough to produce steam in a heat recovery boiler (HRSG). The steam generated in the heat recovery boiler drives a steam turbine, which rotates another alternator to produce additional electricity. The CCGT technology is well proven and more efficient than conventional power plant technology.

The Plant is connected to the gas transmission infrastructure owned by MoG. Gas to be used by the Plant is expected to come from central Oman gas fields, Saih Nahayda, Barik and Saih Rawl which together amount to 25 TCF of proven recoverable gas reserves. Such gas will then be carried through the 48 inch Oman LNG gas line. The Plant is designed for black start operation by means of black start diesel generators which are capable of starting the plant.

The auxiliary power for the Plant is derived from the Plant's internal electrical system with back up from the grid. The equipment and facilities required for the operation, testing, maintenance and repair of the equipment (for example control room, laboratory, stores, workshop, etc.) are available on site.

Gas Turbines

Each gas turbine consists of an air compressor, a combustor, a turbine and an exhaust. Air is drawn in from the atmosphere and compressed before it is fed into the combustor. Gas fuel, which is drawn from gas pipelines, burns in the combustor in the presence of the compressed air from the compressor. The gases produced in the combustor, a mixture of high temperature and high pressure hot gases, drive the turbine. The rotational energy of the turbine rotates the alternator, which produces electricity. The voltage level is stepped up through a transformer before it is fed to the grid.



The SGT5-4000F gas turbine concept builds on more than 40 years' experience with heavy-duty gas turbines at Siemens and Siemens-Westinghouse. The model of SGT5-4000F has been adopted from previous gas turbine models, including the following features:

- 15-stage high-efficiency compressor;
- annular combustion chamber with 24 hybrid burners for uniform flow and temperature distribution, including a full ceramic heat shield to minimize cooling air requirements and allow for higher temperatures;
- improved turbine blade design to withstand high thermal stresses using a heat resistant alloy and an additional ceramic coating. They are cooled internally through a complex array of air channels and externally by film cooling. These measures combine to ensure a long blade service life;
- fail-safe hydraulic turbine blade tip clearance control for optimized radial clearances and hence maximum performance; and
- easy-to-service design thanks to an annular walk-in combustion chamber, which enables inspection of hot-gas-path parts without cover lift.

This combustion system combines all the advantages of optimal combustion, including:

- high thermal efficiency;
- low NOx and CO emissions;
- low pressure drop; and
- high operating flexibility.

Heat Recovery Steam Generators

Hot exhaust gases from the individual gas turbines are directed into naturally circulated HRSGs, which generate steam at three pressure levels. The high pressure steam from each of the heat recovery steam generators is combined in a common header before passing to the steam turbine. The same configuration exists for the intermediate pressure and for the low pressure steam, allowing maximum operational flexibility.

A condensate pre-heater is integrated in the HRSG. This arrangement enables higher efficiencies of the combined cycle power plant, by using the exhaust gas energy to preheat the condensate before it passes to the feedwater pump and into the LP-system.

Steam Turbine

The steam generated in the heat recovery boilers is used to generate additional electricity through a steam turbine and a separate alternator. The steam turbine consists of a combined high/intermediate pressure and low pressure turbine. The steam turbine blades provide high efficiency due to an advanced blading technology.

Generators

The gas turbine and steam turbine generators are of two-pole type, with direct radial hydrogen cooling for the rotor winding and indirect hydrogen-cooling for the stator winding.

The hydrogen filled generator casing is a pressure-resistant and gas-tight construction and is equipped with end shields at each end. The hydrogen cooler is subdivided into four sections. Two sections are arranged at each generator end.

Technical Parameters

Capacity: Capacity of a Plant is defined as the total electrical power (MW), which can be delivered by the power plant under specific environmental conditions (site reference conditions). The contractual capacity of Phoenix Power under the PPA is c. 2,000 MW[6]. The original net capacity at reference conditions in the original performance test was above 2,000 MW. This capacity is expected to decline over the period of PPA due to normal degradation of Plant but is expected to remain above c.1,981.8MW and meet contractual requirements under the PPA.

Availability: Availability is the amount of time the plant is technically capable of generating power as per specifications. As per the project agreements, Phoenix Power shall be available for 100% of time in summer and 85% of the time in winter. The projected plan nevertheless assumes conservatively that the power plant is in forced outages 1.25%-2.00% of the time.

Plant Efficiency (Heat Rate): The efficiency of the power plant is measured in terms of the amount of heat required to produce one unit of power. Demonstrated efficiency of 56.4% in the original performance test of Phoenix Power was marginally better than contractual requirements under the PPA, thus giving a higher assurance of securing revenues to the Company.

Operation and Maintenance

The Plant is operated and maintained throughout the term of the PPA by POMCo. POMCo is primarily responsible for Plant safety, environmental compliance, availability, efficiency, power output capacities and operational cost control. POMCo operates the Plant in accordance with applicable environmental laws and is responsible for operating the Plant efficiently, whilst ensuring the correct spare parts are available and that the staff is properly qualified and trained. The O&M Agreement contains provisions for incentives and penalties, at ordinary arms' length commercial terms, linked to achievement of certain availability and heat rate targets.

Revenue Overview

During the term of the PPA

The PPA sets out the terms of generation and supply of power to OPWP until 31 March 2029. The PPA imposes an obligation on Phoenix Power to operate and maintain the Plant at an agreed level of availability with respect to the guaranteed contracted power capacity following the COD. The PPA also imposes an obligation to operate the Plant in a safe manner and within its design parameters.

Since the COD, the Plant has a contracted net electricity generating capacity of 2,000 MW[7] and sells the electrical energy output to OPWP. In return, Phoenix Power receives a tariff covering power capacity charges, electrical energy charges and fuel charges from OPWP, described as follows:

6 Applies in Year 1

7 Applies in Year 1

- The power capacity charge is payable for each hour during which the Plant is available, irrespective of how much power is actually dispatched, and is designed to cover fixed costs, including fixed operating and maintenance costs, debt service, insurance costs, taxes and return on capital.
- The electrical energy charge is designed to cover variable operating costs of generation, excluding fuel costs, and is payable according to the electrical energy delivered under the PPA.
- The fuel charge is calculated based on the consumption of natural gas calculated by the Plant model for electrical energy and water output delivered and is in effect a virtual pass-through cost.

Due to higher electricity demand in the summer period in Oman and the tariff structure under the PPA, where seasonality factors are applied to the capacity charges, higher revenues and operating profits are observed and expected during the summer period (from April to September), corresponding to the second and third quarters of the year, compared to the first and fourth quarters. Planned maintenance of the Plant is also conducted in the winter period due to lower electricity demand, further accentuating the seasonality of Phoenix Power's revenues. Under the terms of the PPA, there is no allowance for planned outages during the summer, resulting in higher capacity payments during that period. Payments are denominated in Omani Rials. The investment charge element of the capacity charge is linked to the OMR-US$ exchange rate. The fixed and variable operation and maintenance charges are linked to the OMR-US$ exchange rate, the prescribed US inflation rate, and the Omani inflation rate for a portion of the total charge. The PPA defines the OMR-US$ exchange rate as the mid-rate of the OMR-US$ spot rate as published by the CBO in the foreign exchange rates indications of the relevant billing period.

Beyond the term of the PPA

The Management expects that the Plant will operate well beyond the term of the PPA (15 years being significantly shorter than what is applied in other countries for single buyer PPAs), and the Plant will be well-placed to meet the forecast long-term demand for power in the MIS. After the expiry of the term of the PPA, the PPA will either be extended or, if the power market in Oman is liberalised during this period, the power produced by the Plant will be sold into a merchant market (into a power pool and/or to eligible customers). An internationally reputed consultant, IPA, calculated this post PPA asset value, by means of a market based assessment.

An independent study was conducted by IPA, for the Issue Manager on behalf of the investors, to assess the evolution of market structure and the value of Phoenix Power under various scenarios after the expiry of the PPA. IPA is an economic consultancy based in London specialising in electricity, gas, renewables, carbon and water, providing services in pricing and markets, trading and risk, regulation, project economics, financing and private sector participation across these sectors, and is one of the leading specialised energy practices in Europe. Peak and annual demand for electricity are expected to grow from 4,455MW and 22,702GWh respectively in 2013 to 13,729MW and 66,144GWh in 2029, when the Project's PPA is due to expire.

Whether the Project stays online or closes after the expiry of the PPA, IPA's analysis anticipates that the capacity of existing plants and firm new builds in the MIS will not be sufficient to cover demand thereafter. Therefore, IPA forecasts that the Plant will have value after the PPA expires.

On 30 January 2014, OPWP announced its intention to introduce new power and water procurement arrangements for the MIS in order to maintain market transparency and increase competition[8]. The proposals include the introduction of a "spot market" and more flexible processes for awarding new or extending existing P(W)PAs. Nevertheless, the single buyer approach has served Oman well and the risks are well known and all projects have been bankable with regional and international banks alike, and OPWP is expected to retain its role as the single buyer for electricity and desalinated water.

Under the single buyer approach, OPWP can be expected to use an "avoided cost" methodology when assessing the merits of extending offtake agreements, leaving it indifferent between procuring capacity and services from new or existing operators. Plans to introduce a "spot market" suggest the potential evolution towards a liberalised market approach. However, IPA results show that the post-PPA results of the Project are expected to be very similar for both approaches on both technical and commercial grounds.

8 http://www.omanpwp.com/Docs/OPWP%20Announces%20New%20Power%20and%20Water%20Procurement%20Arrangements.pdf

IPA Power Market Modelling

IPA uses a version of its proprietary ECLIPSE® modelling platform to forecast the dispatch and capacity developments in the markets for electricity in the MIS. This was used to establish market and contract pricing for electricity and the dispatch profile for the Project in Phoenix Power's base case.

The key assumptions for the power modelling are shown in the table below. IPA believes the case outlined below provides a reasonable central outcome that can be used to assess the post-PPA value of the Project.

Parameter	Assumption
Annual Demand	44.0 TWh in 2014 growing at 10% on average from 2014-2020; 4.63% in 2020-2030, and 3.09% thereafter
Peak Demand	9,133 MW in 2014 growing at 11% on average from 2014-2020; 4.63% in 2020-2030, and 3.09% thereafter
Exchanges with Abu Dhabi and Petroleum Development Oman	Firm imports of 200MW and 60MW from Abu Dhabi and PDO respectively
Cost of New Build and Thermal Efficiency	Total Investment Cost @ USD 1,200 per kW and thermal efficiency: 58.59% (net LHV)
Technical Lifetime for all Power Plants	40 years
Fuel costs	1.50USD/MMBTU (LHV) in 2015 rising by 3% per year in real terms thereafter
Long-Term US Inflation	2.00% per year

Source: OPWP,IPA Economic Report

National energy strategy in Oman is being studied and formulated by the PAEW. Until a new strategy is outlined, it is reasonable to assume that current energy procurement policies will continue. The new strategy can be anticipated to promote renewable sources of energy such as solar and wind. Nevertheless, IPA expects that Oman will still rely on gas-fired plants for most of its power generation. Even if this were to lead Oman to import greater quantities of natural gas, this should not be a significant problem since the Middle East holds some of the major natural gas resources in the world. Iran and Qatar alone have the world's 2nd and 3rd largest proven reserves.

The financial outcomes from both single-buyer and liberalised market approaches (in nominal terms) for the Project are shown in the table below:

Representative Years Range[1]	Cost saving to Single Buyer (in USD) (A)	Liberalised Market EBITDA (in USD) (B)	Difference to Single Buyer (C=(A-B)/B)
2029	201,612	199,564	-1.02%
2034	223,759	221,508	-1.01%
2039	248,252	245,742	-1.01%
2044	275,770	274,286	-0.54%
2049	305,452	303,977	-0.48%
Total[(2)]	**6,867,503**	**6,815,044**	**-0.76%**
Average[(2)]	**264,135**	**262,117**	

Source: IPA Economics Report

Note 1: For power market modelling purposes, all calendar years are mapped onto Representative Years

Note 2: Totals and averages shown are based on results for all calendar years 2029-2054, inclusive.

Health, Safety and the Environment

The HSE policy at Phoenix Power commits to excellence in health and safety performance and lays down the rules and regulations for enforcement of the policies. Phoenix Power has HSE policies in place to promote compliance with all legal health and safety requirements, and to provide a safe work place for its employees, visitors, contractors and members of the public. Phoenix Power has established a HSE management system, and aims to integrate HSE considerations into all aspects of its business operations. To get an external accreditation for its HSE policy is a strategic and a stated goal of the Company. To the extent possible, it aims to prevent accidents, injuries, occupational illnesses and pollution as well as to conserve natural resources.

The Plant is designed to comply in all respects with all applicable environmental regulations and World Bank guidelines. Environmental regulations in Oman specify the performance requirements of an industrial plant with reference to air, water, hazardous materials, waste, dredging and noise. Air emission standards in Oman are based on the National Ambient Air Quality Standards of the USA. Since the COD, the Plant has not suffered any material environmental incidents, nor has Phoenix Power been required to report any such incidents to the MECA. POMCo sends out monthly environmental monitoring reports to MECA for the Plant.

Insurance

Phoenix Power maintains comprehensive insurance policies as per the normal market standard for this type of project. The following table sets out the insurance policies currently in effect in relation to the Project:

Policy	Cover	Level of cover
Construction All Risks Project Insurance	During Construction & defects liability period Covers all risks of loss of or damage to all insured property (or part thereof) forming part of the Plant for the period commencing from 1 November 2011 being the notice to proceed date until COD (11 December 2014) plus 12 months extended maintenance / defects liability period.	US$ 1,257.3 million
Property Damage All Risks Insurance	During Operation period Any real or personal property which are owned or which are in the care of insured not limited to machinery, plant, equipment, property in transit.	Limit US$ 1,180.0 million any one occurrence (combined with Business Interruption Insurance).
Business Interruption Insurance	During Operation period Covers loss or reduction in Gross Profit and increased cost of working as a result of an interruption or interference with the Insured Business due to damage insured under the Property Damage All Risks insurance. The indemnity period is 24 months	Limit US$ 1,180.0 million any one occurrence (combined with Property Damage All Risks Insurance)
Terrorism and Sabotage Insurance	Covers all risk of direct physical loss of or damage to all property, as a result of an act of terrorism, in connection with the construction, testing and commissioning, start-up, ownership, operation, use or maintenance of the Plant as well as loss of revenue as a result of business interruption. The indemnity period is 24 months.	US$ 360.0 million per occurrence and in the annual aggregate.
Third Party Liability Insurance	Covers legal liability to third parties for death, bodily injury or loss of or damage to their property arising from activities in connection with the construction, testing and commissioning, start-up, ownership, operation, use or maintenance of the Plant.	US$ 50.0 million per occurrence.

Property

The site used for the Plant is owned by the PEIE, which has granted Phoenix Power a usufruct right over the Site. The UAS has tenure of 25 years for a term commencing on 13 July 2011 which may be renewed for a further term of 25 years. Furthermore, the UATA granted an usufruct right over the Temporary Areas for a term commencing on 13 July 2011 and ending on the date which is 6 months after the COD (10 June 2015). The UAS may be renewed for a further term of 25 years.

Contractually, the PEIE is obliged to give the right to possession of the Site and the Temporary Areas, free and clear of any right adverse to the usufruct right and to ensure that Phoenix Power has undisturbed use of the Site and the Temporary Areas. In turn, Phoenix Power must use and exploit the Site and the Temporary Areas only for the purposes of the Project. The office premises of Phoenix Power in Muscat, Oman are held by Phoenix Power on a lease basis.

Risk Management and Control

The Board of Directors has overall responsibility for the establishment and oversight of Phoenix Power's risk management framework. The Board has delegated the responsibility of developing and monitoring Phoenix Power's risk management policies and procedures and its compliance with them to the Management.

Phoenix Power has policies in place to mitigate the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect Phoenix Power's income or the value of its holdings of financial instruments. The objective of such market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

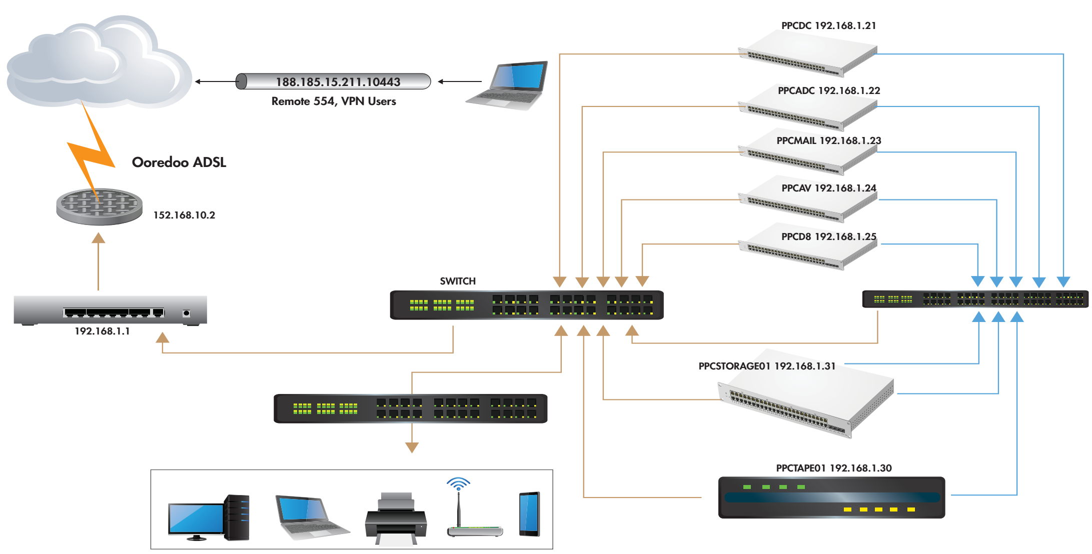
Employees

Phoenix Power has a total of fourteen employees registered with the Ministry of Manpower, of which eight employees are Omani citizens and six employees are expatriates. The Omanisation ratio achieved by Phoenix Power is approximately 57.1%. Recently, the Ministry of Manpower issued Ministerial Decision 248/2014, which envisages companies operating in the electricity and related water sector, progressively achieving a very high level of Omanisation by 2019 (with 100% Omanisation across a number of employment categories). As the provisions of Ministerial Decision 248/2014 have a progressive effect and require Omanisation compliance to be achieved within target dates calculated from the commercial operations date of the plant, Phoenix Power is not currently subject to the full impact of Ministerial Decision 248/2014 across all employment categories, as COD was achieved on 11 December 2014. Notwithstanding the aforesaid, Phoenix Power is committed to fulfilling its Omanisation targets, particularly the targets set out in Ministerial Decision 248/2014 within the timeframes contemplated by this ministerial decision.

Information Technology

Phoenix Power has an established IT system in the Head Office. The Information Technology Infrastructure has been restructured to deliver the anticipated vital role of computerized communication and data storage. Phoenix Power will also continue monitoring POMCo IT assets usage and cyber security methodology.

Phoenix Power Company SAOG - Network & Server Connection Diagram



Litigation and Regulatory Proceedings

Phoenix Power has withheld or been paid a total of US$ 179.7 million of LDs by the EPCC under the EPC Contract in relation to delays in achieving the EPCD beyond the SEPCD (US$ 29.5 million) and in achieving the COD beyond the SCOD (US$ 150.2 million).

Phoenix Power's entitlement to LDs is contested by the EPCC, who has so far submitted:

i. a claim for recovery of all the LDs in respect of the delay in achievement of the EPCD, as well as associated increased costs and other relief (the Early Power Claim); and
ii. a claim for recovery of up to 50 days' worth of LDs, which could ranges from US$ 7.8 million to US$ 45.3 million, in respect of the delay in achievement of the COD, as well as associated increased costs and other relief (the Final Power Claim),

in each case because, the EPCC alleges, the relevant delays were the responsibility of Phoenix Power.

Early Power Claim

The Early Power Claim has already been the subject of an expert determination by an English law Queen's Counsel pursuant to the EPC Contract. The expert determined that the EPCC was not entitled to any relief, including the recovery of the liquidated damages, in relation to the delay in completion of the EPCD.

The EPCC has, however, subsequently referred the Early Power Claim to arbitration in London in accordance with the rules of arbitration of the International Chamber of Commerce and the EPC Contract. The Early Power Claim has an aggregate value of around US$69.1 million.

Final Power Claim

According to the EPCC, the Final Power Claim relates to events concerning the Omani electricity grid which, if the EPCC is correct, may be the responsibility of OPWP under the PPA. The EPCC has, therefore, exercised its right under the EPC Contract requiring Phoenix Power to make a claim against OPWP under the PPA equivalent to the Final Power Claim. Discussions in relation to the Final Power Claim and Phoenix Power's claim against OPWP under the PPA are on-going.

The monetary value of the Final Power Claim has to date not been specified by the EPCC, however, it appears from the details the EPCC has so far provided that the EPCC may seek to recover LD amount in the range of US$ 7.8 million and US$ 45.3 million, and potentially some other costs.

The Final Power Claim is still at a preliminary stage and has not to date been made the subject of a formal dispute resolution process in accordance with the terms of the EPC Contract.

Conduct of Claims

The Early Power Claim and the Final Power Claim have been and continue to be rejected by Phoenix Power.

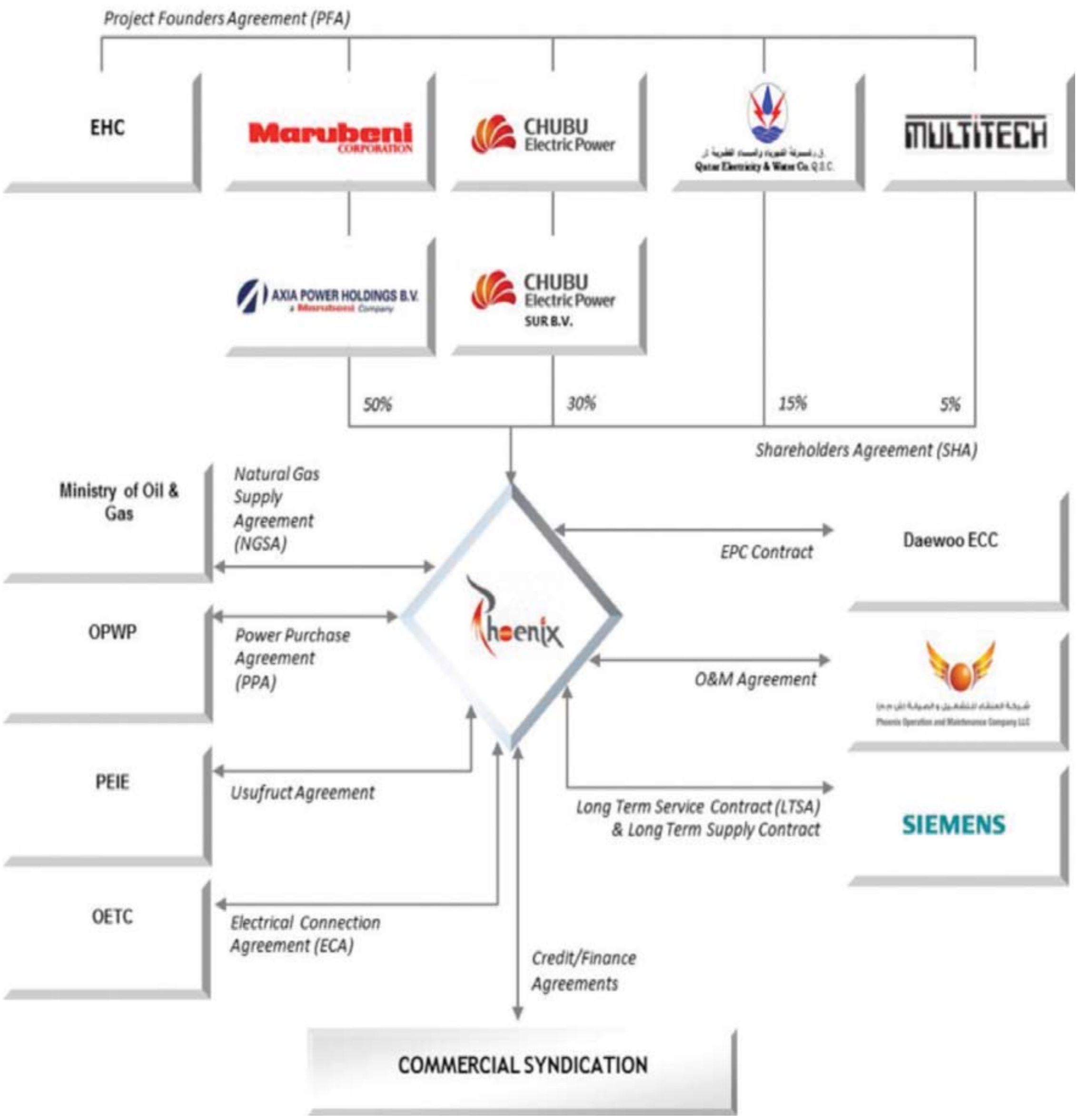
Phoenix Power continues to pursue a successful conclusion to each of the Early Power Claim and the Final Power Claim, however, in the interests of prudence, all forecasts in this Prospectus, including dividend forecasts, assume that the final settlement of disputes with OPWP and EPCC will result in Phoenix Power being in a neutral position (i.e., no positive or negative impact). In the event that the final outcome of these disputes (which it is hoped will to occur in 2015/16) is negative for Phoenix Power, then depending on the extent of the negative financial impact, Phoenix Power may not be in a position to pay dividends in the manner forecast in this Prospectus (as set out in "Chapter XVI – Dividend Policy"), or may, temporarily, not be in a position to pay any dividend at all. Phoenix Power may be required to repay some or all of the LDs set out above which it has withheld or been paid.

There can be no certainty of a neutral outcome of these disputes, and any negative outcome to these disputes for Phoenix Power could have a material adverse effect on the business, results of financial condition of Phoenix Power, including the market price of the Shares and the capacity of Phoenix Power to pay dividends.

Chapter XI
Contractual Framework

Summary of Contractual Framework

The following diagram illustrates the key contracts relating to the Project and the relevant counterparties thereto:



Project Document	Executing Parties	Date of Execution	Date of Expiry
PFA	EHC, Marubeni, CEPCo, QEWC and Multitech	13 July 2011	31 March 2029
PPA	OPWP and Phoenix Power	13 July 2011	31 March 2029
NGSA	MoG and Phoenix Power	13 July 2011	31 March 2029
ECA	OETC and Phoenix Power	13 July 2011	30 years from the date of its execution
UAS	PEIE and Phoenix Power	13 July 2011	25 years from the date of ratification of the UAS by the Government, subject to a further extension of 25 years at the option of Phoenix Power
UATA	MoH and Phoenix Power	13 July 2011	6 months after COD
O&M Agreement	POMCo and Phoenix Power	22 November 2011	31 March 2029
EPC Contract	Daewoo Engineering and Construction Company Limited	18 August 2011	
SHA	Axia Power, Chubu Electric, QEWC, Multitech and Phoenix Power	13 July 2011	Continue in force for a term equal to the term of Phoenix Power

Details of Key Documentation

- ***Project Founders' Agreement***

  The PFA was executed between the Project Founders and EHC on 13 July 2011. The PFA sets out various warranties and undertakings given by the Project Founders to EHC in respect of, amongst other things, listing pursuant to a public offering and disposal of the Shares. The PFA contains restrictions on share disposals and provides for the procurement of the conversion of Phoenix Power to a listed SAOG from an unlisted SAOC, and the public offering of 35 per cent of the Shares of Phoenix Power on the MSM. The PFA states that the listing of the Offer Shares must occur during a period of four years from the date of the incorporation of Phoenix Power. That is, on or before 25 June 2015.

  If all of the Offer Shares are not fully subscribed in the Offer, the Project Founders are required to continue offering the remaining (i.e. unsold) Offer Shares for sale on an annual basis for a three year period following the initial listing on the MSM. During this three year period, EHC will have an option to acquire the unsubscribed Offer Shares according to the pricing mechanism set out in the PFA.

  The PFA contains various undertakings given by the Project Founders, including, but not limited to: (i) compliance with the listing and offer obligations contained in the PFA in relation to the IPO; (ii) adherence to the disposal of Shares in Phoenix Power; (iii) Share retention obligations which require the Lead Founder to, directly or indirectly, hold and maintain at least: (a) 35 per cent. of the Issued and Paid-up Shares of Phoenix Power until completion of the IPO; and (b) 22.75 per cent. of the Issued and Paid-up Share Capital of Phoenix Power after completion of the IPO and up to the third anniversary of COD.

- ***Power Purchase Agreement (PPA)***

  The PPA was executed between Phoenix Power and OPWP on 13 July 2011. The PPA details the terms agreed between Phoenix Power and OPWP pursuant to which Phoenix Power shall undertake the Project.

  The PPA sets out a number of obligations which Phoenix Power must adhere to during the operation period of the Plant. Amongst other things, Phoenix Power must, acting as a reasonable and prudent operator, operate and maintain the Plant in such a manner so as to ensure that the Plant is capable of operating and maintaining power production on a continuous and reliable basis.

  Under the PPA, Phoenix Power is obliged, at its own cost, to procure, install, test, commission, own, operate and maintain the metering system and all components thereof in accordance with all applicable requirements of the Grid Code and, additionally, (to the extent not contrary to the Grid Code) in accordance with the PPA.

Under the PPA, Phoenix is obliged to exclusively sell electrical energy output to OPWP and in return, receive from OPWP capacity charges, electrical energy charges and fuel charges. Capacity charges are designed to cover fixed costs (including debt service and return on capital); electrical energy charges are designed to cover variable operating costs of generation (excluding fuel costs). The fuel charge is amount payable to compensate Phoenix Power for the total fuel demand required for the production of electrical energy to be delivered in accordance with the terms of the PPA.

In addition to complying with the conditions of the Generation License, Phoenix Power is under an obligation, acting as a reasonable and prudent operator, to develop, maintain and update at regular intervals (and at least once every year) a quality assurance manual, an occupational and environmental health and safety policy, and an operation and control philosophy.

The PPA sets out standard representations and warranties that Phoenix Power is required to provide. Amongst others, Phoenix Power has represented and warranted that it will not engage in any business or activity other than that permitted by its Generation Licence.

The PPA provides for various buyer risk events and the relief that Phoenix Power will receive should the specified events occur that hinder Phoenix Power from performing its obligations under the PPA. The burden of establishing the existence of a buyer risk event and its impact is upon Phoenix Power. If a relevant buyer risk event is established in accordance with the terms set out in the PPA, Phoenix Power will not be liable for any failure to perform or any delay in its performance and will continue to be entitled to be paid capacity charges during the relevant period. In the event that it is determined that a material adverse change has occurred and such material adverse change was caused by a buyer risk event a buyer risk event or events constitute a material adverse change, OPWP shall propose a mechanism to Phoenix Power in order to adjust the power capacity charge and/or the electrical energy charge, as appropriate, or reimburse Phoenix Power by some other agreed reimbursement mechanism.

The PPA also provides for various force majeure events that may hinder Phoenix Power from performing its obligations under the PPA. The onus of proving the existence and effect of a force majeure event is on Phoenix Power. If it can be established that a force majeure event has occurred, or will occur, and that it could not have been mitigated by Phoenix Power, acting as a reasonable and prudent operator, Phoenix Power will be relieved from liability for any failure to perform its obligations under the PPA for the duration of the force majeure event and the term of the PPA will be extended by the period for which the force majeure event hindered Phoenix Power from performing its obligations. Furthermore, Phoenix Power shall be entitled to continued receipt of power capacity charges to the extent of its availability during the force majeure delay period.

Subject to certain force majeure, OPWP risk events and termination provisions contained therein, the term of the PPA commenced on 13 July 2011 and shall expire on 31 March 2029, (the date which falls 15 years after the SCOD).

- ***Natural Gas Sales Agreement (NGSA)***

The NGSA was entered into between MoG and Phoenix Power on 13 July 2011. It establishes the terms upon which Phoenix Power purchases natural gas as feedstock for the Plant from the MoG. The NGSA term is linked to the PPA term and, therefore expires on 31 March 2029. The NGSA term will automatically be extended to reflect any extensions to the term of the PPA.

In accordance with the NGSA, natural gas will be supplied up to the gas delivery point of the Plant. Phoenix Power has no obligation to pay the MoG for any natural gas delivered and accepted until Phoenix Power has received the amount of the PPA payment from OPWP (provided that Phoenix Power has invoiced OPWP properly and on a timely basis, OPWP has not exercised a right of set-off under the PPA, and Phoenix Power has given notice to OPWP and the MoG). If Phoenix Power receives part of the PPA payment, it is required to pay the corresponding percentage of the monthly invoice amount for natural gas, with the remainder due upon receipt of the unpaid portion.

The maximum quantity of natural gas that Phoenix Power may nominate and take under the NGSA on any day and which MoG shall be obliged to deliver shall be 298,000 MMBTUs at the LHV of 845 BTU/scf.

According to the NGSA, the price payable by Phoenix Power for natural gas delivered to and accepted by Phoenix Power shall be equal to the OMR equivalent of USD 1.50 per MMBTU, inclusive of all transportation costs of natural gas to the gas delivery point, and all taxes, duties and other imposts applicable to the sale of natural gas to or the purchase of natural gas by Phoenix Power. In December 2014, MoG informed Phoenix Power that it intends to increase the gas price to USD 3.00 per MMBTU effective from 1 January, 2015, and accordingly, this increase has occurred effective from 1 January 2015. However, this increase of gas price will not impact the business of Phoenix Power, as it will receive from OPWP the fuel charge which also includes the increased cost portion.

MoG shall be liable to pay damages payable to Phoenix Power for each hour the Plant is forced to operate on back-up fuel oil and shall compensate Phoenix Power for the cost differential between operating the Plant on natural gas and operating the Plant on fuel oil (diesel). The damages payable by MoG to Phoenix Power shall be calculated in accordance with the formula for calculating such damages set out in Schedule D of the NGSA.

The NGSA is terminable by Phoenix Power as a result of the dissolution of the MoG or a material breach of the NGSA by the MoG, although alternative sources of natural gas would need to be secured. For Phoenix Power, events of default include insolvency, failure to make a payment where the amount due exceeds OMR 200,000 within 30 days of the due date, and material breaches which are not remedied within 30 days of notice.

- ***Electrical Connection Agreement (ECA)***

  The ECA was entered into between OETC, a wholly owned Government company established in 2003, and Phoenix Power on 13 July 2011. The ECA sets out the terms and conditions upon and subject to which OETC and Phoenix Power have agreed that Phoenix Power shall connect to the Transmission System. It establishes a framework between OETC and Phoenix Power to provide for, amongst other things:

  a. the payment by Phoenix Power to OETC of the connection fee; and
  b. enforcement of the Grid Code as between OETC and Phoenix Power.

  The ECA became effective from the date of its execution and shall remain in force for an initial period of 30 years (the "Initial Term") and will continue in force beyond the expiry of the Initial Term unless and until either party terminates the ECA on six month's prior notice to the other, provided that no such notice shall take effect before the expiry of the Initial Term.

- ***Usufruct Agreements***

  The UAS and UATA were executed between the PEIE and Phoenix Power on 13 July 2011. The UAS and UATA constitute the usufruct agreements in relation to the Site and the Temporary Areas. The UAS has a term of 25 years from the date of ratification of the UAS by the Government, subject to a further extension of 25 years at the option of Phoenix Power. Phoenix Power is under an obligation to only use the Site for the stated purpose as described in the UAS and the Temporary Areas for the purposes as described in the UATA.

  According to the UAS, the PEIE is obliged to provide the Site to Phoenix Power free and clear of any right adverse to the usufruct right so granted including, but not limited to, any third party Claim that may be made relating to the Site. PEIE shall also ensure that Phoenix Power has undisturbed enjoyment of the Site throughout the term of the UAS.

  The usufruct right under the UATA is granted for the period commencing on the date of ratification of the UATA and expires six months after the COD.

  According to the UATA, PEIE is obliged to give Temporary Areas to Phoenix Power free and clear of any right adverse to the usufruct right so granted including, but not limited to, any third party claim that may be made relating to the Temporary Areas. PEIE shall also ensure that Phoenix Power has undisturbed enjoyment of the Temporary Areas throughout the term of the UATA.

- ***Operation and Maintenance Agreement (O&M Agreement)***

  The O&M Agreement was entered into between POMCo and Phoenix Power on 22 November 2011. It sets out the provision of O&M services by POMCo in relation to the Plant. The O&M Agreement requires POMCo to operate and maintain the Plant until 31 March 2029 (15 years after the SCOD), provided that the term of the O&M Agreement may be modified to reflect any extension of the term of the PPA as may be determined between Phoenix Power and OPWP in accordance with the terms of the PPA.

Under the O&M Agreement, POMCo is responsible for:

- all operation and planned maintenance and repair services necessary or advisable to safely, dependably and efficiently operate, maintain and repair the Plant, as contemplated by the O&M Agreement;
- assist Phoenix Power in agreeing with OPWP in accordance with the PPA such procedures as shall be necessary in accordance with good practice for the dispatch of the Plant and operational communications;
- operate the Plant or relevant part thereof in compliance with the Generation Licence, the Grid Code and the Distribution Code (except to the extent that Phoenix Power has been exempted from compliance with certain provisions of the Grid Code and/or the Distribution Code by AER)
- develop operating procedures on behalf of Phoenix Power for operation of the Plant;
- the generation of electricity for supply to OPWP;
- managing spare parts, tools, materials and consumables required for the operation and maintenance of the Plant;
- the direction and supervision of staff at the Plant and ensuring safety of the Plant, Phoenix Power staff and visitors of the Plant; and
- mobilisation and training of human resources.

The fees payable under the O&M Agreement consist of a fixed fee subject to indexation, based on Omani, Euro and US$ inflation rates.

- ***EPC Contract***

The EPC Contract was executed between Phoenix Power and DEC on 18 August 2011. It establishes the terms upon which DEC was to design, engineer, manufacture, supply, procure, transport, erect, construct, install, test and commission the Plant and to warrant such works and remedy any defects or non-compliances therein.

In consideration of these works, Phoenix Power was to pay DEC the contract price in accordance with the milestone payment schedule.

The EPC Contract sets out a number of obligations which DEC was obliged to comply with. Amongst other things, DEC must, acting as a reasonable and prudent operator, complete the works in two phases. The need for completion in two phases was driven by OPWP's requirement for early power capacity to be made available during the peak electricity demand period in Oman from April 2013 to September 2013 (defined in the EPC Contract as the Early Power Period), followed by full power capacity at the start of the following year's peak demand period commencing in April 2014. There was to be a hiatus in the availability of power during the period from 30 September 2013 to 1 April 2014 (a lower electricity demand period in Oman) during which DEC was to carry out additional works on the Plant that was to have provided early power capacity during the early power period (conversion from simple cycle to combined cycle).

The first phase of works comprised the completion and testing of two gas turbines (separately GT11 and GT12, and together the early power gas turbines) together with all associated equipment including.

The completion and testing of the early power scope was required to be achieved by 1 April 2013 (defined in the EPC Contract as the Target Early Power Completion Date) so that Phoenix Power could commercially operate the early power scope and sell 216.5 MW of power from each of the early power gas turbines (433 MW in total) to OPWP under the terms of the PPA during the early power period.

In addition to the completion and testing of the early power scope, the EPC Contract sets out a number of other requirements that are to be satisfied on or before the Target Early Power Date as a pre-condition to Phoenix Power issuing an acceptance certificate in respect of the early power scope, the effect of which would be to constitute taking over of the early power scope.

During the early power period, the early power gas turbines were to be operated in open cycle but in the period between the end of the early power period (30 September 2013) and 1 April 2014 (being the Scheduled Commercial Operation Date for completion and testing of the second phase of the works, which comprised the whole of the works which DEC was obliged to provide under the EPC Contract (defined in the EPC Contract as the Target Plant Completion Date)), a steam turbine and heat recovery steam generators were to be connected to the early power gas turbines so that they could be operated in combined cycle following taking over of the whole of the Plant.

Under the terms of the PPA, OPWP has no obligation to pay for capacity or to purchase power after the end of the early power period until at the earliest 1 April 2014 i.e. the Target Plant Completion Date.

The EPC Contract entitles Phoenix Power to deduct delay liquidated damages in the event that the date of taking over of the early power scope is not achieved by the Target Early Power Completion Date (1 April 2013) until but excluding the earlier of the Actual Early Power Completion Date and 1 October 2013.

If taking over of the early power scope was not achieved before the end of the early power period (30 September 2013), then there would be a single taking over date for the whole of the works (defined in the EPC Contract as the Actual Plant Completion Date) and the early power scope would not be taken over separately from the rest of the Plant and no Actual Early Power Plant Completion Date would occur.

The EPC Contract entitles DEC to an extension of the Target Early Power Completion Date under certain circumstances and otherwise provides in relation to extensions of time that (i) DEC has the burden of proof, (ii) delay must be proven by DEC by reference to the critical path and (iii) there is no entitlement to an extension of time to the extent that the delay is attributable to DEC or would have nevertheless been experienced notwithstanding the existence of circumstances otherwise entitling DEC to an extension of time or could have been avoided or mitigated by DEC.

The EPC Contract also provides for various circumstances in which DEC is entitled to an addition or an adjustment to the contract price.

Similarly to the PPA, the EPC Contract provides for various events and the relief that DEC will receive should the specified events occur that hinder DEC from performing its obligations under the EPC Contract. The burden of establishing the existence of such event and its impact is upon DEC.

In the event that it is determined that DEC's entitlement to an adjustment of the Target Dates arises as a result of a buyer failure, a buyer risk event or a force majeure event, then such entitlement shall be no greater or longer in duration than the adjustment granted to Phoenix Power under the PPA (unless and to the extent that Phoenix Power fails to properly enforce its rights). If a relevant buyer risk event is established in accordance with the terms set out in the EPC Contract, then this will affect DEC's liability to pay liquidated damages.

The EPC Contract also provides for various force majeure events that may hinder DEC from performing its obligations. The onus of proving the existence and effect of a force majeure event is on DEC. If it can be established that a force majeure event has occurred, or will occur, and that it could not have been mitigated by DEC, acting as a reasonable and prudent operator, DEC will be relieved from liability for any consequent failure to perform its obligations under the EPC Contract for the duration of the force majeure event and be additionally entitled to relief.

Furthermore, the EPC Contract is terminable by Phoenix Power as a result of a failure by DEC to execute the works in accordance with the EPC Contract and/or if the PPA is terminated for any reason whatsoever.

- ***Shareholders' Agreement***

  The SHA was entered into amongst the Project Founders and Phoenix Power on 13 July 2011 and subsequently amended and restated as on 28 November 2011. The SHA sets out the arrangements amongst the Shareholders with respect to the Management and the process relating to the Offer.

  The SHA provides that the Shareholders must offer the Offer Shares to investors via a public offering on the MSM within a period of four years from the date of incorporation of Phoenix Power, or otherwise be obliged to sell 35 per cent of Phoenix Power's Share Capital to EHC in accordance with the Government Share Option set out in the PFA. The SHA also sets out certain provisions relating to appointment, composition, quorum and voting requirements in respect of the Board.

  The SHA shall continue to be in force until terminated in accordance with its terms.

Chapter XII
Project Cost and sources of Financing

Project Costs

Phoenix Power achieved COD on 11 December 2014. The total Project cost was approximately OMR 633.31 million (US$ 1,647.10 million) as summarised below:

	OMR (Mn)
Uses:	
Construction costs (EPCC)	474.87
Non-EPCC costs	158.44
Total	**633.31**
Sources:	
Share Capital	0.50
Equity Bridge Loans	145.76
Term Loans	459.28
Liquidated damages received from EPC contractor	27.77
Total	**633.31**

Equity Contributions

The Shareholders initially provided equity for the Project, as shown below:

	OMR
Shareholder:	
Axia Power	250,000
Chubu Electric	150,000
QEWC	75,000
Multitech	25,000
Total	**500,000**

Equity Bridge Loans

On 11 October 2011, Phoenix Power, its shareholders at the time, and the EBL lenders entered into the EBL, under which the shareholders arranged equity bridge loans, as provided in the table below:

	OMR
Shareholder:	
Axia Power	72,880,073
Chubu Electric	43,728,044
QEWC	21,864,022
Multitech	7,288,007
Total	**145,760,146**

As further described in "Chapter VII – Shareholding Details" of this Prospectus, at an EGM held on 30 March 2014, the Shareholders of Phoenix Power approved the conversion of the EBL into Share Capital of Phoenix Power, increasing the Authorised and Issued and Paid-Up Share Capital to OMR 146,260 146.

Debt Financing

Phoenix Power has entered into financing agreements with a consortium of international banks and an export credit agencies, for an aggregate amount of approximately OMR 459 million (US$ 1,194 million). Each of these financing agreements is summarised below, all of which are subject to the terms of the CTA.

The following table shows the currently outstanding financing arrangements of Phoenix Power, with the amount outstanding after the first repayment on 24 December 2014:

Type of Loan	Currency	Interest rate	Total Base Facility Available	Total Amount Drawn as at 31 December 2014	Total Outstanding as at 31 December 2014
JBIC Facility Agreement	US$	LIBOR + margin	668,915 KUSD	668,915 KUSD	634,914 KUSD
Commercial Facility Agreement	US$	LIBOR + margin	350,384 KUSD	350,384 KUSD	332,574 KUSD
NEXI Covered Facility Agreement	US$	LIBOR + margin	175,192 KUSD	175,192 KUSD	166,287 KUSD

As of the date of this Prospectus, Phoenix Power senior debt is hedged in compliance with the CTA requirements. This further improves the predictability of cash-flows available to shareholders.

No Cash Sweep Mechanism

The Finance Documents of Phoenix Power includes an amortized repayment profile, with the final repayment to occur prior to the end of PPA. This is unlike many of the listed power companies in Oman, which are subject to a mandatory cash sweep mechanism under their financing arrangements, resulting in either nil or limited dividends in the latter part of the P(W)PA period for the relevant project company or the requirement to refinance existing debt in order to seek the removal of this requirement.

The absence of a mandatory cash sweep mechanism in Phoenix Power's financing arrangements means that Phoenix Power's ability to pay dividends will not be constrained in the same manner as if a cash sweep was imposed. This means that Phoenix Power is able to pay stable dividends throughout the period of PPA. For further details of Phoenix Power's dividend policy, please see "Chapter XV – Dividend Policy" of this Prospectus.

Debt Service Reserve

Under the terms of the Finance Documents, starting from COD, Phoenix Power is required to maintain a cash balance (or Shareholders' credit support) equivalent to six months' of future debt service and interest payments in a separate bank account pledged in favour of its lenders (Base DSRA). In addition, starting from the 4th anniversary of COD until the last payment date of senior loan, Phoenix Power is required to maintain a cash balance (or Shareholders' credit support) equivalent to the debt service and interest payments which will be outstanding for the last 6 month of JBIC and NEXI Facilities in a separate bank account pledged in favour of its lenders (Backstop DSRA).

The lenders are entitled to withdraw amounts from this account if Phoenix Power does not meet its obligations as defined under the Finance Documents or in other events resulting in a situation of default on its obligations. As at the date of this Prospectus, Phoenix Power provides the entire debt service reserve amount through Shareholders' credit support.

Maintenance Reserve

Under the terms of the Finance Documents, Phoenix Power is not required to maintain a maintenance reserve account if a Long Term Maintenance Contract and a Long Term Maintenance Direct Agreement have been entered into and continues to be in effect. These agreements are entered into and remain to be in effect since December, 2011, and will remain in effect until the earlier of 1) 99,000 accumulated EOH, and 2) 19 years from the signing of agreements (i.e. until FY

2030).

Repayment Schedule

The aggregate amount of drawdowns under the facilities is repayable in full in 29 half-yearly instalments commencing from 28 December 2014 with the final instalment being due on 28 December 2028.

The projected repayment schedule of the principal amounts of the Term Facilities can be summarised as follows:

	Payable in FY 2014	Payable during FY 2015	Payable during FY 2016	Payable during FY 2017	Payable during FY 2018	Payable after FY 2018
In USD	60,716 KUSD	59,725 KUSD	62,545 KUSD	63,678 KUSD	67,799 KUSD	880,029 KUSD
In OMR	23,345 KOMR	22,964 KOMR	24,048 KOMR	24,484 KOMR	26,069 KOMR	338,372 KOMR

As at the date of this Prospectus, Phoenix Power has paid both principal (comprising 5.1% of the total term loans) and interest in accordance with the terms and conditions of the Finance Documents.

Sources of financing

Statement	Value as on 31 December 2014			Value in case of cover of all shares as on 31 December 2014		
	(Before the Offer)			(After the Offer)		
	Amount (OMR)	Amount (OMR)	Ratio	Amount (OMR)	Amount (OMR)	Ratio
Working capital facility	-	-	-	-	-	-
Total short term debt (1)						
JBIC facility @ LIBOR + margin	244,124,270			244,124,270		
Commercial facility @ LIBOR + margin	127,874,772			127,874,772		
NEXI covered facility @ LIBOR + margin	63,937,386			63,937,386		
Total long term debt (2)		435,936,428	73.4%		435,936,428	73.4%
Total debt (1+2)		**435,936,428**	**73.4%**		**435,936,428**	**73.4%**
Share capital	146,260,146			146,260,146		
Legal reserve	1,207,826			1,207,826		
Retained earnings	10,870,436			10,870,436		
Total equity (3)		**158,338,408**	**26.6%**		**158,338,408**	**26.6%**
Total financing sources		594,274,836	100.0%		594,274,836	100.0%
Debt/equity ratio (%)		**2.75**			**2.75**	

Key Financing Covenants

The key covenants under the CTA are summarised below:

Positive Covenants: The CTA contains frequently adopted positive covenants in relation to financing arrangements of this type, including, but not limited to: construction and operation of the Plant; corporate existence; consents; project documents; further assurances; taxes; pari-passu ranking; application of revenue and proceeds; working capital facility agreement; insurance; maintenance of accounts; intellectual property; interest and title and notices.

Negative Covenants: The CTA contains frequently adopted negative covenants in relation to financing arrangements of this type, including, but not limited to: amendments to the Project Documents; termination of the PFA, liquidation or merger; entry into new agreements in relation to the Project; disposals (other than as permitted under the Finance Documents or required by any provision of the project documents or the PFA); further indebtedness (other than as permitted under the Finance Documents); negative pledge; change of business; capital assets; loans and guarantees; amendment to constitutional documents; compromise, adjustments or settlements; incur operating costs (other than approved costs); hedging agreements; transaction with affiliates; performance testing; winding up; suspension or abandonment; immunity; and environment management plan.

Events of Default: The CTA contains frequently adopted events of default in relation to financing arrangements of this type, including, but not limited to, non-payment, non-compliance with the Finance Documents and the Project Documents; misrepresentation; insolvency events; judgments; delay; Government intervention, cross-default; revocation of consents; illegality; ownership; DSCR ratio (see below); material adverse effect; failure of security interests; Shareholder obligations; loss or damage to the Project; forecast funding shortfall and O&M contractor and long term maintenance arrangements.

Debt Service Coverage Ratio: Any fall in the DSCR, at any calculation date, below the ratio of 1.05:1 will constitute an event of default under the CTA. The DSCR threshold for distribution of dividends has been set at 1.10:1.

In certain specified cases, where a default is capable of remedy, the CTA permits a cure period. As at the date of this Prospectus, Phoenix Power is not in default under any of the Finance Documents or any other material financing arrangements. The PFA requires that the listing of the Offer Shares takes place within four years of the date of the incorporation of Phoenix Power, i.e., on or before 25 June 2015.

Security Package

Each term loan has been secured in favour of the lenders by a package of share and asset security granted by Phoenix Power and the Project Founders. It includes the following agreements, which have each been duly registered where necessary:

- a commercial mortgage secured on Phoenix Power's moveable assets, governed by Omani law;
- a legal mortgage secured on Phoenix Power's rights, title and interest in the Usufruct Agreements and the related movable and immovable property, governed by Omani law;
- a share charge over all of the Shares, governed by Omani law;
- a charge and assignment and security deed over Phoenix Power's accounts, relevant agreements, land and other assets, governed by English law; and
- a charge and assignment over the Company's accounts and relevant agreements, governed by English law.

Chapter XIII
Risk Factors

Prior to investing in Offer Shares, prospective Applicants should carefully consider the risk factors relating to Phoenix Power's business and industry described below together with all other information contained in this Prospectus, including the financial statements set out in "Chapter XXII – Historical Financial Statements" of this Prospectus, before making any investment decision relating to the Offer Shares.These risks and uncertainties are not the only issues that Phoenix Power faces; additional risks and uncertainties not presently known to Phoenix Power or that Phoenix Power currently believes to be immaterial may also have a material adverse or beneficial effect on its financial condition or business success. The occurrence of any or a combination of the following events could have a material adverse or beneficial effect on Phoenix Power's business, results of operations, financial condition and prospects and cause the market price of the Shares to fall significantly and investors to lose all or part of their investment.Unless otherwise stated in the relevant risk factors set out below, Phoenix Power is not in a position to specify or quantify the financial or other risks mentioned herein.

Risks Relating to the Project

Limited operating history.

The Plant commenced full commercial operation in 11 December 2014 and, consequently, the Plant has operated for approximately 4 months as at the date of this Prospectus. Accordingly, prospective investors have limited information with which to evaluate the operating performance of the Plant and its current or future prospects or financial results and performance.

The business prospects and financial performance of Phoenix Power must be considered in light of the risks, uncertainties, expenses and difficulties frequently encountered by projects with a limited operating history, including challenges in planning and forecasting accurately due to limited historical data, which means the past results of Phoenix Power cannot be relied on as an indication of future performance. Accordingly, the inability to successfully identify and address risks and difficulties could have a material adverse effect on the business, results of operations and financial condition of Phoenix Power, including the market price of the Shares.

Operational and technological risks.

The operational risks may prevent Phoenix Power from performing its obligations under the PPA, which is its source of revenue and, in certain extreme situations such failure to perform could result in OPWP terminating the PPA. Additionally, Phoenix Power's current financial covenants prohibit it from diversifying its operations in the future and it is unlikely that Phoenix Power will be able to generate revenue or cash flow, except through the PPA during the PPA period. However, the business plan of Phoenix Power accounts for reasonable average outage rates to cover the risk of forced outages for power production. In certain years, depending on the number of forced outages, there could be positive or negative variances. The business plan and projections also account for degradation of the technical performance. The plant outage risk is minimized by the utilization of multiple units to produce power.

The technological risk is considered low as the Plant uses proven technology from renowned international suppliers like Siemens. POMCo (a company owned by the Founders) is the operator for the Plant. A substantive portion of the O&M risk is transferred to POMCo under the O&M agreement by Phoenix Power. Further operational risks are mitigated by the following risk mitigation factors:

i. The operator is incentivized to maintain the highest possible plant performance through a capped bonus/penalty mechanism.
ii. A sufficient number of spare parts are available to guarantee swift repairs.
iii. A strategic stock of back-up fuel oil is available on site to cover five days of operations; till date there has been no interruption of gas supply and the Plant has never been asked to run on fuel oil except for proving annual performance testing on fuel oil.
iv. Major overhauls are contractually permitted and the allowed planned outage rates are higher than what is actually used (during the winter period).

Dispute with EPCC in relation to the delay in completion of early power and final power.

As further described in "Chapter X – Description of Phoenix Power and Business Overview – Litigation and Regulatory Proceedings" of this Prospectus, the EPCC has to date submitted two claims to Phoenix Power for recovery of (i) all the LDs in respect of the delay in completion of the early power (the Early Power Claim) and (ii) a certain proportion of the LDs in respect of the delay to the COD (the Final Power Claim). In addition, the EPCC has submitted claims in respect of increased costs and other relief (please refer "Chapter X – Description of Phoenix Power and Business Overview – Litigation and Regulatory Proceedings" for further details including the amounts of claims). The Early Power Claim and the Final Power Claim have been and continue to be rejected by Phoenix Power.

The Early Power Claim has already been the subject of an expert determination by an English law Queen's Counsel pursuant to the EPC Contract. The expert determined that the EPCC was not entitled to any relief, including the recovery of the liquidated damages, in relation to the delay in completion of the EPCD. The EPCC has, however, subsequently referred the Early Power Claim to arbitration in London in accordance with the rules of arbitration of the International Chamber of Commerce and the EPC Contract.

In case of Final Power Claim, according to the EPCC, the claim relates to events concerning the Omani electricity grid which, if the EPCC is correct, may be the responsibility of OPWP under the PPA. The EPCC has, therefore, exercised its right under the EPC Contract requiring Phoenix Power to make a claim against OPWP under the PPA equivalent to the Final Power Claim. Discussions in relation to the Final Power Claim and Phoenix Power's claim against OPWP under the PPA are on-going. The Final Power Claim is still at a preliminary stage and has not to date been made the subject of a formal dispute resolution process in accordance with the terms of the EPC Contract.

Phoenix Power continues to pursue a successful conclusion to each of the Early Power Claim and the Final Power Claim, however, in the interests of prudence, all forecasts in this Prospectus, including dividend forecasts, assume that the final settlement of disputes with OPWP and EPCC will result in Phoenix Power being in a neutral position (i.e., no positive or negative impact). In the event that the final outcome of these disputes (which it is hoped will to occur in 2015/16) is negative for Phoenix Power, then depending on the extent of the negative financial impact, Phoenix Power may not be in a position to pay dividends in the manner forecast in this Prospectus (as set out in "Chapter XVI – Dividend Policy"), or may, temporarily, not be in a position to pay any dividend at all. Phoenix Power may be required to repay some or all of the LDs set out above which it has withheld or been paid.

There can be no certainty of a neutral outcome of these disputes, and any negative outcome to these disputes for Phoenix Power could have a material adverse effect on the business, results of financial condition of Phoenix Power, including the market price of the Shares and the capacity of Phoenix Power to pay dividends.

Post PPA risk.

The 15-year term of the PPA matures before the Plant reaches its expected lifetime. Consequently, a substantial part of the value is expected to be realized beyond the PPA. However, at that point of time, the Plant, as any other plant with an expiring off-take agreement, will face new risks such as:

- Gas supply and price risk
- Market risk (price and capacity)
- Competition from recent, more efficient technologies
- Regulatory risk
- Operational risk
- Customer credit risk
- Macro-economic risk

IPA, as the independent professional adviser, has evaluated the value of Phoenix Power for the period post PPA, taking the risks of different market environment into account. Kindly refer to section titled Revenue Overview in "Chapter X – Description of the Company and Business Overview" for summary of the IPA report. Marubeni, Phoenix Power's majority Shareholder, has vast experience in managing such risks in similar environments such as Asia and the Middle East, where it operates many power plants.

Increased operating and maintenance costs or capital expenditure may not be recovered under the PPA.

Operating the Plant involves, among other things, general technical, legal, regulatory and other factors that may be beyond Phoenix Power's control. Although there are provisions within the PPA to protect the Company from changes in law, changes in some factors could make it more expensive for Phoenix Power to operate the Plant than projected, and could require additional capital expenditures or could reduce revenues. Additionally, similarly to any industrial installation, complications with engineering design and implementation or technology or equipment failure could result in reduced plant availability or production and/or higher-than-anticipated capital expenditures and/or operating and maintenance costs.

The rates at which the capacity charges under the PPA were calculated and fixed for its 15-year term, subject to specified escalations, and cost increases higher than those projected at the outset may not be recovered. The Project could be subject to changes in the operating cost structure over the 15-year term of the PPA, including on account of reasons relating to (i) operations; (ii) maintenance, repair and overhaul of plant and equipment; (iii) procurement of backup fuel; (iv) backup fuel transportation; (v) environmental compliance; (vi) ground rent; (vii) utility services; and (viii) insurance.

However, since the majority of the operating and maintenance costs are contracted for 15 years with POMCo, the risk of increased O&M costs for the Plant remains limited.

Dependence on OPWP as the sole customer.

OPWP is the sole purchaser of all electricity output from the Plant and also from the other licensed generation and production operators in Oman. As such, OPWP does not currently face any competition. If OPWP were to cease fulfilling its obligations under the PPA, Phoenix Power would not be able to sell the Plant's capacity and output to another purchaser. However, there can be no assurance that the Government will not open the electricity markets to competitors or allow bypass sales of power by providers of generation or production capacity to persons other than OPWP in the future. In addition, no assurance can be made that OPWP's role in the sector will not change in the future. The introduction of competition in Oman or the change of OPWP's role in the sector could have a material effect (adverse or beneficial) on the business, results of operations and financial condition of Phoenix Power, including the market price of the Shares.

Phoenix Power earns its revenues under the long term PPA. Impairment of revenues is mitigated by the following risk mitigation factors:

a. Capacity charge earned in relation to the Project's availability are designed to cover all: (i) investment costs, (ii) fixed operation and maintenance costs and (iii) financing costs and taxes.
b. OPWP (as the off-taker and the contractual counterparty responsible to pay, inter alia capacity charge), is an entity with a high credit rating and a good track record of timely payments. Phoenix Power is dependent on OPWP's creditworthiness and the on-going financial support it receives from EHC and the Government from time to time. If OPWP's creditworthiness materially deteriorates and/or if EHC or the Government ceases to provide the requisite financial support to OPWP, OPWP may no longer be able to fulfil its obligations under the PPA and its ability to make payments under the PPA may be impaired and accordingly, Phoenix Power's revenue may be adversely affected. This is considered as unlikely.
c. The obligation of Phoenix Power to make payments to MoG for gas delivered under the NGSA is subject to fuel payments being received from OPWP under the PPA. Hence, there is no payment risk related to gas.
d. Capacity revenues are based on availability and are not dependent on actual dispatch.

OPWP is entitled to terminate the PPA for default by Phoenix Power which, if not cured within agreed cure periods by Phoenix Power, will give rise to such termination right. In such a case, Phoenix Power will lose its sole source of revenue. The extension of the PPA at the expiry of its term is also dependent on the agreement of OPWP. The longer-term view (post-PPA) of the Project depends greatly on the demand for electricity in the MIS. Any termination of the PPA, failure to extend the PPA at the expiry of its term, or failure to realise the forecasted revenues following termination or expiry of the PPA could have a material adverse effect on the business, results of operations and financial condition of Phoenix Power, including the market price of the Shares.

No ownership of the land on which the Plant is situated.

The site used for the Plant is owned by the PEIE which, under the terms of the UAS, has granted a usufruct right over the Site to Phoenix Power with a term of 25 years from the effective date, which may be renewed for a further term of 25 years. If Phoenix Power is in material breach of the terms of the UAS, the MoH may, at its option, elect to terminate the UAS earlier, evict Phoenix Power from, and repossess the Site. A termination of the UAS would have a material adverse effect on the business, results of operations and financial condition of Phoenix Power, including the market price of the Shares.

Availability of skilled personnel.

Phoenix Power depends to a significant degree on the continued services of key personnel, both employed by it and those employed by POMCo, which is responsible for operating the Plant. Their knowledge of the power generation industry and their skills and experience are crucial elements to the success of Phoenix Power's business. There are a limited number of employees on the payroll of Phoenix Power, as the labor-intensive operation and maintenance is outsourced under the O&M agreement to POMCo.

The loss of any member of the Board or Management or the loss of any other key employees may result in a loss of organisational focus, poor execution of operations, or an inability to identify and execute potential strategic initiatives such as expansion of capacity. The occurrence of any of these events may have a material adverse effect on the business, results of operations and financial condition of Phoenix Power, including the market price of the Shares. If Phoenix Power is eventually exposed to a discontinuity of senior executive and employees, it shall be able to resort to the human resource department support from each of its experienced Shareholders.

Transactions with certain related parties.

Phoenix Power is involved in and is dependent on certain related party transactions with its shareholders and with other companies controlled by some of its Shareholders, including, but not limited to, the O&M operator, POMCo which is a company currently owned by the Founders, to manage all aspects of the operation and maintenance of the Plant. Any inability or failure by POMCo to provide these services could have a material adverse effect on the business, results of operations and financial condition of Phoenix Power, including the market price of the Shares.

Phoenix Power has also engaged in transactions with certain related parties, and it may continue to do so in the future. See "Chapter XVII – Related Party Transactions and Material Contracts" of this Prospectus. Conflicts of interests may arise between Phoenix Power and such related parties, potentially resulting in the conclusion of transactions on terms not determined by market forces. Phoenix Power has certain policies in place dealing with conflicts of interest and intends to abide by applicable laws and regulations relating to transactions with related parties.

Risk associated with fuel supply and fuel price risks within the PPA period.

The term of the gas supply contract with MoG goes hand in hand with the PPA mitigating fuel supply risk. Phoenix Power is not exposed to a fuel price risk as the fuel cost is passed through to OPWP under the PPA.

Government risk.

The PPA provides for full protection against the following political risks:

- War, hostilities, belligerence, insurrection or revolution in Oman;
- Expropriation, requisition, confiscation, nationalization, import restriction or closure of harbors by the Government or any Ministry or Governmental authority; and
- Change of Law

Operations are subject to government regulation and licences.

Regulations that apply to Phoenix Power's business generally cover four areas: (i) corporate existence, and power and authority to conduct its business; (ii) the conduct of power generation; (iii) environmental regulation; and (iv) regulation of health and safety. Phoenix Power is subject to a varied and complex body of laws and regulations that both public officials and private parties may seek to enforce. Phoenix Power conducts its power generation operation under several licences, leases and permits and the Usufruct Agreements. Such licences, permits and usufruct may be suspended, terminated or revoked if Phoenix Power does not comply with the licence, permit or usufruct requirements, does not comply with any applicable emissions and other environmental requirements, fails to provide required information, becomes insolvent, fails to fulfil any capital expenditure or production obligations or does not comply with any other applicable licence, permit or usufruct conditions. In addition, the laws and regulations to which Phoenix Power is subject to, impose requirements on the modification, ownership and operation of the Plant. If Phoenix Power fails to comply with these requirements, this may prevent it from modifying or operating the Plant, and Phoenix Power could be subject to civil or criminal liability, fines and the imposition of clean-up obligations, including liens, to secure those obligations. Phoenix Power's business could also be materially adversely or beneficially affected by changes in existing law, the interpretation of existing laws or the adoption of new laws applicable to Phoenix Power. The imposition of fines or penalties, or the revocation or suspension of licences, permits or usufruct arrangements could have a material adverse or beneficial effect on the business, results of operations and financial condition of Phoenix Power, including the market price of the Shares.

Adequate insurance may not be available to cover all potential losses.

Phoenix Power is obligated under the Project Documents and the Finance Documents to maintain a certain minimum level of insurance against certain risks. However, as a result of certain operating risks and other potential hazards associated with the power generation industry, Phoenix Power may from time to time become exposed to significant liabilities for which it may not have adequate insurance coverage.

Phoenix Power maintains insurance for the Project, including all risks property and machinery insurance, general third-party liability insurance, and business interruption insurance, in amounts and with deductibles that Phoenix Power considers appropriate. There can be no assurance that such insurance will be sufficient or effective under all circumstances and against all hazards or liabilities to which Phoenix Power may be subject.

Further, if there are changes in the insurance markets or increases in insurance costs, Phoenix Power cannot provide assurance that it will be able to pass through to OPWP for reimbursement under the PPA any insurance costs in excess of those projected when Phoenix Power entered into the PPA. Moreover, the occurrence of a significant event that is uninsured, such as a substantial business interruption could have a material adverse effect on Phoenix Power's financial position, results of operations and cash flows. In the event there is a total or partial loss of Phoenix Power's assets, there can be no assurances that the insurance proceeds received by Phoenix Power would not have an adverse effect on the financial condition of Phoenix Power, including the market price of the Shares.

Depegging or adjustment in Omani Rial/US Dollar peg.

Phoenix Power maintains its accounts, and reports its results, in Omani Rial and in US Dollars. As at the date of this Prospectus, the Omani Rial remains pegged to the US Dollar. However, there can be no assurance that the Omani Rial will not be de-pegged in the future or that the existing peg will not be adjusted in a manner that adversely or beneficially affects Phoenix Power. Any such de-pegging could have an adverse or beneficial effect on the financial condition of Phoenix Power, including the market price of the Shares.

Inflation could increase Phoenix Power's costs and adversely affect its results of operations.

Pursuant to the terms of the PPA, Phoenix Power revenues are compensated for indexation in respect of both USD and OMR cost inflation. Hence, the risks of variation of USD/OMR cost inflation are largely mitigated by the revenues being partially tied to an escalation formula based on a mix of US Dollar PPI and Omani Rial CPI indices.

Adverse changes in foreign exchange and custom duty rates will adversely affect Phoenix Power's business.

Phoenix Power's ability to obtain new hedging arrangements depends on numerous factors, including general economic and market conditions, international interest rates, from banks or other financiers. There can be no assurance that such hedging arrangements will be available or, if available, that such hedging arrangements will be obtainable on terms or at a cost that is not onerous. If Phoenix Power is unable to hedge its foreign exchange exposure, this could have a material adverse effect on Phoenix Power business and financial condition, including the market price of the Shares.

Limited experience complying with listed company obligations.

Phoenix Power has operated historically as a SAOC and, accordingly, some of its Management have limited experience managing a publicly traded company and complying with laws pertaining to public companies. In particular, the significant regulatory oversight and reporting obligations imposed on public companies will require substantial attention from the Management and may divert its attention away from the day-to-day management of the business, which could have an adverse effect on Phoenix Power's business, financial condition and results of operations, including the market price of the Shares.

No existing market for the Shares.

Prior to the Offer, there has not been a public market for the Shares.The Selling Shareholders cannot predict whether investor interest in Phoenix Power will lead to the development of an active trading market on the MSM, or otherwise, or how liquid any market that does develop might be.The Offer Price for the Offer Shares may not be indicative of prices that will prevail in the open market following the Offer.

The market price of the Shares may fluctuate widely in response to different factors.

Following the Offer, the market price of the Shares could be subject to significant fluctuations due to a change in sentiment in the stock market regarding the Shares or securities similar to them or in response to various facts and events, including any regulatory changes affecting Phoenix Power's operations, variations in its half yearly or yearly operating results and its business developments or those of its competitors.

In addition, stock markets have from time to time experienced price and volume volatility, which, in addition to general economic and political conditions, could adversely or beneficially affect the market price for the Shares. The value of the Shares may go down as well as up, and the market price of the Shares may not reflect the underlying value of Phoenix Power's business.

Dividend policy may not be fulfilled.

Any payment of future dividends will be made taking into account the sufficiency of distributable reserves and liquidity in order to ensure Phoenix Power's operational needs and/or business growth are not limited by the unavailability of funds, as well as Phoenix Power's known contingencies and compliance with any funding facility covenants.

Dividend payments are not guaranteed and the Board may decide, in their absolute discretion, at any time and for any reason, not to recommend dividends. Further, any dividend policy, to the extent implemented, will significantly restrict Phoenix Power's cash reserves and may adversely affect its ability to fund unexpected capital expenditures, as well as the ability to make interest and principal repayments on its outstanding term loan facilities. As a result, Phoenix Power may be required to borrow additional money or raise capital by issuing equity securities, which may not be possible on attractive terms or at all.

Dilution risk and Founders exit risk.

In addition to the lock-in of pre-issue Share Capital as prescribed under the CCL, this is mitigated by contractual provision, as follow:

- From the Effective Date up to but excluding the date on which the Project Founders complete the IPO, the Lead Founder, is committed under the PFA to retain directly or indirectly, hold and maintain at least 35 per cent. of the Shares;
- on and from the date on which the Project Founders complete the IPO up to and including the third anniversary of the COD, the Lead Founder is required to, directly or indirectly, hold and maintain at least 22.75 per cent of the Shares;
- Pursuant to the SHA, if any of the Founders transfer the whole (or any part) of their respective Shares to a third party, such third party would be required to execute a deed of adherence pursuant to which such third party shall be obligated to observe and perform the provisions and obligations of the SHA.
- The Shares held by the Founders are also pledged in favour of the Finance Parties making them less liquid.

Chapter XIV
Summary Future Financials

The projections in this section of this Prospectus have been prepared on the basis of the financial model prepared by Phoenix Power. This Chapter should be read together with the information contained in "Forward-Looking Statements", "Chapter XIII – Risk Factors" and "Chapter XXII – Historical Financial Statements" and related notes of this Prospectus.

The results of the financial model are not projections or predictions. A financial model simply illustrates hypothetical results that are mathematically derived from specified assumptions. The financial model was designed as a financial forecasting and evaluation tool and not as an operational model. Thus, it will not readily allow comparisons of actual results against forecasts and does not include an ongoing budget comparison facility.

The inclusion of information derived from the financial model should not be regarded as a representation or warranty by Phoenix Power, the Selling Shareholders, the Financial Adviser & Issue Manager or any other person that the results of the financial model will be achieved. Actual capacity, availability, dispatch and production levels, heat-rate, operating, maintenance and capital costs, and interest and inflation rates will almost certainly differ from those assumed for purposes of this section. Accordingly, Phoenix Power's actual performance and cash flows for any future period will almost certainly differ from those shown in this section. Prospective Applicants are cautioned not to place undue reliance on the performance or cash flows in the information derived from the following projected financial information and should make their own independent assessment of the future results of operations, cash flows and financial condition of Phoenix Power.

Assumptions used for drawing projections for the five years ending 31 December 2019:

Significant Agreements

Phoenix Power has entered into the following significant agreements, which were used to arrive at the projected financial statements:

- The PPA, which establishes the terms upon which Phoenix Power generates and supplies electrical energy and the basis upon which Phoenix Power receives revenues.
- The NGSA, in respect of the purchase of natural gas as feedstock from MoG.
- The O&M Agreement, in respect of the provision of operation and maintenance services by POMCo in relation to the Plant.
- The Finance Documents, which set out the terms and conditions of the funds made available to Phoenix Power.

Macroeconomic Assumptions

Principal macroeconomic assumptions used by Phoenix Power:

- The foreign exchange rate is assumed to be OMR 0.3845 = US$1.00.
- The inflation rate for Oman, the United States and Euro is assumed to be 3 per cent respectively.

Financing Assumptions

- The covenants under the Finance Documents are maintained throughout the term of the financing.
- The principal repayment profile and interest cost are set out in the Finance Documents and are summarised in "Chapter XII – Project Cost and sources of Financing" of this Prospectus.

Accounting and Tax Assumptions

- The tax rate is assumed to be 12 per cent. of taxable profits. OMR 30,000 per annum is assumed to be tax-exempt from the calculation of taxable profits.
- Legal reserves are built up to a maximum of one-third of share capital by allocating 10 per cent. of net annual profit (after tax) to that account.

The projections have been prepared based on the contractual agreements signed by the Company and have been provided for a period of 5 years. The following tables show the projected balance sheet, income statement and cash flow statement of Phoenix Power for the period 2015-2019. Projected income statements and cash-flow statements are for calendar years, while projected balance sheet is as of the end of each calendar year.

Balance Sheet (OMR millions):	As at 31 December				
	2015	2016	2017	2018	2019
Liabilities					
Share capital	146.3	146.3	146.3	146.3	146.3
Legal reserves	4.8	6.6	8.5	10.0	11.5
Retained earning	36.3	41.3	46.9	48.5	51.0
Hedging reserve	(40.2)	(40.2)	(40.2)	(40.2)	(40.2)
Total debt*	414.6	390.4	366.1	340.0	312.0
Unamortized transaction costs	(8.8)	(7.6)	(6.5)	(5.5)	(4.5)
Hedging instruments	45.7	45.7	45.7	45.7	45.7
Payables**	18.6	8.6	1.7	1.7	1.9
Provision for asset retirement and end of service benefits	4.7	4.9	5.1	5.3	5.5
Deferred tax liability	10.5	15.5	19.7	23.0	25.7
Total liabilities	**632.3**	**611.5**	**593.3**	**574.8**	**554.9**

* Including current portion of debt

** including interest accruals

Assets					
Net fixed assets	600.8	584.9	569.0	553.1	537.2
Inventory	10.9	10.9	10.9	10.9	10.9
Trade and other receivables	2.6	2.7	2.7	2.7	2.7
Cash and cash equivalents	18.0	13.0	10.7	8.2	4.0
Total Assets	**632.3**	**611.5**	**593.3**	**574.8**	**554.9**

Income Statement (OMR millions):	As at 31 December				
	2015	2016	2017	2018	2019
Revenues	112.4	117.6	119.6	128.2	135.6
Operating costs	(60.8)	(66.8)	(66.7)	(75.1)	(83.3)
Operating profit	**51.6**	**50.8**	**52.9**	**53.1**	**52.3**
Other income	29.0	10.1	6.7	-	-
Depreciation and Amortization*	(17.4)	(17.3)	(17.2)	(17.2)	(17.1)
Net financing costs **	(21.1)	(20.2)	(19.2)	(18.0)	(16.9)
Profit Before Tax	**42.1**	**23.4**	**23.3**	**17.9**	**18.3**
Income Tax ***	(6.5)	(5.1)	(4.2)	(3.3)	(2.7)
Net Profit	**35.60**	**18.4**	**19.1**	**14.6**	**15.6**

*Including provisions for dismantlement

**Including LC costs and deferred financing costs

*** Including Deferred Taxes

Cash flow Statement (OMR millions):	As at 31 December				
	2015	2016	2017	2018	2019
Operating Profit	51.6	50.8	52.9	53.1	52.2
Working capital movements	1.6	0.1	(0.1)	0.0	0.1
Tax paid	-	-	-	-	-
Cash generated from Operations	**53.2**	**50.9**	**52.8**	**53.1**	**52.4**
Net financing costs	(21.2)	(20.2)	(19.1)	(17.9)	(16.7)
Movement in financial debt	(21.3)	(24.2)	(24.5)	(26.2)	(28.2)
Capex	(0.9)	-	-	-	-
Dividends paid	(6.6)	(11.6)	(11.6)	(11.6)	(11.6)
Net Increase (Decrease) in Cash and cash equivalents	**3.3**	**(5.0)**	**(2.3)**	**(2.6)**	**(4.1)**

Chapter XV
Dividend Policy

Right to Receive Dividends

The Offer Shares rank equally with all other Shares for any rights to dividends that may be declared and paid in respect of the financial year of Phoenix Power ending 31 December 2014 on a pari-passu basis, and any subsequent years. Following the Offer, the Shareholders' register of Phoenix Power maintained by the MCDC will be amended to enable new Shareholders to receive dividends declared.

Dividend Policy

The Management proposes to follow a reasonable dividend payout policy, subject to debt repayments, working capital and operational expenditure obligations. The amount of annual dividends and the determination of whether to pay dividends in any year may be affected by a number of other factors, including but not limited to the business prospects, financial performance, free cash availability, covenants under the Finance Documents and the outlook for the sector.

Phoenix Power's dividend policy is subject to restrictions contained in the CCL, its Articles and the covenants of the facilities agreements. These are summarised as follows:

- In accordance with the CCL, in each financial year, 10 per cent. of the net profits after tax of every company organised under Omani law must be transferred to a legal reserve until the reserve amounts to at least one-third of the Company's share capital. The legal reserve may not be distributed to shareholders by way of dividend. The CCL also requires a proposed dividend payment to be approved by the passing of a shareholder resolution at an annual OGM, and that a dividend must be paid out of net profits or out of optional reserves subject to the provisions of Article 106 of the CCL.
- In accordance with the Articles, any profit remaining after the transfer to the legal reserve may be distributed to shareholders or carried forward on the Board's recommendation.
- Dividend distribution will also be limited in time to respect prepayment clauses in the facility agreements.
- The constraints on any payment of a dividend are given by way of a payment waterfall under the CTA, where Phoenix Power has given an undertaking that it will only apply revenues to the distribution account, subsequent to the funding of all other project accounts in accordance with the terms of the CTA.

After the IPO, it is intended that Shareholders will receive a stream of cash flows (dividend stream) during the term of the Project and for the post PPA period. The interim dividend is intended to be paid by July 2015 for the benefit of all Shareholders (including the new shareholders) representing a dividend per share of Baiza 1.7. The dividends are expected to be declared twice in a Financial Year subject to the CTA.

The following table shows the forecast of estimated dividends to be declared by Phoenix Power to its Shareholders, based on the forecast set out in "Chapter XIV – Summary future financials" of this Prospectus.

Expected Dividend Announcement Date	Amount (OMR millions)	Dividend (Bzs per Share)
July 2015	2.49	1.7
January 2016	4.09	2.8
July 2016	4.68	3.2
January 2017	6.87	4.7
July 2017	4.68	3.2
January 2018	6.87	4.7
July 2018	4.68	3.2
January 2019	6.87	4.7
July 2019	4.70	3.2
January 2020	6.90	4.7

Chapter XVI
Valuation and Price Justification

Overview

The pricing of Phoenix Power's IPO is underpinned by various qualitative and quantitative factors that provide the company with competitive strengths and lay the basis for delivering steady cash flows to the shareholders. The key strengths of Phoenix Power can be summarized into four groups. These are:

i. Strong contractual framework
ii. Experienced project founders with an established track record
iii. Superior scale and technology
iv. Financial strength

Each of these are discussed and elaborated below.

Well-defined contractual framework

- ***Steady and reliable cash flows till 2029, even in a scenario of power demand volatility***

  Phoenix Power has entered into a 15-year PPA agreement with OPWP. OPWP is owned by the Government of Oman with a credit rating of A1 (Moody's) and A (S&P) and a proven track record of timely payments. As per the PPA, Phoenix Power receives capacity charges from OPWP based on Plant availability irrespective of the actual power demand or plant load factor. This makes the company resilient to power demand fluctuations during the PPA period.

- ***Fuel supply and price risk is mitigated through the gas supply agreement***

  The primary fuel used by Phoenix Power is natural gas. Under the 15-year NGSA entered into by the company, MoG is responsible for procurement and delivery to the Plant of all of its natural gas requirements over the PPA period. In the event that the PPA is extended, the NGSA will automatically be extended. Any increase in the price of gas charged by MoG is passed straight through to OPWP. [Additional information on the NGSA can be found in Chapter XI - Contractual Framework of this prospectus]

Experienced project founders with an established track record

- ***Extensive experience and expertise of the founding shareholders***

  Phoenix Power is backed by Founders who have demonstrated their expertise in successfully implementing large scale independent power and water plants globally, in the GCC, and in Oman. These Founders will remain Shareholders in the company immediately after the IPO, with a cumulative holding of 65%. The Founders are members of reputable international and domestic business groups, namely Axia Power, Chubu Electric, QEWC and Multitech.

  - Axia Power is 100% owned by Marubeni. Marubeni is a leading private power developer with a total power generation capacity (including capacity in operation and under construction) of 10,541 MW (net) globally (as of April 2015). In the GCC region, its power assets are located in the UAE, the Kingdom of Saudi Arabia, and Qatar, with the total generation capacity of 3,431MW (net).
  - Chubu Electric is a wholly owned subsidiary of CEPCo, one of the largest Japanese power utility companies listed on the Tokyo Stock Exchange. In addition to having a generation capacity of 33,386 MW in Japan, Chubu Electric also has an established international business focused on power generation and related businesses in Middle East, Asia and North America, with a total generation capacity of 3,260 MW (net).
  - QEWC is a Qatari power and water utility company with the Government of Qatar as a major shareholder. QEWC's current total equity portfolio includes over 5,635 MW of power generation and 294 MIGD of water desalination capacity (including projects under construction) of which QEWC solely owns and operates 6 stations with total production capacity of 2,049 MW power and 201 MIGD water.
  - Multitech is the investment arm of the Suhail Bahwan Group and participates in power and water privatization

projects in Oman. Apart from being a Founder in Phoenix Power, Multitech is also the founding shareholder in ACWA Power Barka (435 MW power plant and 20 MIGD water, operational); Al Batinah (744 MW power plant; operational); and Al Suwadi (744 MW power plant; operational). For further information on the Project Sponsors, please see "Chapter VII – Shareholding Details" of this Prospectus.

- ***O&M contracted with POMCo, building upon O&M experience of the founding shareholders***

  Phoenix Power has entered into an O&M agreement with POMCo, which is managed by the same shareholders as Phoenix Power and owned in the same proportion as the Founding shareholders. By virtue of this O&M Agreement, Phoenix Power has mitigated O&M risks, and expects to be able to meet OPWP's availability targets as well as prevent any unexpected plant breakdowns. Further, POMCo has subcontracted the work of maintaining the gas turbines to Siemens AG on a long-term basis. This is a specialized activity and Siemens AG is a global leader in this field.

Superior scale and technology

- ***Largest operating power plant in Oman***

  Phoenix Power owns and operates Oman's largest power Plant in terms of installed electrical capacity of 2000 MW. This is substantially larger than the second largest plant which has an installed capacity of 744 MW. Phoenix Power's power generation capacity accounts for c.27.8% of Oman's MIS capacity (7,197 MW[9]).

- ***High fuel-efficiency making this a competitive asset***

  Phoenix Power's power plant has a competitive thermal efficiency of c.56.4%. High fuel efficiency leads to lesser consumption of natural gas to produce the same amount of power, thereby making the plant cheaper to buy power from in the case of increasing gas prices. This is likely to increase the Plant's competitiveness in the post-PPA period.

- ***High reliability achieved in Q1 2015***

  Phoenix Power's power plant achieved an industry leading reliability of 99.9% for the first quarter of 2015.

Financial strength

The company's past and projected financials are provided below.

Key Financials	2014	2015e	2016e	2017e	2018e	2019e
Operating Revenue (RO m)	2.3	112.4	117.6	119.6	128.2	135.6
Net Profit (RO m)*	11.3	35.6	18.4	19.1	14.6	15.6
EPS (Bzs)	7.7	24.3	12.6	13.1	10.0	10.7
DPS (Bzs)	Nil	4.5	7.9	7.9	7.9	7.9
Total Assets (RO m)	654.8	632.3	611.5	593.3	574.8	554.9
Total Equity (RO m)**	158.3	187.4	194.2	201.7	204.8	208.8
Total Debt (RO m)***	425.8	414.6	390.4	366.1	340.0	312.0
Debt Equity (times)	2.7x	2.2x	2.0x	1.8x	1.7x	1.5x
Return on Equity (%)	7.1%	19.0%	9.5%	9.5%	7.1%	7.5%

* 2014, 2015, 2016: exceptional profit due to settlement agreement with EPCC; future years include provisions for deferred taxes

** Excludes hedging reserve

*** Including current portion of debt and working capital facility

- ***Value in the post PPA period***

  As per IPA, which was appointed on behalf of the Investors to ascertain the cash flows for Phoenix Power in the post PPA period, there will be significant value for PPC in the post-PPA period. This is because IPA expects that the capacity of existing plants and firm new builds in the MIS will not be sufficient to cover demand thereafter.

9 As of 2014

Also, Phoenix Power's high thermal efficiency is expected to remain competitive versus future new builds, thereby indicating continued off-take from PPA's plant. The base case average annual EBITDA projected by IPA for Phoenix Power from the expiry of the PPA period to 2054 is c.RO 100mn.

Offer Price

The Offer Price excluding issue expenses is based on two broad valuation methodologies that have been used in the past for power sector IPOs in Oman and take into consideration the current market conditions.

Valuation Methodologies

The methods used are as follows:

- Relative valuation; and
- Dividend discount model (DDM) valuation

These methods along with their advantages and disadvantages have been explained here:

Relative Valuation Method

Under this approach, the valuation is benchmarked against other listed comparable companies which represent a similar risk return profile i.e. operations, cash flows, capital structure, growth plans etc. The relative valuation is generally based on current financial results or projections for the next 1 to 2 years. The benchmarks which are frequently used for relative valuation in the power sector in Oman include the price to earnings multiple and the dividend yield method.

Advantages of Relative Valuation method	Disadvantages of Relative Valuation method
– Based on publicly available information. – Market efficiency theoretically implies that trading valuation should reflect all publicly available information – Can indicate the value of a company without reflecting a control premium – Takes into consideration current market conditions.	– It may sometimes be difficult to find a sample of truly comparable companies. This is mitigated by the presence of a number of listed power companies in Oman which have similar business and contracts. – Valuation may be affected by thin trading, small capitalization, ownership restrictions, limited coverage etc. – External variables such as M&A activity and regulatory scrutiny may affect stock prices.

Dividend Discount Model (DDM) Valuation Method

The DDM method of valuation captures the value of a company based on estimated future cash flows, discounted to a present value. This present value is then generally used to evaluate the attractiveness of an investment opportunity at a given price.

Advantages of DDM method	Disadvantages of DDM method
– DDM may be one of the most theoretically sound valuation methods. – Forward-looking analysis, based on cash flow (and, therefore, potentially less influenced by accounting rules), and likely takes account of all contractual arrangements as well as expected operating strategy. – Potentially less influenced by volatile market conditions. – Allows a valuation of the entire business or of each of its components separately.	– Valuation may be highly sensitive to underlying assumptions for future cash flows particularly by those relating to the post PPA period (mitigated by the presence of long term contracts in place in the case of Phoenix Power Company) and discount rate; – In absence of long term contracts, the valuation may depend on long-term projections, which may be affected by technological, macroeconomic and regulatory changes.

Relative valuation: Dividend yield

Dividend yield may be considered the primary relative valuation benchmark for the Company in view of its stable business model with no identified expansion plans.

5 year Dividends	2015e	2016e	2017e	2018e	2019e	Average
Dividends (RO mn)	6.6	11.6	11.6	11.6	11.6	11.6*
Dividends (Bzs per share)	4.5	7.9	7.9	7.9	7.9	7.9*
Dividend Yield	7.4%*	7.3%	7.3%	7.3%	7.3%	7.3%

**2015 annualized based on 205 days of post-IPO holding*

Relative Valuation: Price to earnings multiple

The price to earnings multiple may be considered a secondary benchmark and has been presented for information. The following table shows the projected P/E multiples for the period 2015-2019.

	2015	2016	2017	2018	2019
Projected Net Income per share (Bzs)	24.3	12.6	13.1	10.0	10.7
Implied P/E Multiple	4.5x	8.7x	8.4x	11.0x	10.3x

2015 and 2016 net income includes exceptional profit due to settlement agreement with EPCC.

Comparables

Peer companies for PPC in Oman comprise those with single or multiple location independent power projects (IPP) and independent water and power projects (IWPP). Such companies share identical business models which are dependent on concession agreements and contracts with various counterparties, which serve as the underlying factor determining the strength of their cash flows. The following MSM-listed power companies were considered as comparables for Phoenix Power.

- ACWA Power Barka ("ACWA") - owns and operates an electricity generation plant and water desalination plant, and associated gas interconnection facilities.
- Sohar Power ("Sohar") - owns, operates, and maintains an electricity generation and water desalination plant in Oman.
- SMN Power Holding ("SMN") - owns and operates an electricity generation plant at Rusayl and an electricity generation and a water desalination plant at Barka in Oman.
- Sembcorp Salalah ("Sembcorp") - operates a power generation and water desalination plant in Salalah, Oman.
- Al Suwadi Power ("ASPC") - Owns and operates the 744 MW Barka 3 power plant in Barka, Oman
- Al Batinah Power ("ABPC") - Owns and operates the 744 MW Sohar 2 power plant in Sohar, Oman

Company	TTM Div Yield**	Price to Earnings multiple^	P(W)PA Expiry
ACWA@	5.9%	11.9x	2020#
Sohar	6.4%	19.0x	2022
SMN@	6.4%	15.3x	2022 / 2024
Sembcorp	5.7%	17.4x	2027
ASPC@	5.6%	26.7x	2028
ABPC@	5.6%	24.0x	2028
Average	**5.9%**	**19.0x**	

\# PPA term expected to be extended to 2020 as per public reports

** TTM dividend yields based on company filings on the MSM website. Closing prices taken as of 22nd Mar 2015

@ These companies have announced that their Boards have been authorized by their shareholders to declare dividends as follows: 27 Bzs per share for ACWA for the period 1 Jan 2015 - 31 Dec 2015, 22 Bzs per share for SMN for the period 1 Jan 2015 - 30 Jun 2015, 12 Bzs each for ASPC and ABPC for the period 1 July 2015 - 31 Dec 2015

^ TTM EPS used to calculate PE multiples. For ASPC and ABPC, the PE multiple is higher because of deferred taxes.

Based on the average 5-year dividends for Phoenix Power, the implied price for the company on the basis of the comparables is shown in the table below. The lower end of the range is taken as the lowest dividend yield (5.6% for ASPC and ABPC) while the upper end of the range is taken as the highest dividend yield (6.4% for Sohar and SMN). The middle of the range (5.9%) is taken as the average of the comparable yields in the above table.

Average 5 year Dividends (2015-19e, Bzs / sh)	7.9		
Dividend Yield Sensitivity Range	5.6%	5.9%	6.4%
Implied Pricing (Bzs / sh)	**141**	**134**	**123**

Applicability of DDM for valuing the Company

The Company has a business model with stable and reliable cash flows owing to the contractual framework discussed earlier in this Chapter. This is expected to provide reliable projected dividend distributions to investors, which have been used for discounting purpose. This approach is consistent with the IPO valuations of all power companies in Oman in the past where projected dividends were discounted for DDM valuation.

1. Cash flow projections for the PPA and post PPA periods

– Owing to the contractual agreement with OPWP, Phoenix Power's operating cash flows can be estimated with a fair amount of certainty for the PPA period (i.e. till March 2029).
– For the post-PPA period cash flows, projections have been provided by IPA, an independent consultant, appointed on behalf of potential investors.
– IPA's estimates involve several assumptions including demand for power, available capacities, alternative sources, tariffs, availability of gas, pricing of gas, off-take arrangements etc.
– IPA, drawing on its experience from more than 80 countries, has developed projected cash flows of the company under 17 different scenarios.
– For the purpose of DDM valuation of the company, IPA's projected cash flows under three cases have been considered assuming the Plants operate beyond the PPA period. The highest cash flows have been used as the optimistic case, the lowest cash flows have been used as the pessimistic case and the base case is the same as provided by IPA.
– The projections for capital expenditures have been super imposed based on Company estimates.

DDM Valuation:

Valuation per share

The price per Share in Baizas based on projected dividend flows until FY 2054 under various scenarios is as follows:

Price per share	Scenarios		
	Optimistic Case	Base Case	Pessimistic Case
Discount rate			
9%	238	220	169
10%	200	186	143
11%	170	159	123

Note: Includes post PPA cash flows forecasted by IPA

Internal rate of return (IRR)

The IRR based on projected dividend flows under various scenarios is as follows.

Scenarios	Optimistic Case	Base Case	Pessimistic Case
Dividend IRR	14.0%	13.5%	11.7%

Chapter XVII
Related Party Transactions and Material Contracts

Related Party Transactions

Related parties comprise the Shareholders and its affiliates, directors, key management personnel, business entities that have the ability to control or exercise significant influence in financial and operating decisions.

Prices and terms of these transactions, which are entered into in the normal course of business, are on mutually agreed terms and conditions.

The Company had the following significant transactions with related parties during the year/ period:

Due to related parties

	2014 RO'000	**2014 US$'000**	2013 RO'000	2013 US$'000
Other related parties	**330**	**558**	205	534
Shareholders	**-**	**-**	82	214
Balance at the end of the year	**330**	**558**	287	748

Income statement transactions

	2014 RO'000	**2014 US$'000**	2013 RO'000	2013 US$'000
Shareholders	**19**	**49**	-	-
Other related parties :				
Expenses	**230**	**599**	-	-
Key management compensation	**25**	**64**	17	45
Total	**274**	**712**	17	45

Included in property, plant and equipment is an amount of US$ 9.81 million (RO 3.77 million) towards services provided by the related parties.

Chapter XVIII
Corporate Governance

Certain sections of this chapter summarise the issues relating to corporate governance based on the Articles, the CCL and the rules and regulations issued by the CMA, in particular, the Code. The description provided in this chapter is only a summary and does not purport to give a complete overview of the Articles, nor of the relevant provisions of the CCL, the Code or the CMA rules and regulations.

Overview

This section details the composition of the Board, various Board committees and Management. It also highlights the corporate governance practices that Phoenix Power has or will have in place.

Board

Current Board Composition

The current Board of Directors was elected on 18 June 2014, and its members' term of office shall remain in force for a period of three years and until the third annual general meeting of Phoenix Power, which follows this date. In the event that the date on which the third annual general meeting is held is more than three years following the date on which the current Board was elected, then the term of the Board shall be extended up to the date of such annual general meeting, pursuant to Article 95 of the CCL.

The current composition of the Board of Directors, in accordance with Article 18 of the Articles is as follows:

Name	Representing	Executive/ Non-Executive	Independent/ Non-Independent[1]
Mr. Khalid Jolo	QEWC	Non-Executive	Independent
Mr. Neil Cave	Personal capacity	Non-Executive	Non-Independent
Mr. Peter Jones	Personal capacity	Executive	Non-Independent
Mr. Kazuaki Shibuya	Axia Power	Non-Executive	Independent
Mr. Hiromi Sakakibara	Chubu Electric	Non-Executive	Independent
Mr. Masamitsu Suda	Personal capacity	Non-Executive	Independent

Note 1: A director is deemed independent pursuant to CMA rules and regulations.

Biographical Information of the Members of the Board

Name:	Mr. Khalid Jolo
Position:	Chairman
Education:	Mr. Khalid Jolo holds a degree in Mechanical Engineering from the Faculty of Engineering, Qatar University.
Experience:	Mr. Khalid Jolo has more than 17 years of experience in various capacities like Senior Project Engineer, Project Director, and Business Development Manager. Immediately after his engineering studies, he joined with Ministry of Electricity, Qatar in the mid-1990s. Later, he joined QEWC as Senior Project Engineer in 1997. QEWC is considered as one of the first private sector companies that operates in the field of power generation and water production in the region, owning and operating power generation and water desalination stations using the most up to-date technologies in the world. He has headed the QEWC Business Development team in the recent past, which was very successful in garnering a few of the recent prestigious projects in Qatar. At present, Mr. Jolo, is the Chief Executive Officer for Nebras Power Co.
List of Other Directorships:	In addition to Phoenix Power, Mr. Jolo is also a Director of Ras Girtas Power Company, Qatar and Ras Laffan Power Co., Qatar.

Name:	Mr. Neil Cave
Position:	Deputy Chairman
Education:	Mr. Cave holds a degree in mechanical engineering, a Masters degree in electrical Power Systems a Masters degree in business and administration.
Experience:	Mr. Cave is a professional engineer and has 30 years' of experience in the power industry. After 10 years with turbine manufacturers in construction and commissioning, he spent 5 years in operations management with China Light & Power in Hong Kong. Mr. Cave has worked for Marubeni Europower since 2000 and for Marubeni Power Asset Management Limited since 2011 in various senior roles in business development, operations, construction and management in executive director roles.
List of Other Directorships:	In addition to Phoenix Power, Mr. Cave is also a director of the following companies: Managing Director — Asia Gulf Power Holding Company — UAE Non-Executive Director — Emirates CMS Power Company — UAE Non-Executive Director — Ruwais Power Company — UAE Non-Executive Director — Fujairah Asia Power Company — UAE Non-Executive Director — Mesaieed Power Company — Qatar Non-Executive Director — Rabigh Arabian Water and Electricity Company — KSA Non-Executive Director — Power Cogeneration Power Company — KSA

Name:	Mr. Peter Jones
Position:	Director
Education:	BA degree in Instrumentation and Electronics and a Diploma in Management Studies from IMD (Lausanne, Switzerland) general management programme.
Experience:	A career path with a demonstrable track record of success within the UK and International power sectors, covering oil, nuclear, coal, renewable and predominantly CCGT power generation in both merchant and contracted environments. Mr. Jones joined Phoenix Power with a background of over 30 years experience within the electricity supply industry including 12 years spent with PowerGen (both in the UK and internationally) encompassing roles leading to Plant Manager of an oil fired power station in the UK and culminating in Plant Director for a CCGT plant in Budapest, Hungary. This was followed by a period of 10 years with the Swiss Energy Company, Alpiq, where he was Director of Operations and Maintenance for their European power assets, based in Prague, Czech Republic. Immediately prior to joining Phoenix, Mr Jones was Managing Director of Alpiq Power Generation, France, with responsibility for a CCGT business in the central region of the country.
List of Other Directorships:	Mr. Jones does not have any directorship other than Phoenix Power.

Name:	Mr. Kazuaki Shibuya
Position:	Director
Education:	Mr.Shibuya holds a master degree in English literature.

Experience:	Mr.Shibuya has 21 years of experience in the power generation industry. He is Vice President of Marubeni Middle East & Africa Power responsible for IPP/IWPPs development and management in Middle East and Africa. In 1994, he started his career in Marubeni Corporation as a commercial manager and was involved in engineering, procurement and construction contract and IPP development in Southwest Asia for 18 years. During this period, he was stationed in India for execution of EPC Contract of PPN project and marketing, as representative from April 2000 till May 2005. Subsequently, he started IPP/IWPPs development and management in Southwest Asia, Middle East and Africa. Until April 2015, Mr. Shibuya was working as the General Manager of Power Investment Team II, Overseas Power Project Department – IV in Tokyo, in which he was involved in the budget management.
List of Other Directorships:	In addition to Phoenix Power, Mr.Shibuya is also on the board of directors of PPN Power Generating Company.

Name:	Mr. Hiromi Sakakibara
Position:	Director
Education:	Mr. Sakakibara holds a masters degree in electrical engineering.
Experience:	Mr. Sakakibara is the General Manager and the Group Manager of the Operations Group, International Business Department of CEPCo, the parent company of Chubu Electric. In this position, he is responsible for IPP/IWPPs operation and management of CEPCo's overseas portfolio. Mr. Sakakibara started his career in CEPCo in 1988 as an electrical engineer and has been involved in operation, construction, maintenance and performance management of various thermal power plants of CEPCo and he has served as the head of operation of CEPCo's entire thermal power plants between 2010 and 2012. He has been engaged in overseas consulting, IPP/IWPPs development and operations for more than 10 years.
List of Other Directorships:	Mr. Sakakibara also has directorships in IPP/IWPP projects such as Ratchaburi Power Company (Thailand), CGV (Mexico), MT Falcon (Mexico), Goreway (Canada), and Chubu TT Energy (USA).

Name:	Mr. Masamitsu Suda
Position:	Director
Education:	Mr. Suda holds a masters degree in mechanical engineering
Experience:	Mr. Suda is a Senior Manager of the Operations Group, International Business Department of CEPCo. In this position, he is responsible for the operation and management of IPP/IWPPs in the Middle East area. Mr. Suda started his career in CEPCo in 1991 as a mechanical engineer and has been involved in construction, maintenance and performance management of various thermal power plants of CEPCo for more than 8 years. Subsequently, he has been engaged in overseas consulting, IPP/IWPPs development and operations over the last 8 years.
List of Other Directorships:	In addition to Phoenix Power, Mr.Suda also has directorships in Q Power (Qatar), Mesaieed Power Company (Qatar), Ras Girtas Power Company (Qatar), and a manager position in POMCo.

Compliance with Applicable Laws

Phoenix Power intends to have a Board that complies with applicable CMA and CCL requirements, including the requirement for Independent Directors and Non-Executive Directors, which represents the interests of all Shareholders.

Appointment of the Board

The Board will be elected by the general meeting of the Shareholders by direct secret ballot. Each Shareholder shall have a number of votes equal to that of the Shares held by him. A Shareholder shall have the right to use the entirety of his votes in support of one nominee or divide his Shares among other nominees of his choice through the voting card. It follows from that that the total number of votes given to the nominees by one Shareholder must not exceed the total number of shares owned by him. The proposed Directors who receive the most votes in the ballot shall be declared elected.

Subject to Article 95 of the CCL and the Board Election Rules, and without prejudice to the Articles, nominees to the membership of the Board must:

- be of good conduct and sound reputation;
- be at least 25 years old;
- not be unable to settle their indebtedness to Phoenix Power;
- not be declared insolvent or bankrupt unless the state of insolvency or bankruptcy has ceased pursuant to the law;
- not be convicted of a felony or dishonourable crime unless rehabilitated in accordance with law;
- not be a member or a representative of a juristic person in more than four public joint stock companies based in Oman once appointed to the Board in question;
- be authorised to nominate himself for Board membership by the juristic person if he is nominated in such capacity;
- not be Chairman of more than two public joint stock companies with their principle place of business in Oman;
- not be a member of the board of directors of a public or closed joint stock company, which is based in Oman and which is carrying out similar objects to that of the Company, which he intends to nominate himself to the Board;
- present an acknowledgement which contains a statement of the number of Shares held by the nominee in the Company if he is a Shareholder and that he will not dispose of them to the extent that he will be deprived of his status as a Shareholder, throughout the term of his office; and
- not participate in the management of a competing business except with the approval of the general meeting and such approval shall be renewed annually.

Without any prejudice to the regulations of the CCL mentioned above, the following conditions will be fulfilled while forming the Board:

- the Board will be comprised of a majority of Non-Executive Directors;
- a minimum of one-third of the total Board (subject to a minimum of three) will be composed of Independent Directors in accordance with the rules and conditions issued by the CMA, from time to time;
- a juristic Shareholder will not be represented by more than one representative on the Board; and
- the roles of EMD and Chairman will not be combined.

If a member of the Board ceases to meet any of the conditions necessary for membership of the Board, he/she must inform the Board and his/her place will be considered vacant from the date of receipt of that information; otherwise, his/her membership will terminate from the date Phoenix Power finds out this information, without prejudice to his/her liability in accordance with law, and his/her place will be filled in accordance with the provisions of Article 98 of the CCL.

The Board of Directors will elect a Chairman and a Deputy Chairman from its members. The Deputy Chairman will officiate as Chairman when the latter is absent. The Chairman of the Board of Directors must implement the resolutions of the Board of Directors and must conduct the regular business of Phoenix Power under the supervision and control of the Board of Directors in accordance with the authority specified in the Articles and Phoenix Power's internal regulations.

Role of the Board

The primary role of the Board of Directors is to supervise and monitor management within a framework of prudent and effective controls that enable risk to be properly assessed and managed and to fulfil its statutory and regulatory obligations under applicable law and regulations.

Powers of the Board

The Board has full authority to perform all acts required to manage Phoenix Power in accordance with its objectives and with the primary objective of creating value for the Shareholders. This authority is not limited or restricted except as provided by applicable law, by the Articles or by a resolution of the Shareholders. The day-to-day management of Phoenix Power is performed by Phoenix Power's Management, as described in subsequent paragraphs contained in this Chapter.

Some of the principal functions of the Board include:

- to approve the Company's commercial and financial policies, together with its estimated budget, with a view to achieving the objects of the Company and to maintain and promote the rights of its Shareholders;
- to develop, review and update necessary plans from time to time in order to put into operation the Company's objectives and carry out its activities in light of the purpose underlying its establishment;
- to supervise the performance of the executive management and to ensure that the work proceeds in a manner which achieves the Company's objectives in light of the purpose underlying its establishment;
- to appoint the chief executive officer and chief financial officer of the Company;
- to approve the financial statements related to the Company's business and work results as submitted by the executive management to the Board quarterly, in a way which reflects the true financial position of the Company;
- to include in the annual report presented to the annual OGM of the Shareholders the reasons which justify the ability of the Company to pursue its specified activities and the achievement of its objectives;
- to appoint a secretary to the Board in its first meeting and to hold four meetings per annum provided that the interval between two consecutive meetings may not exceed four months; and
- to include in the financial statements a full statement of all amounts which a Director may have received during the course of each year, including money paid to Directors in their capacity as employees of the Company.

The Board must not perform the following acts unless expressly authorised to do so by the Articles or by a resolution of the Shareholders at a general meeting:

- make donations, except donations required by the business wherever they are small and customary amounts;
- sell all or a substantial part of Phoenix Power's assets;
- pledge or mortgage the assets of Phoenix Power, except to secure debts of Phoenix Power incurred in the ordinary course of Phoenix Power's business; or
- guarantee debts of third parties, except guarantees made in the ordinary course of business for the sake of achieving Phoenix Power's objectives.

Phoenix Power will be bound by all acts performed by its Board, its Chairman, its EMD and all other senior management (if any), as long as they act in the name of Phoenix Power and within the scope of their powers.

The Board, in cases other than the distribution of dividends and approving the balance sheet, profit and loss account, and reports of the audit committee and auditors, may pass resolutions without the need to convene a meeting of the Board of Directors if all members of the Board approve the same in writing.

Pursuant to Article 107 of the CCL, Article 64 of the CML and Article 301 of the Executive Regulations, it is not permitted for any member of the Board or senior management to utilise the information that reaches them in the capacity of their positions or jobs to gain any benefit for themselves or their minor children or for any of their relatives to the fourth degree as a result of transactions in the Shares. It is also not permitted for any member of the Board or senior management who has a direct or indirect interest in any authority that is involved in activities which are aimed at influencing the price of Shares issued by Phoenix Power.

This restriction is explained in the chapter relating to "Insider Trading" regulations contained in the Executive Regulations, which:

- define who an insider is (as any person who is in a position to have access to undisclosed material information and includes directors, executive management and any person who may have obtained such information as a consequence of his employment or family relationships or otherwise); and
- impose reporting obligations on issuers with respect to the list of directors, executive management and their spouses and relatives of the first degree and any amendments in such list.

Insider trading is punishable by fines and imprisonment under the CCL, the CML and the Executive Regulations.

A member of the Board or senior management or other related party of Phoenix Power must not have any direct or indirect interest in the transactions or contracts concluded by Phoenix Power for its account, except those concluded in accordance with the rules and regulations of the CMA.

The members of the Board will be liable to Phoenix Power, the Shareholders and third parties for damages caused by their acts in violation of applicable law and their acts which fall beyond the scope of their powers, or by any fraud or negligence in the performance of their duties or by their failure to act prudently under certain circumstances.

A lawsuit may not be instituted against the members of the Board or their heirs regarding the works they have done while discharging their duties, unless the case is filed within five years from the earlier of (i) the date of the act or omission forming the basis of the complaint; or (ii) the date of the general meeting at which the Board submitted the accounts of Phoenix Power for the period including the act or the shortcoming which is the reason for the complaint. This period will not apply to suits filed by the CMA.

Remuneration of the Board

The OGM will determine the annual remuneration and sitting fees of the Chairman and the members of the Board at not more than 5 per cent of the net annual profits of Phoenix Power after providing for taxation and deducting the legal and optional reserves in accordance with Article 106 of the CCL and setting aside or distributing the dividends to Shareholders at not less than 5 per cent of the net profits. The maximum total over-all limit on the entire remuneration and sitting fees paid by Phoenix Power will be OMR 200,000, with a sub-ceiling of OMR 10,000 as a sitting fee for each Director per annum. In the event Phoenix Power makes losses or insufficient profit to the extent that setting aside or distributing dividends to the Shareholders is not possible, remuneration and sitting fees will be determined in accordance with the rules issued by the CMA. The remuneration will be distributed amongst the members of the Board in such proportions and manner as they, by agreement, may determine, failing which the remuneration will be divided equally among the Board. A member of the Board will be eligible for compensation for his services if he is assigned a job or travels or does something related to Phoenix Power's affairs.

Board Committee

In order to assist the Board in performing its obligations, the Board may form committees to advise it and make recommendations on certain matters. The Board has constituted an audit committee comprising 3 directors. The Board may establish other committees from time to time.

Audit committee

The members of the audit committee are:

- Mr. Masamitsu Suda - Chairman
- Mr. Saad Al Wazine - Member
- Mr. Kazuaki Shibuya - Member

The role of the audit committee involves:

- Considering the name of the auditor in the context of their independence (particularly with reference to any other non-audit services), fee and terms of engagement, and recommending the auditors to the board for appointment.
- Reviewing the audit plan and results of the audit.
- Implementing appropriate systems to check financial fraud and ensure the fairness of financial statements.
- Oversight of the internal audit function.
- Oversight of the adequacy of the internal control systems.
- Oversight of financial statements in general including the review of annual and quarterly financial statements before issue, qualifications contained in draft financial statements, and discussions of accounting principles therein and changes in accounting standards adopted by the Company.
- Serving as a channel of communication for the Board with the external and internal auditors.
- Reviewing risk management policies.
- Reviewing proposed related party transactions and making suitable recommendations to the Board.

Following the IPO, the audit committee shall comprise at least three non-executive directors, the majority of whom must be independent directors. At least one of the members should have financial and accounting expertise. The audit committee will also be responsible for recommending the appointment and remuneration of a suitably qualified and experienced person for the position of internal audit manager of the Company. Such person will be charged with responsibility for the following:

- Developing the internal audit strategy for the Company.
- Auditing operations and financial statements of the Company.
- Ensuring the Company's compliance with laws and regulations applicable to the Company.
- Preparing periodic reports to the Board with respect to the adequacy and effectiveness of the Company's system of internal administrative, accounting and financing controls and on other issues on which the internal audit manager is requested to report by the audit committee of the Board.

Senior Management Team

The current composition of the Management is as follows:

Name	Position
Mr. Peter Jones	Executive Managing Director
Mr. Tomoki Nishino	Chief Financial Officer

Biographical Information of the Senior Management Team

Name:	Peter Jones
Position:	Executive Managing Director
Year of Joining:	2014
Education:	BA degree in Instrumentation and Electronics and a Diploma in Management Studies. IMD (Lausanne, Switzerland) general management programme.
Experience:	A career path with a demonstrable track record of success within the UK and International power sectors, covering oil, nuclear, coal, renewable and predominantly CCGT power generation in both merchant and contracted environments. Mr. Jones joined Phoenix Power with a background of over 30 years experience within the electricity supply industry including 12 years spent with PowerGen (both in the UK and internationally) encompassing roles leading to Plant Manager of an oil fired power station in the UK and culminating in Plant Director for a CCGT plant in Budapest, Hungary. This was followed by a period of 10 years with the Swiss Energy Company, Alpiq, where he was Director of Operations and Maintenance for their European power assets, based in Prague, Czech Republic. Immediately prior to joining Phoenix, Mr Jones was Managing Director of Alpiq Power Generation, France, with responsibility for a CCGT business in the central region of the country.

Name:	Tomoki Nishino
Position:	Chief Financial Officer
Year of Joining:	2011
Education:	Master of Business Administration (MBA) from Kellogg School of Management , Evanston, Illinois, USA – 2006
Experience:	Mr. Nishino started his career in 1996 working for Hokkaido Electric Power Company Co., Inc.. In 2006 after finishing his MBA programme, Mr. Nishino was seconded to Japan Bank for International Cooperation until 2009. Mr. Nishino joined Marubeni in 2009 and has been involved in the development phase of Sur IPP since the summer of 2010, mainly working on negotiating the project documents and finance agreements. In November 2011, he was appointed as Chief Financial Officer of Phoenix Power.

The operation and maintenance activities are defined under the terms of the O&M Agreement entered into between Phoenix Power and POMCo. The services, involving around 100 experienced employees, are being provided by POMCo.

Brief details of the key members of POMCo who are active in operation and maintenance activities for the Project are set out below:

Name	Position
Mr. Steve Pace	Plant General Manager
Mr. PR. Chandrasekar	Operation Manager
Mr. Jorge Castano	Maintenance Manager

Biographical Information

Name:	Steve Pace
Position:	Plant General Manager
Year of Joining:	2014
Education:	Mr. Pace is a Chartered Engineer and Member of the IMechE, with Bachelor of Science Degree BSc, Master's Degree MSc in Advanced Technology from Staffordshire University and Post Graduate Diploma in Nuclear Reactor Technology from Royal Naval College Greenwich.
Experience:	Mr. Pace has over 30 years of experience leading multi-disciplined teams. He has an excellent track record delivering successful results within a power generation background covering nuclear, gas processing and CCGT generating and process technologies. He has multi-functional management experience gained within roles in business development, engineering design, asset management, and operations and maintenance in power and desalination in both the United Kingdom and the Middle East. He took up the position of Plant General Manager POMCo in September 2014.

Name:	PR. Chandrasekar
Position:	Operation Manager
Year of Joining:	2012
Education:	Bachelor's Degree in Mechanical engineering and Master's Degree in Heat power from Annamalai University in Tamil Nadu, India and Fellow of the Institution of Engineers, India.
Experience:	Mr. Chandrasekar took up the position of Operation Manager of POMCo in June 2012. Earlier he worked with QEWC for seventeen years in various management roles in power plant operation and in planning department. Before that Mr.Chandrasekar has worked in Neyveli Lignite Corporation (NLC), India for 14 years at various levels in project execution and power plant operations. He has a successful track record of more than 33 years of achievements set against an extensive electricity production power station of simple cycle background, covering engineering, operations and management responsibility in lignite, gas based power stations and water production by desalination plants in India and Qatar.

Name:	Jorge Castano
Position:	Maintenance Manager
Year of Joining:	2012
Education:	Bachelor's Degree in Electrical Engineering, Autonoma University, Colombia and Diploma of Business Administration from ICESI University, Colombia.
Experience:	Mr. Castano has a successful track record of more than 18 years in the energy sector including CCGT and photovoltaic generation technology. He has extensive management experience in operation and maintenance of power plants, obtained in International assignments. Mr. Castano started his career in power plants working with General Electric for 5 years in Colombia. After that he joined InterGen Mexico for 5 years followed by a stint of 2 years at GE Spain. Before he joined POMCo in June 2012, he was working in Sunpower Europe for 4 years.

Internal Regulations

In accordance with the provisions set out in Article 68 of the CCL, Phoenix Power is required to adopt internal regulations for regulating its management, business and personnel affairs through its Board of Directors, within one year from the date of registration of the transformation of Phoenix Power as a SAOG. Accordingly, Phoenix Power shall implement corporate governance processes that meet the CMA's requirements for an SAOG as required by the CCL and by the CMA's regulations. These regulations shall cover at least the following, separately from the rules and regulations of the CMA:

- Organisational structure of Phoenix Power, including the responsibilities related to the various posts within Phoenix Power and the reporting structure/procedures;
- Specifying the extent of authority vested in each post with regard to approval of financial expenditure;
- Specifying the allowance for meetings, remuneration and other privileges as prescribed in respect of the members of the Board of Directors and Board committees, and the basis for their calculation;
- Policies related to procurement and other transactions concerning the Company (works and procurement manual) and service contracts;
- The minimum level of information required to be submitted to the Board of Directors;
- Authorities, duties and responsibilities relevant to executive management and Board committees;
- Policies related to human resources including salaries, appointment, development, training, promotions and termination of services etc., and covering other relevant aspects;
- Investment policies;
- Policies in relation to related party transactions;
- Policies and procedures for disclosure of material information in a transparent and timely manner to the CMA and the MSM including procedures to classify/ identify material information and the determination of the right to access such information by officers of the Company; and
- Any other regulations that the Board may deem necessary to achieve an adequate level of corporate governance.

Chapter XIX
Rights and Liabilities of Shareholders

Shareholders' liabilities

The liability of a Shareholder will be limited to payment of the nominal value of the Shares for which the Shareholder has subscribed. The Shareholder will not be liable for the debts of Phoenix Power except to the limit of the nominal value of the Shares subscribed.

Shareholders' rights

All the Shares enjoy equal and inherent rights in accordance with the CCL. These rights include the following:

- the right to receive dividends declared by the general meeting of the Shareholders;
- preferential rights to subscribe for any new Shares,;
- the right to share in the distribution of the proceeds of Phoenix Power's surplus assets on liquidation;
- the right to transfer Shares in accordance with applicable law;
- the right to access Phoenix Power's balance sheet, profit and loss account and Shareholders' register;
- the right to be invited to attend the general meeting and vote in such meetings personally or by proxy (each Shareholder will have one vote for each Share owned);
- the right to apply for annulment of any resolution made by the general meeting or the Board of Directors, if such resolution(s) are contrary to applicable law or the Articles or the internal regulations of Phoenix Power, in accordance with Article 10 of the Articles and Article 8 of the CML, provided that Shareholders who own at least 5% of the Phoenix Power's issued share capital shall have the right to submit such an application to the CMA;
- the right to institute legal proceedings on behalf of the Shareholders or Phoenix Power against the Board or the auditors of Phoenix Power; and
- the right to approach the CMA (provided that the move is supported by Shareholders who own at least 5 per cent of the Shares), to request the CMA to exercise its authority to suspend resolutions of the general meeting which are made in favour of a certain category of Shareholders or against a certain category of Shareholders, or in the interest of the members of the Board of Directors or others.

Reports and statements

The Board shall prepare unaudited quarterly financial statements for the first, second and third quarter of each Financial Year. It shall also prepare an annual report within two months from the end of each Financial Year, comprising the audited balance sheet, profit and loss statement, cash flow statement, changes in shareholder's equity, report of the Board of Directors, report on the discussions held by the Board and their analysis and report on the organisation and management of Phoenix Power. These statements should be disclosed at least two weeks prior to the OGM through the electronic transmission system on the MSM website.

The unaudited quarterly financial statements of Phoenix Power shall be forwarded to the Information Centre within thirty days from the end of each quarter or any other legal period prescribed by the disclosure rules and conditions issued by the CMA though the private electronic transmission system of the Information Centre. The said Information Centre shall also be provided with two copies duly endorsed by the Board. The Company shall also have it published within the aforementioned period.

The CMA has also issued a Circular No. E/5/2014 dated the 29th of May 2014 to all public joint stock companies advising them to disclose their initial quarterly results within 15 days from the end of each quarter, on the basis of such results being approved by the executive management and prior to approval by the board. Phoenix Power will comply with the provisions of this circular.

Annual General Meeting and Ordinary General Meetings

The annual general meeting of Phoenix Power shall be held, at least once in every year during the three (3) months following the end of the Financial Year, at such venue, day and time as incorporated in the notice of the meeting.

The Board shall extend an invitation to the Shareholders to attend the AGM within three months from the date of end of the Company's Financial Year. The AGM shall be responsible for the deliberation of the following:

- to study and approve of the report of the Board of Directors;
- to study and approve of the report on the management and organization of the Company;
- to review the auditor's report and approval of the balance sheet and profit and loss statement of the Company;
- to study and approve the corporate governance report;
- To review the report on declaration of dividend. However, such dividend shall be distributed only from the net profit generated or from the Special Reserves Accounts subject always to the provisions set out in Article 106 of the CCL;
- To review the report on the sitting allowance for the meetings of the members of Board and committees constituted under it for the forthcoming Financial Year and approve the same;
- To review the annual remuneration (if any) of the members of the Board of Directors for the Financial Year;
- To consider and approve transactions (if any) entered into by the Company with related parties during the previous Financial Year (if any);
- To make a note of any expected transactions with the related parties during the next Financial Year (if any);
- To appoint auditors for the next financial year and fix their fees, taking into consideration the provisions laid down in the law for such appointment; and
- To elect members to the Board in case of expiry of the term of office of one or more of them or in the case of a vacancy that has arisen on the Board.

The Board shall establish the agenda of the OGM. If the OGM is convened by the auditors, the agenda shall then be established by them. The Board, or the auditors if necessary, shall include in the agenda any proposal put forward by Shareholders who represent more than 10 per cent of the Issued and Paid Up Share Capital of Phoenix Power provided that such proposal is submitted for inclusion in the agenda at least one month before the date of the meeting.

The resolutions of the OGM shall not be valid unless the meeting is attended by Shareholders or their proxies who represent at least half of the Issued and Paid Up Share Capital of Phoenix Power. If such a quorum is not formed, a second meeting shall be called to discuss the same agenda. The second OGM shall be notified to the Shareholders in the same manner as the first meeting, at least one week prior to the date set for the second OGM. The resolution of the meeting shall be valid regardless of the number of shares represented, provided that such meeting is held within one month from the date of the first meeting. The resolution of the OGM shall be adopted by simple majority of votes cast.

Extraordinary General Meetings

An EGM will be convened to decide on issues such as:

- a reduction or increase in the authorised share capital of Phoenix Power;
- the dissolution, liquidation or merger of Phoenix Power;
- the sale of Phoenix Power's business or its disposal in any form or manner;
- an amendment to the Articles;
- the issue of negotiable bonds by public subscription or private placement; and
- the transformation or change of the legal form of the Company into another legal form.

The resolutions of the EGM shall not be valid unless the meeting is attended by Shareholders or proxies representing at least three quarters of Phoenix Power's Issued and Paid-Up Share Capital. Failing such a quorum, a second meeting shall be convened to discuss the same agenda. The Shareholders shall be notified of the second EGM in the same manner as the first EGM, at least two weeks prior to the date set for the second meeting.

The resolutions of the second EGM shall be valid if the meeting is attended by Shareholders or proxies representing more than half of Phoenix Power's Issued and Paid Up Share Capital, provided such meeting is held within six weeks of the date of the first EGM.

The resolutions of the EGM shall be adopted by a majority of three quarters of the votes cast in respect of a resolution, provided such resolution must always receive votes in favour representing more than fifty per cent of Phoenix Power's Issued and Paid-Up Share Capital.

Any shareholder or any interested party may refer to the Primary Commercial Court within five years from the date on which the meeting was held, to decide on nullification of any decision if taken during a general meeting in violation of the CCL, the provisions of the Articles, the company's internal regulations, or through deceit or misuse of authority.

Lock-up Period - Exemption from the applicability of Article 77 of the CCL

Article 77 of the CCL restricts the founders of a public joint stock company from disposing of their shares in such company, before it has published two balance sheets for two consecutive financial years, starting from the date of commencement of actual production or actual business by the company. However, Article 17(a) of the Sector Law exempts the founders of a licensed entity from the restriction imposed by Article 77 of the CCL and allows them to offer their shares in such company for sale, even if the licensed entity has not published two balance sheets for two consecutive financial years.

General restrictions on transfer of ownership of the Shares

The shareholding of each Shareholder may not exceed the maximum limit prescribed and provided for in the Articles, the CCL and the Capital Market Law respectively, unless the necessary approvals are secured.

Any person whose shareholding, along with his minor children's shareholding, reaches 10 per cent or more of Phoenix Power's Issued and Paid-Up Share Capital, is required to advise the CMA of the same in writing. Further, the Shareholder must inform the CMA in writing of any transaction or dealing which leads to any further increase in this percentage immediately after it happens.

No single person or related person up to the second degree may hold 25 per cent or more of the shares of a public joint stock company, save in accordance with the rules issued by the CMA on the subject.

Chapter XX
Market Information

Background

The MSM was established on 21 June 1988 by Royal Decree 53/88 and is the only stock exchange in Oman. Subsequently, on 9 November 1998, Royal Decree 80/98 promulgating the Capital Market Law established the CMA as regulator of the MSM. The MSM is a governmental entity subject to the supervision of the CMA. The CMA has issued a Code of Corporate Governance for companies listed on the MSM, which was most recently amended in October 2012.

The MSM Index was established in 1992 with a base date of June 1990. The number of companies included in the index sample has increased over time, and currently stands at 30 companies.

Listing Requirements

Prior to applying for listing on the MSM, a company is required to obtain the approval of the CMA and the General Manager of the MSM. The applicant is required to submit a listing application to the MSM within one month from the date of registration along with the following documents and information:

- certificate of commercial registration;
- list of authorised signatories and specimens of their signatures;
- copies of the company's memorandum and articles of association;
- the prospectus relating to the offering;
- an attested copy of the minutes of the constitutive general meeting; and
- any additional requirements of the CMA.

Reporting Requirements

Each listed company must, amongst other things:

- disclose its unaudited quarterly financial results immediately following the approval of such results by the executive management of Phoenix Power (and prior to approval by the Board), which must occur within 15 days from the end of the relevant quarter;
- prepare quarterly unaudited financial statements for the first, second and third quarters of the Financial Year in the prescribed form within 30 days from the end of the quarter (45 days for those with subsidiaries) and disclose the same immediately after approval by the Board;
- the quarterly unaudited financial statements referred to in the previous paragraph would include total sales or revenues, sales costs or total expenses, net profit after deduction of tax and any other items required by CMA;
- prepare annual audited financial statements in accordance with IFRS and file the same with the CMA within two months from the end of the financial year or 14 days prior to the general meeting of the company;
- immediately inform the CMA in the event of, amongst other things: a change of name or address; amendment to its memorandum and/or articles of association of the company; a change of any director or member of the management team of the company, giving reasons; closure of any branch or termination of dealing with any agent; change of external auditor of the company; any attachment or mortgage on the company's assets; any unexpected losses affecting the financial position of the company, giving reasons; and any proceedings instituted by or against the company that may have a material impact on the financial position of the company.

Clearance and Settlement

MCDC is responsible for maintaining shareholder records and providing custody services for securities and investment funds listed on the MSM, bonds traded on the MSM, and other securities issued by the Government. All transactions in the MSM are settled on a book-entry clearing basis on T+3.

Settlement Method

The MSM has adopted a multilateral netting system under which transactions are cleared and settled on a net basis by a broker. After the clearing of the transactions by the MSM, the transfers of securities ownership is done through the book-entry system which is operated by the MSM.

Settlement Procedure

At the end of each trading session, the amount of securities and money to be delivered and/or paid on the settlement day is determined through the netting process and reflected in the MCDC settlement report. Transactions are finally settled on T+3 in the way of delivery against payment. Ownership of purchased securities are transferred among investors' trading accounts and the cash settlement is done among brokers through the designated settlement bank.

Trading

Trading in securities is carried out on the MSM over five working days per week, excluding official holidays, and for not less than two hours a day.

The MSM has an electronic trading system which:

- automatically blocks purchase orders which exceed the limits of the broker's bank guarantee or reach the limit of the special order provided by law; and
- enables all companies and entities whose securities are listed in the MSM, and their registrars, to view the register of their own shares.

Before an investor can trade in securities on the MSM, the investor needs to apply for and obtain an investor number from the MCDC, the issuance of which automatically triggers the creation of an investor account for the custody of securities traded in the MSM. Individual investors who seek to trade securities on the MSM need to maintain an investor account with the MCDC and a trading account with an accredited (CMA licensed) broker.

Trades in all securities are settled in dematerialised form.

The shareholder's investor number identifies the investor account at the MCDC used to transfer shares to and from the account each time the investor buys or sells shares. When the investor intends to sell shares, he is required to transfer the quantities of shares to his broker's trading account.

The process of securities trading starts when an investor formally requests his broker to purchase or sell a security, according to specific conditions.

An investor is responsible for all costs associated with trading securities and is required to pay, upon request of his broker, all the amounts necessary to cover his transactions, in particular the purchasing price and commissions or other fees required by the MSM.

Trading System

The MSM operates on an automated screen-based and order-driven trading system which matches buying and selling orders of the investors. Investors can place their orders with the MSM accredited brokers, who enter these orders into the trading system. Then, the system automatically matches buy and sell orders of a particular security based on the price and quantity requirements.

The trading system also generates and displays details of current and historical trading activity, including prices, volumes traded and outstanding buy and sell orders.

An off-market trading mechanism also exists, known as the 'special order' process.

Trading Sessions

Trading sessions take place from Sunday to Thursday (except public holidays in Oman) as follows:

	Time
Pre-Opening Session	09:00 to 10:00
Trading Session	10:00 to 13:00
Closing	13:00

Suspension of Trading

The MSM may temporarily suspend trading of any listed security if there is information or rumour that may affect the price of the security or in case the company restructures its capital or splits its shares. Trading of the securities of any company shall also be suspended if the company is dissolved or liquidated. In certain circumstances the company may request a suspension of trading.

Trading Performance

The table below shows the number of listed companies, the number of traded shares, the value of traded shares and the number of executed transactions as at 31 December for each of the years indicated.

	2012	2013	2014
Number of listed companies	115	118	123
Number of traded shares (millions)	4,319	7,949	6,620
Value of traded shares (OMR millions)	1,025	2,208	2,270
Number of executed transactions (thousands)	328,809	457,439	413,723
Market capitalisation (OMR millions)	11,665	13,038	14,560

Source: MSM Annual Statistics Data

Chapter XXI
Subscription Conditions and Procedures

Offer Structure

	Category I Investors	Category II Investors
No. of Offer Shares	332,741,832	179,168,679
Percentage of Offer Shares	65	35
Basis of Allotment	Pro-rata	Pro-rata
Minimum Subscription	1,000 Shares and thereafter in multiples of 100 Shares	600,100
Maximum Subscription	600,000	51,191,000
Terms of Payment of Application Money	100% on application	100% on application

Eligibility for the Subscription of Offer Shares

The Offer will be open to Omani and non-Omani individuals and juristic persons. All GCC individuals and juristic persons are treated as Omani individuals and juristic persons for the purpose of owning shares in Omani companies.

No single person or related person up to a second degree can hold 25 per cent. or more of the shares of a public joint stock company, except with the explicit approval of the CMA.

Prohibitions with Regard to the Applications for Subscription

In accordance with the Capital Market Law, the following persons shall not be permitted to subscribe to the Offer:

- Sole proprietorship establishments: The owners of sole proprietorship establishments may only submit Applications in their personal names.
- Trust accounts: Customers registered under trust accounts may only submit Applications in their personal names.
- Multiple Applications: An Applicant may not submit more than one Application.
- Joint Applications: Applicants may not submit applications in the name of more than one individual (including on behalf of legal heirs).

All such Applications will be rejected without contacting the Applicant.

Subscription on Behalf of Minor Children

- For the purpose of this Offer, any person under 18 years of age on the date of submission of an Application will be defined as a minor.
- Only a father may subscribe on behalf of his minor children.
- If an Application is made on behalf of a minor by any person other than the minor's father, the person submitting the Application will be required to attach a valid Shariah (Legal) Power of Attorney issued by the competent authorities authorising him or her to deal in the funds of the minor through sale, purchase and investment.

Applicant's Number with MCDC

- Any Applicant who subscribes for the Offer Shares must have an account and Investor Number with the MCDC. Any Applicant may apply to obtain an Investor Number and open an account by completing the MCDC application form. This may be obtained from the MCDC's Head Office or its website at www.csdoman.co.om, or from brokerage companies licensed by the MSM. The completed form may be submitted by an Applicant through any of the following channels:
    - At the head office of the MCDC, at P.O. Box 952, Postal Code 112, Ruwi, Muscat, Sultanate of Oman.
    - At the branch of the MSM based in Salalah, Oman, Tel:+968 23299822, Fax:+968 23299833.
    - At the office of any brokerage company licensed by the MSM.
    - By sending a facsimile to MCDC at +968 24817491.
    - By opening an account through the MCDC website at www.csdoman.co.om.

- In order to open an account with the MCDC, a juristic person will be required to furnish a copy of its constitutional documents, in the form prescribed by the MCDC, along with a completed MCDC application form in order to open an account and receive an Investor Number.
- Applicants who already hold accounts with the MCDC are advised, before the Offer, to confirm their details as noted in the Application. Applicants may update their particulars through any of the channels mentioned above.
- All correspondence including allocation notices and dividend cheques will be sent to Applicant's address as recorded at the MCDC. Applicants should ensure that their addresses as provided to the MCDC are correct and kept up-to-date.
- Each Applicant should secure from the MCDC its Investor Number as the Investor Number will be required in order to complete the Application. Each Applicant is responsible for ensuring that the Investor Number set out in their Application is correct. Applications not bearing the correct Investor Number will be rejected without contacting the Applicant.
- For more information on these procedures, Applicants should contact the MCDC:

  Muscat Clearing & Depository Co., SAOC
  P.O. Box 952, Postal Code 112, Ruwi, Muscat, Sultanate of Oman
  Tel: +968 2482 2222; Fax: +968 2481 7491
  www.csdoman.co.om

Offer Period

The Offer Period will commence on 10 May 2015 and end on 8 June 2015 with the end of the official working hours of the Collecting Banks.

Allocation in Case of Oversubscription

In case of oversubscription, the Offer shall be split among the eligible investor groups, in the following portions:

Category I Investors: 332,741,832 Offer Shares, being 65 per cent. of the Offer, for individuals and juristic persons applying for a maximum of 600,000 Offer Shares. Distribution of Offer Shares shall be on a pro-rata basis.

Category II Investors: 179,168,679 Offer Shares, being 35 per cent. of the Offer, for individuals and juristic persons applying for more than 600,100 Offer Shares. Distribution of Offer Shares shall be on a pro-rata basis.

In accordance with Article 65 of the CCL, a minimum number of Offer Shares may with the approval of the CMA be distributed equally among subscribers, taking into consideration small subscribers and the remaining Offer Shares shall be allocated on a pro-rata basis.

Allocation in Case of Undersubscription

In case of undersubscription, the Offer Shares to the extent of undersubscription will be available to EHC as per its share option under the PFA. In case the EHC does not exercise its share option, the Selling Shareholders are required to re-offer the unsubscribed Offer Shares annually thereafter for three consecutive years. During such period of time, the EHC's share option will remain in force.

Any undersubscription in any category shall be carried to the other category. The final allocation on the above basis will be decided by the Financial Adviser & Issue Manager and Phoenix Power in consultation with the CMA.

Minimum Limit of Public Subscription

The minimum number of Offer Shares for Category I Investors will be 1,000 Offer Shares and in multiples of 100 Offer Shares thereafter. For Category II Investors, it will be 600,100 Offer Shares and in multiples of 100 Offer Shares thereafter.

Maximum Limit of Public Subscription

The maximum number of Offer Shares that can be applied for by a Category I Investor is 600,000 Offer Shares. The maximum limit for a Category II investor is 10 per cent. of the total Offer size which equates to 51,191,000 Offer Shares. It is not permissible for any Applicant to subscribe for more than this amount.

For the purpose of calculation of this percentage, the application for the subscription of the father (or guardian) shall be aggregated with the applications submitted on behalf of the minor children. If the volume of the Offer Shares subscribed exceeds the said percentage, the Offer Shares registered under each application shall be reduced proportionately before making the allotment.

None of Phoenix Power and the Financial Adviser & Issue Manager is liable for any changes in applicable laws or regulations that occur after the date of this Prospectus. Applicants are advised to make their own independent investigations to ensure that their Applications comply with prevailing laws and regulations.

Terms of Payment

- The Selling Shareholders will open an escrow account entitled the "Phoenix Power IPO" account with each of the Collecting Banks for the collection of the Application Money.
- This account will be managed by each Collecting Bank, which, after allotment and refunds, will transfer the balances in such account to the Issue Manager.
- Each Applicant can pay by cash, draw a cheque or demand draft or instruct an account transfer for the amount payable at the time of submission of the Application and/or on allocation.

Particulars of the Bank Account of the Investor

- Each Applicant is required to furnish the particulars of the Applicant's bank account (registered in the name of the Applicant). The Applicant must not use the bank account number of any other person except in the case of minor children only.
- If the bank account of the Applicant is registered with a bank other than one of the Collecting Banks, the Applicant will be required to submit a document to confirm the details of the bank account particulars as provided in the Application.This can be done by submitting any document from the bank of the Applicant that states the account number and name of the account holder. Documents that may be accepted include account statements or a letter or any document issued by the bank confirming this information. The Applicant is responsible for ensuring that the evidence submitted is legible and contains the required information.The Applicant is not obliged to submit any evidence with regard to the accuracy of its bank account if it is subscribing through the Collecting Bank where it maintains its account. In this case, the bank will be required to verify and confirm the correctness of the Applicant's account through its own system and procedures or through the evidence submitted to it by the Applicant.
- All Category II Investors who have an account with a bank will be required to submit a document to confirm the details of the bank account particulars as provided in the Application.This can be done by submitting any document from the bank of the Applicant that states the account number and name of the account holder. Documents that may be accepted include account statements or a letter or any document issued by the bank confirming this information. The Applicant is responsible for ensuring that the evidence submitted is legible and contains the required information.
- In accordance with the instructions of the CMA, the details of the bank account will be listed in the records of the MCDC for transferring any refund as well as for crediting the dividends distributed by the companies listed on the MSM. For Applicants who already have bank accounts registered with the MCDC the account mentioned in the Application will be used for the transfer of refunds only.
- Any Application containing the bank account number of a person other than the Applicant will be rejected, with the exception of Applications made on behalf of minors that contain the bank accounts particulars of their fathers.

Documentation Required

- Submission of a document confirming the accuracy of the bank account number provided in the Application is only required where the bank account is registered with a bank that is not the Collecting Bank.
- A copy of a valid power of attorney duly endorsed by the competent legal authorities must be included in the event the subscription is on behalf of another person (with the exception of a subscription made by a father on behalf of his minor children).
- In case of applications by juristic persons (non-individuals) which are signed by a person in his or her capacity as an authorised signatory, a copy of adequate and valid documentation should be attached.

Mode of Application

- The Applicant will be responsible for furnishing all particulars and will ensure the correctness and validity of the information set out in the Application. The Applicant will be required, before completing the Application, to carefully read this Prospectus, including the conditions and procedures governing the subscription.
- The Applicant will be required to fill in the Application and furnish copies of all particulars as noted on the Application.
- The Applicant will be required to submit the Application to one of the Collecting Banks, together with the Application Money and the documents in support of the Application.
- Cheque or demand draft for the Application Money will be in favour of “Phoenix Power IPO”.

Banks Receiving the Applications

Applications will be accepted by any one of the Collecting Banks during official bank hours only. The Collecting Bank receiving the subscription is required to accept the Application after confirmation of compliance with the procedures set out in this Prospectus.The Collecting Bank must instruct the Applicants to comply and fulfil any requirements set out in the Application.

Applicants must submit an Application to one of the Collecting Banks on or before the Offer Closing Date.The Collecting Bank shall refuse any Application received after the official working hours on the Offer Closing Date.

Payment into Escrow Account

- All Investors will, with the submission of the Application, pay the Application Money by cash, or draw a cheque or demand draft or instruct an account transfer for the amount payable at the time of submission of the Application and/or on allocation in favour of “Phoenix Power IPO”.
- Where an Investor has been allocated fewer Offer Shares than indicated in the Application or at a price lower than the price at which the Application Money was calculated, the excess amount, if any, paid on Application, will be refunded to the Investor from the escrow account of “Phoenix Power IPO”.

Acceptance of the Applications

The Collecting Banks will not accept Applications in the following circumstances:

- If the Application does not bear the signature of the Applicant.
- If the Application Money is not paid by the Applicant in accordance with the conditions set out in this Prospectus.
- If the Application Money is paid by cheque and the cheque is dishonoured for any reason whatsoever.
- If the Application does not include the Applicant’s Investor Number registered with the MCDC.
- If the Application is submitted in joint names.
- If the Applicant is a sole proprietorship or trust account.
- If the Investor Number furnished in the Application is incorrect.
- If the Applicant submits more than one Application in the same name, all of them will be rejected.
- If the supporting documents are not enclosed with the Application.
- If the Application does not contain all the particulars of the bank account of the Applicant.
- If the particulars of the bank account provided in the Application are found to be incorrect or not relevant to the Applicant, with the exception of Applications submitted in the names of minor children, who are allowed to make use of the particulars of the bank accounts held by their fathers.
- If the power of attorney is not attached to the Application in respect of an Applicant who subscribes on behalf of another person (with the exception of fathers who subscribe on behalf of their minor children).
- If the Application does not comply with the legal requirements as provided for in this Prospectus.

If the Collecting Bank receives an Application that does not comply with the procedures set out in this Prospectus, due effort will be taken to contact the Applicant so that the mistake may be corrected. If the Applicant does not rectify the Application within a specified period, the Collecting Bank will return the Application together with the Application Money to the Applicant.

Refusal of Applications

The Financial Adviser & Issue Manager may reject any Application under any of the conditions referred to above, subject to securing the approval of the CMA and submission of a comprehensive report furnishing the details of the Applications that are rejected and the reasons behind the rejections.

Enquiry and Complaints

Any Applicant who intends to seek clarification or file complaints with regard to issues related to the allotment or rejection of Applications or refund of the Application Money in excess of the subscription, may contact the branch of the Collecting Bank where the subscription was made. In case there is no response from the Collecting Bank, the Applicant may contact the person whose details are set out below:

Bank	Contact Name	Postal Address	Contact Details
Bank Muscat SAOG	Ahmed Al Busaidi	P.O. 134, P.C. 112, Ruwi, Sultanate of Oman	Tel: +968 2476 8064 Fax: +968 2478 7764 Email: ahmedbu@bankmuscat.com
Bank Dhofar SAOG	Hussain Iqbal Ali Al Lawati	P.O. 1507, P.C. 112, Ruwi, Sultanate of Oman	Tel: +968 2479 0466 (Ext. 423) Fax: +968 2478 4428 Email: hialawati@bankdhofar.com
National Bank of Oman SAOG	Hussain Ali Abdullah Al Lawati	P.O. 751, P.C. 112, Ruwi, Sultanate of Oman	Tel: +968 2477 8757 Fax: +968 2477 8993 Email: nbobackoffice@nbo.co.om
Oman Arab Bank SAOC	Zaydoon bin Ibrahim	P.O. 2010, P.C. 112, Ruwi, Sultanate of Oman	Tel: +968 2475 4663 Fax: +968 2412 5125 Email: zaydoon@oabinvest.com
Bank Sohar SAOG	Hamood Al Rawahi	P.O. 44, P.C. 114, Sultanate of Oman	Tel: +968 2476 1851 Fax: +968 2473 0344 Email: Hamood.alrawahi@banksohar.net
Ahli Bank SAOG	Arun Bhat	P.O. 545, P.C. 116, Sultanate of Oman	Tel: +968 2457 7082 Fax: +968 2456 7841 Email: arun.bhat@ahlibank-oman.com

If the Collecting Bank fails to resolve the complaint with the Applicant, it will refer the subject matter to the Financial Adviser & Issue Manager and keep the Applicant informed of the progress and development in respect of the subject matter of the dispute.

Allotment Letters and Refund of Money

The Financial Adviser & Issue Manager will arrange to allot the Offer Shares to Applicants within 15 days after the end of the Offer Period after receiving the approval of the CMA on the basis of allotment.The Financial Adviser & Issue Manager will also refund the excess money to eligible Applicants within 15 days after the end of the Offer Period and after receiving the approval of the CMA.The Financial Adviser & Issue Manager will arrange to send allotment letters to Applicants who have been allotted Shares through MCDC to their addresses registered with the MCDC.

Proposed Timetable

The following table shows the expected time schedule for completion of the subscription procedures:

Procedure	Date
Commencement of subscription	10 May 2015
Closing of subscription	8 June 2015
Due date for the Financial Adviser & Issue Manager to receive the subscription data and final registers from the Collecting Banks	16 June 2015
Notification of the CMA of the outcome of the subscription and the proposed allotment	17 June 2015
Approval of the CMA of the proposed allotment	18 June 2015
Commencement of refund and dispatch of the notices regarding allotment	21 June 2015
Listing of the Offer Shares with MSM	22 June 2015

Listing and Trading of the Offer Shares

The Offer Shares will be listed with MSM in accordance with the laws and procedures in force on the date the application is made for the listing and registration.The above listing date is an estimated date and the exact date will be published on the MSM website.

Responsibilities and Obligations

The Financial Adviser & Issue Manager, the Collecting Banks and the MCDC must abide by the responsibilities and obligations set out by the directives and regulations issued by the CMA. The Financial Adviser & Issue Manager and the Collecting Banks must also abide by any other responsibilities that are provided for in the agreements entered into among them and Phoenix Power and the Selling Shareholders.

The parties concerned will be required to take remedial measures with regard to any liability arising from any negligence committed in the performance of the functions and responsibilities assigned to them.The Financial Adviser & Issue Manager will be the entity responsible before the regulatory authorities for taking suitable steps and measures for redressing such liability.

Chapter XXII
Historical Financial Statements

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Financial Statements

31 December 2012

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PHOENIX POWER COMPANY SAOC

Report on the Financial Statements

We have audited the accompanying financial statements of Phoenix Power Company SAOC ('the Company'), which comprise the statement of financial position as at 31 December 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2012, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

13 March 2013

Muscat

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

25/6/2011 to 31/12/2011 US $'000	**1/1/2012 to 31/12/2012 US $'000**		Notes	**1/1/2012 to 31/12/2012 RO'000**	25/6/2011 to 31/12/2011 RO'000
-	**-**	Results for the year / period		**-**	-
		Other comprehensive expense			
(147,677)	**(38,390)**	Net movement in fair value of cash flow hedges		**(14,761)**	(56,782)
17,721	**4,607**	Income tax effect		**1,771**	6,814
(129,956)	**(33,783)**	**TOTAL COMPREHENSIVE LOSS FOR THE YEAR / PERIOD**		**(12,990)**	(49,968)

The notes on pages 99 to 113 form an integral part of these financial statements.

The report of the Auditors is set forth on page 94.

STATEMENT OF FINANCIAL POSITION

At 31 December 2012

31/12/2011 US $'000	**31/12/2012 US $'000**		Notes	**31/12/2012 RO'000**	31/12/2011 RO'000
		ASSETS			
		Non current assets			
348,789	**1,138,514**	Plant and equipment	4	**437,759**	134,109
928	**688**	Other receivables	6	**265**	357
17,721	**22,328**	Deferred tax asset	14	**8,585**	6,814
367,438	**1,161,530**			**446,609**	141,280
		Current assets			
7,192	**7,399**	Bank balances and cash	5	**2,845**	2,765
756	**2,751**	Other receivables	6	**1,057**	290
7,948	**10,150**			**3,902**	3,055
375,386	**1,171,680**	**TOTAL ASSETS**		**450,511**	144,335
		EQUITY AND LIABILITIES			
		Equity			
1,300	**1,300**	Share capital	7	**500**	500
(129,956)	**(163,739)**	Cumulative changes in fair values	10	**(62,958)**	(49,968)
(128,656)	**(162,439)**	**Total equity**		**(62,458)**	(49,468)
		Non current liabilities			
292,603	**1,092,314**	Interest bearing loans and borrowing	9	**419,994**	112,506
144,415	**156,599**	Fair value of derivative financial instruments	10	**60,212**	55,528
-	**27**	Employee's end of service benefits	11	**10**	-
437,018	**1,248,940**			**480,216**	168,034
		Current liabilities			
63,762	**55,711**	Accounts payable and accruals	11	**21,422**	24,515
3,262	**29,468**	Fair value of derivative financial instruments	10	**11,331**	1,254
67,024	**85,179**			**32,753**	25,769
504,042	**1,334,119**	**Total liabilities**		**512,969**	193,803
375,386	**1,171,680**	**TOTAL EQUITY AND LIABILITIES**		**450,511**	144,335

The financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 13th March, 2013.

Director
Sd/-

Director
Sd/-

The notes on pages 99 to 113 form an integral part of these financial statements.

The report of the Auditors is set forth on page 94.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2012

	Share capital	*Cumulative changes in fair value*	*Total*
	US$ '000	*US$ '000*	*US$ '000*
Issue of share capital (note 7)	1,300	-	1,300
Total comprehensive loss for the period	-	(129,956)	(129,956)
Balance at 31 December 2011	1,300	(129,956)	(128,656)
Total comprehensive loss for the year	-	(33,783)	(33,783)
Balance at 31 December 2012	**1,300**	**(163,739)**	**(162,439)**

	Share capital	*Cumulative changes in fair value*	*Total*
	RO'000	*RO'000*	*RO'000*
Issue of share capital (note 7)	500	-	500
Total comprehensive loss for the period	-	(49,968)	(49,968)
Balance at 31 December 2011	500	(49,968)	(49,468)
Total comprehensive loss for the year	-	(12,990)	(12,990)
Balance at 31 December 2012	500	(62,958)	(62,458)

The notes on pages 99 to 113 form an integral part of these financial statements.

The report of the Auditors is set forth on page 94.

STATEMENT OF CASH FLOWS

for the year ended 31 December 2012

25/6/2011 to 31/12/2011 US $'000	**1/1/2012 to 31/12/2012 US $'000**		Notes	**1/1/2012 to 31/12/2012 RO'000**	25/6/2011 to 31/12/2011 RO'000
		OPERATING ACTIVITIES			
-	**-**	Results for the year / period		**-**	-
		Working capital changes:			
(1,684)	**(1,755)**	Other receivables		**(675)**	(647)
63,762	**(8,024)**	Accounts payable and accruals		**(3,083)**	24,515
62,078	**(9,779)**	Net cash (used in) from operating activities		**(3,758)**	23,868
		INVESTING ACTIVITIES			
(348,789)	**(789,725)**	Capital work in progress	4	**(303,650)**	(134,109)
(348,789)	**(789,725)**	Net cash used in investing activities		**(303,650)**	(134,109)
		FINANCING ACTIVITIES			
292,603	**799,711**	Proceeds from interest bearing loans and borrowings	9	**307,488**	112,506
1,300	**-**	Issue of share capital		**-**	500
293,903	**799,711**	Net cash from financing activities		**307,488**	113,006
7,192	**207**	**INCREASE IN CASH AND CASH EQUIVALENTS**		**80**	2,765
-	**7,192**	Cash and cash equivalents at the beginning of the year / period		**2,765**	-
7,192	**7,399**	**CASH AND CASH EQUIVALENTS AT 31 DECEMBER**	5	**2,845**	2,765

The notes on pages 99 to 113 form an integral part of these financial statements.

The report of the Auditors is set forth on page 94.

1. ACTIVITIES

Phoenix Power Company SAOC ("the Company") is a closed Joint Stock Company. It was incorporated as a closely held joint stock Company in the Sultanate of Oman on 25 June 2011 under a trade license issued by the Ministry of Commerce & Industry. The Company's registered address is at P.O. Box 96, Postal Code 102, Muscat, Sultanate of Oman.

The principal activities of the Company are to develop, finance, design, construct, operate, maintain, insure and own a power generating station and associated gas interconnection facilities and other relevant infrastructure.

The Company has entered into following significant agreements:

i. Power Purchase Agreement (PPA) with Oman Power and Water Procurement Company SAOC (OPWPC) granting the Company the right to generate electricity and water in Sur for a period of fifteen years commencing from the commercial operations date based on a tariff structure.

ii. Natural Gas Sales Agreement (NGSA) with the Ministry of Oil and Gas of the Government of the Sultanate of Oman (MOG) for the purchase of natural gas for fifteen years at a pre-determined price.

iii. Usufruct Agreement with the Government of the Sultanate of Oman for grant of Usufruct rights over the plant site for 25 years.

iv. Agreement with local and international banks for long-term loan facilities and interest rate hedge arrangements.

v. Agreement with Siemens LLC Oman for long team service contract for maintenance service of the gas turbines.

vi. Agreement with Siemens Aktiengesellschaft for long team supply contract for supplying the spare parts of gas turbines.

vii. Agreement with Phoenix Operation and Maintenance Company LLC for the operation and maintenance of the Sur IPP Project.

viii. Agreement with Daewoo Engineering and Construction Co. Ltd for engineering, procurement and construction of the Sur IPP Project.

ix. Agreement with Oman Oil Marketing Company SAOG for supply of automotive diesel.

x. Project Founders' Agreement dated 13 July 2011 made between Electricity Holding Company SAOC, Marubeni Corporation; Chubu Electric Power Co; Qatar Electricity and Water Company (Q.S.C.); and Multitech LLC

xi. Shareholders' Agreement dated 13 July 2011, amended and restated dated 28 November 2011 made between Electricity Holding Company SAOC, Axia Power Holding B.V; Chubu Electric Power Sur B.V; Qatar Electricity and Water Company (Q.S.C.); and Multitech LLC.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting standards and applicable requirements of the Commercial Companies Law of the Sultanate of Oman.

Items included in the financial statements of the Company are measured and presented in US Dollars (US $) being the currency of the primary economic environment in which the Company operates.

These financial statements are presented in US Dollars and Rial Omani (RO), rounded to the nearest thousand. The RO amounts shown in the financial statement have been translated from US $ 1 = RO 0.3845 and are shown for the convenience of the reader.

The financial statements are prepared under the historical cost convention modified to include the measurement at fair value of derivative financial instruments.

Accounting policies

The accounting policies are consistent with those used in the previous financial year except as follows:

Changes in accounting policy and disclosures

The Company has adopted the following new and amended IFRS and IFRIC interpretations as of 1 January 2012:

- IAS 12 Income Taxes (Amendment) – Deferred Taxes: Recovery of Underlying Assets
- IFRS 7 Financial Instruments : Disclosures – Enhanced Derecognition Disclosure Requirements

The adoption of the standards or interpretations is described below:

IAS 12 Income Taxes (Amendment) – Deferred Taxes: Recovery of Underlying Assets

The amendment clarified the determination of deferred tax on investment property measured at fair value and Introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. It includes the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 should always be measured on a sale basis. The amendment is effective for annual periods beginning on or after 1 January 2012 and has no effect on the Company's financial position, performance or its disclosures.

IFRS 7 Financial Instruments: Disclosures — Enhanced Derecognition Disclosure Requirements

The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Company's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about the entity's continuing involvement in derecognised assets to enable the users to evaluate the nature of, and risks associated with, such involvement. The amendment is effective for annual periods beginning on or after 1 July 2011. The Company does not have any assets with these characteristics so there has been no effect on the presentation of its financial statements.

The significant accounting policies adopted by the Company are as follows:

Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Capital work in progress is recorded at cost less impairment, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

Depreciation is calculated on a straight line basis over the estimated useful lives of the assets.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss, when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Cash and cash equivalents

Cash and cash equivalents comprise cash at hand, bank balances and short term deposits with an original maturity of three months or less.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Impairment and uncollectibility of financial assets

An assessment is made at each reporting date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, an impairment loss is recognised in the profit or loss. Impairment is determined as follows:

a. For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the profit or loss;

b. For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset;

c. For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

Other receivables

Other receivables are stated at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

Account payables and accruals

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Provisions

Provisions are recognised when the company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

The expense relating to any provision is presented in the statement of comprehensive income of any reimbursements.

Employees' end of service benefits

The company provides end of service benefits to its expatriate employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

Leases

Finance leases, which transfer to the company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum leased payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense on a straight line basis over the lease term.

Income tax

Taxation is provided for in accordance with Omani fiscal regulations.

Deferred income tax is provided, using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on laws that have been enacted at the reporting date.

Deferred income tax assets are recognised for all deductible temporary differences and carry-forward of unused tax assets and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Income tax relating to items recognised directly in equity are recognised in equity and not in the profit or loss.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All differences are taken to the profit or loss.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed as incurred. Borrowing costs consist of interest and other costs that the company incurs in connection with the borrowing of funds.

Derivative financial Instruments

The Company enters into derivative instruments mainly interest rate swaps to hedge its risks associated with interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value.

The Company also uses forward exchange contracts to hedge its risk associated primarily with foreign currency fluctuations relating to services to be received from contractor under long term supply and services contract for gas turbines. These are included in the statement of financial position at fair value and any resultant gain or loss is recognised in the statement of changes in equity and subsequently adjusted against the cost of services received.

The fair values of derivative instruments are included in other receivables in case of favourable contracts and other payables in case of unfavourable contracts.

At the inception of a hedge relationship, the company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting years for which they were designated.

Cash flow hedges are those which hedge exposure to variability in cash flows of a recognised asset or liability or a forecast transaction.

The fair value of interest rate swap contracts is calculated based on discounted cash flows using current forward interest rate for items with the same maturity.

The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while any ineffective portion is recognised immediately in the profit or loss.

Amounts taken to equity are transferred to the profit or loss when the hedged transaction affects the profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

For hedges which do not qualify for hedge accounting, any gains or losses arising from changes in the fair value of the hedging instrument are taken directly to the profit or loss for the year.

If the forecast transaction or firm commitment is no longer expected to occur, amounts previously recognised in equity are transferred to the profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction or firm commitment occurs.

Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method (EIR).

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the profit or loss.

Derecognition of financial assets and financial liabilities

Financial assets:

- A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:
- the rights to receive cash flows from the asset have expired; or
- the company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and
- Either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

Financial liabilities:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if:

- There is a currently enforceable legal right to offset the recognised amounts and
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

Fair values

The fair value of interest-bearing items is estimated based on discounted cash flows using interest rates for items with similar terms and risk characteristics.

The fair value of unquoted derivatives is determined by reference to broker/dealer price quotations.

Impairment of non- financial assets

At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount and the increase is recognised as income immediately, provided that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised earlier.

Significant accounting judgments, estimates and assumptions

The preparation of the company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date.

3. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

IAS 1 Financial Statement Presentation – Presentation of Items of Other Comprehensive Income

The amendments to IAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or recycled') to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Company's financial position.

IAS 19 Employee Benefits (Revised)

The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The amendment has no impact on the Company's financial position.

IAS 32 Offsetting Financial Assets and Financial Liabilities — Amendments to IAS 32

These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments are not expected to impact the Company's financial position or performance and become effective for annual periods beginning on or after 1 January 2014.

IFRS 1 Government Loans – Amendments to IFRS 1

These amendments require first-time adopters to apply the requirements of IAS 20 Accounting for Government Grants and Disclosure of Government Assistance, prospectively to government loans existing at the date of transition to IFRS. Entities may choose to apply the requirements of IFRS 9 (or IAS 39, as applicable) and IAS 20 to government loans retrospectively if the information needed to do so had been obtained at the time of initially accounting for that loan. The exception would give first-time adopters relief from retrospective measurement of government loans with a below-market rate of interest. The amendment is effective for annual periods on or after 1 January 2013. The amendment has no impact on the Company.

IFRS 7 Disclosures — Offsetting Financial Assets and Financial Liabilities — Amendments to IFRS 7

These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. These amendments will not impact the Company's financial position or performance and become effective for annual periods beginning on or after 1 January 2013.

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The first phase of IFRS 9 has no impact on the Company.

IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation —Special Purpose Entities.

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. The amendment has no impact on the Company.

This standard becomes effective for annual periods beginning on or after 1 January 2013."

IFRS 11 Joint Arrangements

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. The amendment has no impact on the Company.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required, but has no impact on the Company's financial position or performance. This standard becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Company is currently assessing the impact that this standard will have on the financial position and performance, but based on the preliminary analyses, no material impact is expected. This standard becomes effective for annual periods beginning on or after 1 January 2013.

Annual Improvements May 2012

These improvements will not have an impact on the Company, but include:

IFRS 1 First-time Adoption of International Financial Reporting Standards

This improvement clarifies that an entity that stopped applying IFRS in the past and chooses, or is required, to apply IFRS, has the option to re-apply IFRS 1. If IFRS 1 is not re-applied, an entity must retrospectively restate its financial statements as if it had never stopped applying IFRS.

IAS 1 Presentation of Financial Statements

This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative information is the previous period.

IAS 16 Property, Plant and Equipment

This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

IAS 32 Financial Instruments, Presentation

This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes.

IAS 34 Interim Financial Reporting

The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures.

These improvements are effective for annual periods beginning on or after 1 January 2013.

4. PLANT AND EQUIPMENT

31/12/2011 US $'000	***31/12/2012 US $'000***		***31/12/2012 RO'000***	*31/12/2011 RO'000*
		Capital work in progress:		
-	**348,789**	As at 1 January	**134,109**	-
348,789	**789,725**	Additions during the year / period	**303,650**	134,109
348,789	**1,138,514**	As at 31 December	**437,759**	134,109

Capital work in progress includes US $ 26.9 million (RO 10.3 million) [2011 : US $ 26.09 million (RO 10.3 million)] towards deferred finance charges incurred till date. These are in the nature of directly attributable transaction costs for interest bearing loans and borrowings which are not yet fully drawdown. These will be adjusted against loans once they are fully drawn down and will be amortised accordingly.

Borrowing costs amounting to US $ 24.8 million (RO 9.5 million) [2011 : US $ 0.989 million (RO 0.380 million)] are included in capital work in progress as of reporting date.

5. BANK BALANCES AND CASH

31/12/2011 US $'000	***31/12/2012 US $'000***		***31/12/2012 RO'000***	*31/12/2011 RO'000*
		Bank balances		
7,192	**7,399**		**2,845**	2,765

6. OTHER RECEIVABLES

31/12/2011 US $'000	***31/12/2012 US $'000***		***31/12/2012 RO'000***	*31/12/2011 RO'000*
14	-	Due from related party (note 13)	-	5
1,660	**3,395**	Prepayments	**1,305**	638
10	**44**	Others	**17**	4
1,684	**3,439**		**1,322**	647
(928)	**(688)**	Less : non-current portion of prepayments	**(265)**	(357)
756	**2,751**		**1,057**	290

7. SHARE CAPITAL

Authorised, issued and fully paid

31/12/2011 US $'000	***31/12/2012 US $'000***		***31/12/2012 RO'000***	*31/12/2011 RO'000*
		500,000 shares of RO 1 (US $ 2.60) each		
1,300	**1,300**		**500**	500

8. STATUTORY RESERVE

As required by the Commercial Companies Law of the Sultanate of Oman, 10% of annual profit of the company is required to be transferred to statutory reserve until the reserve is equal to one third of the issued share capital of the company. The reserve is not available for distribution.

No transfer has been made during the year as the company has not reported any profit.

9. INTEREST BEARING LOANS AND BORROWING

31/12/2011 US $'000	***31/12/2012 US $'000***		***31/12/2012 RO'000***	*31/12/2011 RO'000*
292,603	**379,090**	Equity bridge loan from commercial banks	**145,760**	112,506
-	**209,213**	Secured term loan from commercial banks	**80,442**	-
-	**399,405**	Secured term loan from Japan Bank for International Cooperation	**153,571**	-
-	**104,606**	Secured term loan under NEXI facilities	**40,221**	-
292,603	**1,092,314**		**419,994**	112,506

The company has entered into four equity bridge loan agreements with Commercial Banks of US $ 379 million with sponsor guarantee from Marubeni Corporation, Chubu Electric Power Co. Inc, Qatar Electricity and Water Company, and Suhail Bahwan Group (Holding) LLC. As of the reporting date, US $ 379 million (2011: US $ 292.6 million) was drawdown from these four equity bridge loans. These equity bridge loans are repayable on 1 April 2014 and carry interest at LIBOR + applicable margin. The company in order to manage its interest rate risk has entered into interest rate swap agreements, the details of which are set out in note 10.

The company has entered into secured term loan agreements in relation to the Sur IPP Project.The total amount of the term loan is US$ 1,194 million with stand by facility of US$ 38 million at LIBOR + applicable margin.

The company started drawdowns in 2012. Subsequent to completion of drawdowns in future, the loans will be repayable in installments of several denominations, every sixth month from 28 December 2014, the final installment will be due on 28 December 2028. The company in order to manage its interest rate risk has entered into certain interest rate swap arrangements, the details of which are set out in note 10.

The loan agreements contain certain restrictive covenants, which include, amongst other restrictions over debt service, pattern of shareholding, payment of dividends, asset sales/transfers, amendment to significant agreements entered by the company, and creation of additional security under charge.

10. DERIVATIVE FINANCIAL INSTRUMENTS

31/12/2011 US $'000	***31/12/2012 US $'000***		***31/12/2012 RO'000***	*31/12/2011 RO'000*
		Cumulative changes in fair value:		
126,158	**172,152**	Interest rate swap agreements	**66,192**	48,508
21,519	**13,915**	Forward foreign exchange contracts	**5,351**	8,274
147,677	**186,067**	Negative fair value of derivatives	**71,543**	56,782
(17,721)	**(22,328)**	Less : income tax effect (note 14)	**(8,585)**	(6,814)
129,956	**163,739**		**62,958**	49,968

The current and non current portion of negative fair value of derivatives is as follows:

31/12/2011 US $'000	***31/12/2012 US $'000***		***31/12/2012 RO'000***	*31/12/2011 RO'000*
3,262	**29,468**	Current portion	**11,331**	1,254
144,415	**156,599**	Non current portion	**60,212**	55,528
147,677	**186,067**		**71,543**	56,782

Interest rate swap agreements

In accordance with the requirements of its equity bridge loan agreements, the company has entered into six interest rate hedging agreements with a view to cap the company's exposure to fluctuating interest rates. The maximum loan amount covered during the tenure is US $ 357,097 million. Under the hedging agreements, the company pays a fixed interest rate ranging between 1.065% to 1.0942% per annum as per the respective swap agreement and receives a floating interest rate based on US $ LIBOR with effective date starting from 28 September 2011 till 28 March 2014. As at 31 December 2012, an unrealised loss of US $ 3.35 million (2011 :US $ 2.85 million) relating to measuring the financial instrument at fair value is included in equity in respect of these contracts.

The table below shows the negative fair value of the derivative financial instrument relating to equity bridge loan, which is equivalent to the market values, together with the notional amounts analysed by the term to maturity. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured.

31 December 2012			Notional amounts by term to maturity		
	Negative fair value	Notional amount Total	1 - 12 months	More than 1 upto 5 years	Over 5 years
	RO'000	RO'000	RO'000	RO'000	RO'000
Interest rate swaps	1,287	137,304	-	137,304	-
	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000
Interest rate swaps	3,347	357,097	-	357,097	-

31 December 2012			Notional amounts by term to maturity		
	Negative fair value	Notional amount Total	1 - 12 months	More than 1 upto 5 years	Over 5 years
	RO'000	RO'000	RO'000	RO'000	RO'000
Interest rate swaps	1,099	137,304	-	137,304	-
	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000
Interest rate swaps	2,857	357,097	-	357,097	-

In accordance with the requirements of its Commercial facilities, NEXI facilities and Term Loan facilities agreement with Japan Bank for International Corporation ("Secured Term Loan agreements"), the company has entered into seven interest rate hedging agreements with a view to cap the company's exposure to fluctuating interest rates. The maximum loan amount covered during the tenure is US $ 1,152 million. Under the hedging agreements, the company pays a fixed interest rate between 3.102 % to 3.75 % per annum as per the respective swap agreement and receives a floating interest rate based on US $ LIBOR with effective dates starting from 28 February 2012/28 March 2012 till 28 December 2028. As at 31 December 2012, an unrealised loss of US $ 168.8 million (2011: US $ 123.3 million) relating to measuring the financial instrument at fair value is included in equity in respect of these contracts.

The table below shows the negative fair value of the derivative financial instrument relating to secured term loan agreements, which is equivalent to the market values, together with the notional amounts analysed by the term to maturity. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured.

31 December 2012			Notional amounts by term to maturity		
	Negative fair value	Notional amount Total	1 - 12 months	More than 1 upto 5 years	Over 5 years
	RO'000	RO'000	RO'000	RO'000	RO'000
Interest rate swaps	64,905	442,801	-	84,979	357,821
	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000
Interest rate swaps	168,804	1,151,627	-	221,012	930,615

31 December 2012			Notional amounts by term to maturity		
	Negative fair value	Notional amount Total	1 - 12 months	More than 1 upto 5 years	Over 5 years
	RO'000	RO'000	RO'000	RO'000	RO'000
Interest rate swaps	47,409	442,801	-	61,758	381,042
	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000
Interest rate swaps	123,301	1,151,627	-	160,620	991,007

All of these interest rate swaps are designated and effective as cash flow hedges and the fair value thereof has been dealt with in equity.

Forward foreign exchange contracts

In order to reduce its exposure to foreign exchange rates fluctuations relating to payments to be made to contractor for services rendered under long term supply and services contract for gas turbines, the company has entered into a foreign exchange swap agreement with a bank for the foreign exchange amounts which are required to be paid in future. As at 31 December 2012, an unrealised loss of US $ 13.9 million (RO 5.4 million) [2011 : US $ 21.5 million (RO 8.2 million)] relating to measuring the financial instrument at fair value is included in equity in respect of these contracts.

31 December 2012			Notional amounts by term to maturity		
	Negative fair value	Notional amount Total	1 - 12 months	More than 1 upto 5 years	Over 5 years
	RO'000	RO'000	RO'000	RO'000	RO'000
Forward foreign exchange contracts	5,351	87,511	834	22,249	64,429
	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000
Forward foreign exchange contracts	13,916	227,600	2,170	57,865	167,565

31 December 2012			Notional amounts by term to maturity		
	Negative fair value	Notional amount Total	1 - 12 months	More than 1 upto 5 years	Over 5 years
	RO'000	RO'000	RO'000	RO'000	RO'000
Forward foreign exchange contracts	8,274	87,513	-	17,220	70,292
	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000
Forward foreign exchange contracts	21,519	227,600	-	44,785	182,815

11. ACCOUNTS PAYABLE AND ACCRUALS

31/12/2011	***31/12/2012***		***31/12/2012***	*31/12/2011*
US $'000	***US $'000***		***RO'000***	*RO'000*
60,264	**44,023**	Trade accounts payable	**16,927**	23,170
2,632	**265**	Amounts due to related parties (note 13)	**102**	1,012
866	**11,450**	Accrued expenses	**4,403**	333
63,762	**55,738**		**21,432**	24,515
-	**(27)**	Less: employee's end of service benefits included in accruals (refer note below)	**(10)**	-
63,762	**55,711**		**21,422**	24,515

Employee's end of service benefits

31/12/2011	***31/12/2012***		***31/12/2012***	*31/12/2011*
US $'000	***US $'000***		***RO'000***	*RO'000*
-	**27**	Charge for the year	**10**	-
-	**27**	As at 31 December	**10**	-

12. CONTINGENCIES

Contingencies

At 31 December 2012 the Company had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise, amounting to USD 130 million (RO 50 million) [2011 : USD 130 million (RO 50 million)].

13. RELATED PARTY TRANSACTIONS

Related parties comprise the shareholders, directors, key management personnel and business entities in which they have the ability to control or exercise significant influence in financial and operating decisions.

The Company maintains balances with these related parties which arise in the normal course of business from the commercial transactions, and are entered into at terms and conditions which the management consider to be comparable with those adopted for arm's length transactions with third parties. At the reporting date, due from (to) related parties were as follows:

31/12/2011	***31/12/2012***	**Due from related party**	***31/12/2012***	*31/12/2011*
US $'000	***US $'000***		***RO'000***	*RO'000*
14	**-**	Shareholders	**-**	5

31/12/2011	***31/12/2012***	**Due from related party**	***31/12/2012***	*31/12/2011*
US $'000	***US $'000***		***RO'000***	*RO'000*
-	**265**	Other related parties	**102**	-
2,632	**-**	Shareholders	**-**	1,012
2,632	**265**		**102**	1,012

Transactions with related parties included in the capital work in progress as of reporting date are as follows:

31/12/2011	***31/12/2012***		***31/12/2012***	*31/12/2011*
US $'000	***US $'000***		***RO'000***	*RO'000*
33,621	**44,985**	Shareholders	**17,297**	12,927
-	**2,097**	Other related parties	**806**	-
33,621	**47,082**		**18,103**	12,927

14. INCOME TAX

The tax rate applicable to the company is 12% (2011 - 12%). For the purpose of determining the tax expense for the year, the accounting result has been adjusted for tax purposes. Adjustments for tax purposes include items relating to both income and expense. The adjustments are based on current understanding of the existing laws, regulations and practices.

The company has no taxable profit or loss for the period. Therefore, the applicable tax rate is nil. The average effective tax rate cannot be determined in view of no tax charge for the current period.

Deferred tax asset has been computed at an effective tax rate of 12% (2011 - 12%). The net deferred tax asset amounting to US $ 22.3 million (RO 8.6 million) [2011 : US $ 17.7 million (RO 6.8 million)] recognised in other comprehensive income pertains to temporary differences arising on negative fair value of derivative financial instruments recognised in equity.

15. COMMITMENTS

EPC and other project related commitments

The company entered into an EPC contract with Daewoo Engineering and Construction Co. Ltd. In accordance with the terms of the contract, the company will pay US $ 1,235 million for the engineering, procurement and construction of the Sur IPP Project. As at 31 December 2012, an amount of US$ 320.7 million (RO 123 million) [2011: US$ 985 million (RO 379 million)] is committed to be paid in future in accordance with the dates set out in the agreement.

Other commitments

The company has entered into agreements for purchase of natural gas with the Ministry of Oil and Gas, Usufruct rights over plant site with the Government of Sultanate of Oman, long term supply of spare parts of gas turbines with Siemens Aktiengesellschaft, maintenance service of gas turbines with Siemens LLC Oman, operation and maintenance of the Sur IPP Project with Phoenix Operation and Maintenance Company LLC.

16. RISK MANAGEMENT

Interest rate risk

The company's exposure to the risk of changes in market interest rates relates primarily to the company's long-term debt obligations with floating interest rates. To manage this, the company enters into interest rate swaps, in which the company agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. These swaps are designated to hedge underlying debt obligations. The details of company's interest rate swap agreements are set out in note 10.

Liquidity risk

The company maintains sufficient and approved bank credit limits to meet its obligations as they fall due for payment and is therefore not subjected to significant liquidity risk.

Year ended 31 December 2012	Less than 3 months RO'000	3 to 12 months RO'000	1 to 5 years RO'000	More than 5 years RO'000	Total RO'000
Trade and other accounts payable	21,319	-	-	-	21,319
Amount due to related parties	102	-	-	-	102
Employee's end of service benefits	-	-	-	10	10
Interest bearing loans and borrowing	-	-	145,760	274,234	419,994
	21,421	-	145,760	274,244	441,425

Year ended 31 December 2012	Less than 3 months US $'000	3 to 12 months US $'000	1 to 5 years US $'000	More than 5 years US $'000	Total US $'000
Trade and other accounts payable	55,446	-	-	-	55,446
Amount due to related parties	265	-	-	-	265
Employee's end of service benefits	-	-	-	27	27
Interest bearing loans and borrowing	-	-	379,090	713,224	1,092,314
	55,711	-	379,090	713,251	1,148,052

Period ended 31 December 2011	Less than 3 months RO'000	3 to 12 months RO'000	1 to 5 years RO'000	More than 5 years RO'000	Total RO'000
Trade and other accounts payable	23,504	-	-	-	23,504
Amount due to related parties	1,012	-	-	-	1,012
Interest bearing loans and borrowing	-	-	145,760	-	145,760
	24,516	-	145,760	-	170,276

The table below summarises the maturities of the Company's undiscounted financial liabilities at 31 December 2012.

Period ended 31 December 2011	Less than 3 months US $'000	3 to 12 months US $'000	1 to 5 years US $'000	More than 5 years US $'000	Total US $'000
Trade and other accounts payable	61,130	-	-	-	61,130
Amount due to related parties	2,632	-	-	-	2,632
Interest bearing loans and borrowing	-	-	379,090	-	379,090
	63,762	-	379,090	-	442,852

Currency risk

The Company's majority of foreign currency transactions are denominated in Rial Omani and Euro. As the Rial Omani is pegged to the US Dollar the transactions are not expected to have any significant currency risk. The company has entered into forward foreign exchange contracts to hedge its Euro exchange risk arising on certain payments to be made in Euro as per its agreement with Siemens. The details of which are set out in note 10.

Capital management

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year ended 31 December 2012.

17. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets, financial liabilities and derivatives.

Financial assets consist of cash and bank balances and other receivables. Financial liabilities consist of interest bearing loans and borrowings and payables. Derivatives consist of interest rate swap arrangements and forward foreign exchange currency contracts.

Fair value hierarchy

The company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:
Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The fair values of financial instruments are not materially different from their carrying values. The derivatives are fair valued with reference to broker/dealer price quotation.

18. COMPARATIVE INFORMATION

Comparative figures have been adjusted or reclassified to conform to the presentation adopted for the current year.

Financial Statements

31 December 2013

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PHOENIX POWER COMPANY SAOC

Report on the Financial Statements

We have audited the accompanying financial statements of Phoenix Power Company SAOC ('the Company'), which comprise the statement of financial position as at 31 December 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2013, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Date: 27th February, 2014

Muscat

Statement of comprehensive income

For the year ended 31 December 2013

2012 US $'000	**2013** **US $'000**		Notes	**2013** **RO'000**	2012 RO'000
-	**2,550**	Income	12	**980**	-
-	**(301)**	General and administrative expenses		**(116)**	-
-	**2,249**	Profit before income tax		**864**	-
-	**(261)**	Income tax	15	**(100)**	-
-	**1,988**	**PROFIT FOR THE YEAR**		**764**	-
		OTHER COMPREHENSIVE INCOME (EXPENSE), NET OF TAX			
		Item that is be reclassified to profit and loss in subsequent periods:			
(38,390)	**112,041**	Net movement in fair value of cash flow hedges		**43,080**	(14,761)
4,607	**(13,445)**	Income tax effect		**(5,170)**	1,771
(33,783)	**98,596**	**OTHER COMPREHENSSIVE INCOME (EXPENSE) FOR THE YEAR**		**37,910**	(12,990)
(33,783)	**100,584**	**TOTAL COMPREHENSSIVE INCOME (EXPENSE) FOR THE YEAR**		**38,674**	(12,990)

The financial statements were approved and authorised for issue in accordance with a resolution of the Board of Directors on 27th February, 2014

Director Sd/-	Director Sd/-

The notes on pages 120 to 133 form an integral part of these financial statements.

The report of the Auditors is set forth on page 115.

Statement of financial position

At 31 December 2013

2012 US $'000	2013 US $'000		Notes	2013 RO'000	2012 RO'000
		ASSETS			
		Non current assets			
1,138,514	**1,473,210**	Plant and equipment	4	**566,450**	437,759
688	**-**	Other receivables	6	**-**	265
22,328	**8,883**	Deferred tax asset	15	**3,415**	8,585
1,161,530	**1,482,093**			**569,865**	446,609
		Current assets			
7,399	**6,300**	Bank balances	5	**2,422**	2,845
2,751	**732**	Other receivables	6	**282**	1,057
10,150	**7,032**			**2,704**	3,902
1,171,680	**1,489,125**	**TOTAL ASSETS**		**572,569**	450,511
		EQUITY AND LIABILITIES			
		Equity			
1,300	**1,300**	Share capital	7	**500**	500
-	**199**	Legal reserve	8	**77**	-
(163,739)	**(65,143)**	Cumulative changes in fair values	10	**(25,048)**	(62,958)
-	**1,789**	Retained earnings		**687**	-
(162,439)	**(61,855)**	**Total equity**		**(23,784)**	(62,458)
		Non current liabilities			
1,092,314	**990,595**	Interest bearing loans and borrowing	9	**380,884**	419,994
156,599	**30,705**	Fair value of derivative financial instruments	10	**11,806**	60,212
27	**70**	Employees' end of service benefits	11	**27**	10
1,248,940	**1,021,370**			**392,717**	480,216
		Current liabilities			
55,711	**53,889**	Accounts payable and accruals	11	**20,722**	21,422
-	**432,139**	Interest bearing loans and borrowing	9	**166,157**	-
29,468	**43,321**	Fair value of derivative financial instruments	10	**16,657**	11,331
-	**261**	Income tax payable	15	**100**	-
85,179	**529,610**			**203,636**	32,753
1,334,119	**1,550,980**	**Total liabilities**		**596,353**	512,969
1,171,680	**1,489,125**	**TOTAL EQUITY AND LIABILITIES**		**572,569**	450,511

The notes on pages 120 to 133 form an integral part of these financial statements.

The report of the Auditors is set forth on page 115.

Statement of cash flows

For the year ended 31 December 2013

2012 US $'000	**2013 US $'000**		Notes	**2013 RO'000**	2012 RO'000
		OPERATING ACTIVITIES			
-	**2,249**	Profit before tax		**864**	-
-	**4**	Employee's end of service benefits charged		**2**	-
-	**2,253**	Working capital changes:		**866**	-
(1,755)	**2,707**	Other receivables		**1,040**	(675)
(8,024)	**(1,783)**	Accounts payable and accruals		**(685)**	(3,083)
(9,779)	**3,177**	Net cash from (used in) operating activities		**1,221**	(3,758)
		INVESTING ACTIVITIES			
(789,725)	**(334,696)**	Capital work in progress	4	**(128,691)**	(303,650)
(789,725)	**(334,696)**	Net cash used in investing activities		**(128,691)**	(303,650)
		FINANCING ACTIVITIES			
799,711	**330,420**	Proceeds from interest bearing loans and borrowings		**127,047**	307,488
799,711	**330,420**	Net cash from financing activities		**127,047**	307,488
207	**(1,099)**	**(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS**		**(423)**	80
7,192	**7,399**	Cash and cash equivalents at 1 January		**2,845**	2,765
7,399	**6,300**	**CASH AND CASH EQUIVALENTS AT 31 DECEMBER**	5	**2,422**	2,845

The notes on pages 120 to 133 form an integral part of these financial statements.

The report of the Auditors is set forth on page 115.

Statement of changes in equity

For the year ended 31 December 2013

	Share capital	*Legal reserve*	*Cumulative changes in fair value*	*Retained earnings*	*Total*
	US$ '000	*US$ '000*	*US$ '000*	*US$ '000*	*US$ '000*
Balance as on 1 January 2012	1,300	-	(129,956)	-	(128,656)
Total comprehensive expense for the year	-	-	(33,783)	-	(33,783)
Balance at 31 December 2012	1,300	-	(163,739)	-	(162,439)
Total comprehensive income for the year	-	-	98,596	1,988	100,584
Transfer to legal reserve	-	199	-	(199)	-
Balance at 31 December 2013	**1,300**	**199**	**(65,143)**	**1,789**	**(61,855)**

	Share capital	*Legal reserve*	*Cumulative changes in fair value*	*Retained earnings*	*Total*
	RO'000	*RO'000*	*RO'000*	*RO'000*	*RO'000*
Balance as on 1 January 2012	500	-	(49,968)	-	(49,468)
Total comprehensive expense for the year	-	-	(12,990)	-	(12,990)
Balance at 31 December 2012	500	-	(62,958)	-	(62,458)
Total comprehensive income for the year	-	-	37,910	764	38,674
Transfer to legal reserve	-	77	-	(77)	-
Balance at 31 December 2013	**500**	**77**	**(25,048)**	**687**	**(23,784)**

The notes on pages 120 to 133 form an integral part of these financial statements.

The report of the Auditors is set forth on page 115.

1. ACTIVITIES

Phoenix Power Company SAOC ("the Company") is a closed Joint Stock Company. It was incorporated as a closely held joint stock Company in the Sultanate of Oman on 25 June 2011 under a trade license issued by the Ministry of Commerce & Industry. The Company's registered address is at P.O. Box 96, Postal Code 102, Muscat, Sultanate of Oman.

The principal activities of the Company are to develop, finance, design, construct, operate, maintain, insure and own a power generating station and associated gas interconnection facilities and other relevant infrastructure.

The Company has entered into following significant agreements:

i. Power Purchase Agreement (PPA) with Oman Power and Water Procurement Company SAOC (OPWP) granting the Company the right to generate electricity and water in Sur for a period of fifteen years commencing from the commercial operations date based on a tariff structure.
ii. Natural Gas Sales Agreement (NGSA) with the Ministry of Oil and Gas of the Government of the Sultanate of Oman (MOG) for the purchase of natural gas for fifteen years at a pre-determined price.
iii. iii. Usufruct Agreement with the Government of the Sultanate of Oman for grant of Usufruct rights over the plant site for 25 years.
iv. Agreement with local and international banks for long-term loan facilities and interest rate hedge arrangements.
v. Agreement with Siemens LLC Oman for long team service contract for maintenance service of the gas turbines.
vi. Agreement with Siemens Aktiengesellschaft for long team supply contract for supplying the spare parts of gas turbines.
vii. Agreement with Phoenix Operation and Maintenance Company LLC for the operation and maintenance of the Sur IPP Project.
viii. Agreement with Daewoo Engineering and Construction Co. Ltd for engineering, procurement and construction of the Sur IPP Project.
ix. Agreement with Oman Oil Marketing Company SAOG for supply of automotive diesel.
x. Project Founders' Agreement dated 13 July 2011 made between Electricity Holding Company SAOC, Marubeni Corporation; Chubu Electric Power Co; Qatar Electricity and Water Company (Q.S.C.); and Multitech LLC.
xi. Shareholders' Agreement dated 13 July 2011, amended and restated dated 28 November 2011 made between Electricity Holding Company SAOC, Axia Power Holding B.V; Chubu Electric Power Sur B.V; Qatar Electricity and Water Company (Q.S.C.); and Multitech LLC.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting standards and applicable requirements of the Commercial Companies Law of the Sultanate of Oman.

Items included in the financial statements of the Company are measured and presented in US Dollars (US $) being the currency of the primary economic environment in which the Company operates.

These financial statements are presented in US Dollars and Rial Omani (RO), rounded to the nearest thousand. The RO amounts shown in the financial statement have been translated from US $ 1 = RO 0.3845 and are shown for the convenience of the reader.

The financial statements are prepared under the historical cost convention modified to include the measurement at fair value of derivative financial instruments.

Accounting policies

The significant accounting policies are consistent with those used in the previous financial year except as follows:

Changes in accounting policy and disclosures

The Company adopted for the first time, certain standards and amendments effective as of 1 January 2013. IFRS 13 Fair Value Measurement and amendments to IAS 1 Presentation of Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and several other amendments apply for the first time in 2013. However, they do not impact the annual financial statements of the Company.

The significant accounting policies adopted by the Company are as follows:

Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Capital work in progress is recorded at cost less impairment, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

Depreciation is calculated on a straight line basis over the estimated useful lives of the assets.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss, when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Cash and cash equivalents

Cash and cash equivalents comprise cash at hand, bank balances and short term deposits with an original maturity of three months or less.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Impairment and uncollectibility of financial assets

An assessment is made at each reporting date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, an impairment loss is recognised in the profit or loss. Impairment is determined as follows:

a. For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the profit or loss;
b. For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset;
c. For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

Other receivables

Other receivables are stated at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

Account payables and accruals

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Provisions

Provisions are recognised when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

Employees' end of service benefits

The Company provides end of service benefits to its expatriate employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period and is payable under the Omani labour law issued under Royal Decree.

Leases

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum leased payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases.

Income tax

Taxation is provided for in accordance with Omani fiscal regulations.

Deferred income tax is provided, using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on laws that have been enacted at the reporting date.

Deferred income tax assets are recognised for all deductible temporary differences and carry-forward of unused tax assets and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Income tax relating to items recognised directly in equity are recognised in equity and not in the profit or loss.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All differences are taken to the profit or loss.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed as incurred. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds.

Derivative financial Instruments

The Company enters into derivative instruments mainly interest rate swaps to hedge its risks associated with interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value.

The Company also uses forward exchange contracts to hedge its risk associated primarily with foreign currency fluctuations relating to services to be received from contractor under long term supply and services contract for gas turbines. These are included in the statement of financial position at fair value and any resultant gain or loss is recognised in the statement of changes in equity and subsequently adjusted against the cost of services received.

The fair values of derivative instruments are included in other receivables in case of favourable contracts and other payables in case of unfavourable contracts.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting years for which they were designated.

Cash flow hedges are those which hedge exposure to variability in cash flows of a recognised asset or liability or a forecast transaction.

The fair value of interest rate swap contracts is calculated based on discounted cash flows using current forward interest rate for items with the same maturity.

The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while any ineffective portion is recognised immediately in the profit or loss.

Amounts taken to equity are transferred to the profit or loss when the hedged transaction affects the profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

For hedges which do not qualify for hedge accounting, any gains or losses arising from changes in the fair value of the hedging instrument are taken directly to the profit or loss for the year.

If the forecast transaction or firm commitment is no longer expected to occur, amounts previously recognised in equity are transferred to the profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction or firm commitment occurs.

Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method (EIR).

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the profit or loss.

Derecognition of financial assets and financial liabilities

Financial assets:

A financial asset (or, where applicable a part of a financial asset or part of a Company of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and
- Either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

Financial liabilities:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

"Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if:

– There is a currently enforceable legal right to offset the recognised amounts and;
– There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

Fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

– In the principal market for the asset or liability, or
– In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The fair value of interest-bearing items is estimated based on discounted cash flows using interest rates for items with similar terms and risk characteristics. The fair value of unquoted derivatives is determined by reference to broker/dealer price quotations.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

– Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
– Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
– Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount and the increase is recognised as income immediately, provided that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised earlier.

Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date.

3. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following new standards and amendments have been issued by the International Accounting Standards Board (IASB) but are not yet mandatory for the year ended 31 December 2013:

i. IAS 32, Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32: effective for annual periods commencing 1 January 2014;

ii. IAS 39, Novation of Derivatives and Continuation of Hedge Accounting -Amendments to IAS 39:effective for annual periods commencing 1 January 2014;

iii. Investment Entities - (Amendments to IFRS 10, IFRS 12 and IAS 27): effective for annual periods commencing 1 January 2014.

iv. IFRIC Interpretation 21 Levies (IFRIC 21): effective for annual periods commencing 1 January 2014.

v. IFRS 9, Financial Instruments : The Company has not adopted first phase of IFRS 9, which is currently not mandatory. IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2015. At the IASB meeting held in July 2013, the IASB tentatively decided to defer the mandatory effective date of IFRS 9 and that the mandatory effective date should be left open pending the finalisation of the impairment and classification and measurement requirements. In subsequent phases, the IASB is addressing hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will not have any significant impact on the Company's financial statements.

These standards and interpretations are not expected to impact the Company's financial position or performance when they become effective.

4. PLANT AND EQUIPMENT

2012	***2013***		***2013***	*2012*
US $'000	***US $'000***		***RO'000***	*RO'000*
		Capital work in progress:		
348,789	**1,138,514**	As at 1 January	**437,759**	134,109
789,725	**334,696**	Additions during the year	**128,691**	303,650
1,138,514	**1,473,210**	As at 31 December	**566,450**	437,759

Capital work in progress includes US $ 26.9 million (RO 10.3 million) [2012 : US $ 26.9 million (RO 10.3 million)] towards deferred finance charges incurred till date. These are in the nature of directly attributable transaction costs for interest bearing loans and borrowings which are not yet fully drawdown. These will be adjusted against loans once they are fully drawn down and will be amortised accordingly.

Borrowing costs amounting to US $ 84.9 million (RO 32.6 million) [2012 : US $ 24.8 million (RO 9.5 million)] are included in capital work in progress as of the reporting date.

5. BANK BALANCES

2012 US $'000	**2013 US $'000**		**2013 RO'000**	2012 RO'000
7,399	**6,300**	Bank balances	**2,422**	2,845

6. OTHER RECEIVABLES

2012 US $'000	**2013 US $'000**		**2013 RO'000**	2012 RO'000
		Capital work in progress:		
3,395	**688**	Prepayments	**265**	1,305
44	**44**	Others	**17**	17
3,439	**732**		**282**	1,322
(688)	**-**	Less : non-current portion of prepayments	**-**	(265)
2,751	**732**	As at 31 December	**282**	1,057

7. SHARE CAPITAL

Authorised, issued and fully paid

2012 US $'000	**2013 US $'000**		**2013 RO'000**	2012 RO'000
1,300	**1,300**	500,000 shares of RO 1 (US $ 2.60) each	**500**	500

8. LEGAL RESERVE

As required by the Commercial Companies Law of the Sultanate of Oman, 10% of annual profit of the Company is required to be transferred to legal reserve until the reserve is equal to one third of the issued share capital of the Company. The reserve is not available for distribution.

9. INTEREST BEARING LOANS AND BORROWING

2012 US $'000	**2013 US $'000**		**2013 RO'000**	2012 RO'000
379,090	**379,090**	Equity bridge loan from commercial banks	**145,760**	145,760
209,213	**306,136**	Secured term loan from commercial banks	**117,709**	80,442
399,405	**584,440**	Secured term loan from Japan Bank for International Cooperation	**224,717**	153,571
104,606	**153,068**	Secured term loan under NEXI facilities	**58,855**	40,221
1,092,314	**1,422,734**		**547,041**	419,994
-	**432,139**	Less : current portion of loans	**166,157**	-
1,092,314	**990,595**	Non current portion of loans	**380,884**	419,994

The Company has entered into four equity bridge loan agreements with Commercial Banks of US $ 379 million with sponsor guarantee from Marubeni Corporation, Chubu Electric Power Co. Inc, Qatar Electricity and Water Company and Suhail Bahwan Group (Holding) LLC. As of the reporting date, US $ 379 million (2012: US $ 379 million) was drawdown from these four equity bridge loans. These equity bridge loans are repayable on 1 April 2014 and carry interest at LIBOR + applicable margin. The Company in order to manage its interest rate risk has entered into interest rate swap agreements, the details of which are set out in note 10.

The Company has entered into secured term loan agreements in relation to the Sur IPP Project. The total amount of the term loan is US$ 1,194 million with stand by facility of US$ 38 million at LIBOR + applicable margin.

The Company started drawdowns in 2012. Subsequent to completion of drawdowns in future, the loans will be repayable in instalments of several denominations, every sixth month from 28 December 2014, the final instalment will be due on 28 December 2028. The Company in order to manage its interest rate risk has entered into certain interest rate swap arrangements, the details of which are set out in note 10.

The loan agreements contain certain restrictive covenants, which include, amongst other restrictions over debt service, pattern of shareholding, payment of dividends, asset sales/transfers, amendment to significant agreements entered by the Company and creation of additional security under charge.

10. DERIVATIVE FINANCIAL STATEMENTS

2012 US $'000	**2013 US $'000**		**2013 RO'000**	2012 RO'000
		Cumulative changes in fair value:		
172,152	**73,068**	Interest rate swap agreements	**28,095**	66,192
13,915	**958**	Forward foreign exchange contracts	**368**	5,351
186,067	**74,026**	Fair value of derivatives	**28,463**	71,543
(22,328)	**(8,883)**	Less : income tax effect (note 15)	**(3,415)**	(8,585)
163,739	**65,143**		**25,048**	62,958

The current and non current portion of fair value of derivatives is as follows:

2012 US $'000	**2013 US $'000**		**2013 RO'000**	2012 RO'000
156,599	**30,705**	Non current portion	**11,806**	60,212
29,468	**43,321**	Current portion	**16,657**	11,331
186,067	**74,026**		**28,463**	71,543

Interest rate swap agreements

In accordance with the requirements of its equity bridge loan agreements, the Company has entered into six interest rate hedging agreements with a view to cap the company's exposure to fluctuating interest rates. The maximum loan amount covered during the tenure is US $ 357,097 million. Under the hedging agreements, the Company pays a fixed interest rate ranging between 1.065% to 1.0942% per annum as per the respective swap agreement and receives a floating interest rate based on US $ LIBOR with effective date starting from 28 September 2011 till 28 March 2014. As at 31 December 2013, an unrealised loss of US $ 1.27 million (2012 :US $ 3.35 million) relating to measuring the financial instrument at fair value is included in equity in respect of these contracts.

The table below shows the negative fair value of the derivative financial instrument relating to equity bridge loan, which is equivalent to the market values, together with the notional amounts analysed by the term to maturity. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured.

31 December 2013			Notional amounts by term to maturity		
	Fair value of derivatives	**Notional amount total**	**1 - 12 months**	**More than 1 upto 5 years**	**Over 5 years**
	RO'000	**RO'000**	**RO'000**	**RO'000**	**RO'000**
Interest rate swaps	**487**	**137,304**	**137,304**	**-**	**-**
	US$ '000	**US$ '000**	**US$ '000**	**US$ '000**	**US$ '000**
Interest rate swaps	**1,266**	**357,097**	**357,097**	**-**	**-**

31 December 2013			Notional amounts by term to maturity		
	Fair value of derivatives	Notional amount total	1 - 12 months	More than 1 upto 5 years	Over 5 years
	RO'000	RO'000	RO'000	RO'000	RO'000
Interest rate swaps	1,287	137,304	-	137,304	-
	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000
Interest rate swaps	3,347	357,097	-	357,097	-

In accordance with the requirements of its Commercial facilities, NEXI facilities and Term Loan facilities agreement with Japan Bank for International Corporation ("Secured Term Loan agreements"), the Company has entered into seven interest rate hedging agreements with a view to cap the Company's exposure to fluctuating interest rates. The maximum loan amount covered during the tenure is US $ 1,152 million. Under the hedging agreements, the Company pays a fixed interest rate between 3.102 % to 3.75 % per annum as per the respective swap agreement and receives a floating interest rate based on US $ LIBOR with effective dates starting from 28 February 2013/28 March 2013 till 28 December 2028. As at 31 December 2013, an unrealised loss of US $ 71.8 million (2012: US $ 168.8 million) relating to measuring the financial instrument at fair value is included in equity in respect of these contracts.

The table below shows the negative fair value of the derivative financial instrument relating to secured term loan agreements, which is equivalent to the market values, together with the notional amounts analysed by the term to maturity. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured.

31 December 2013			Notional amounts by term to maturity		
	Fair value of derivatives	**Notional amount total**	**1 - 12 months**	**More than 1 upto 5 years**	**Over 5 years**
	RO'000	**RO'000**	**RO'000**	**RO'000**	**RO'000**
Interest rate swaps	**27,608**	**442,801**	**6,541**	**102,039**	**334,221**
	US$ '000	**US$ '000**	**US$ '000**	**US$ '000**	**US$ '000**
Interest rate swaps	**71,802**	**1,151,627**	**17,012**	**265,382**	**869,233**

31 December 2013			Notional amounts by term to maturity		
	Fair value of derivatives	Notional amount total	1 - 12 months	More than 1 upto 5 years	Over 5 years
	RO'000	RO'000	RO'000	RO'000	RO'000
Interest rate swaps	64,905	442,801	-	84,979	357,822
	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000
Interest rate swaps	168,804	1,151,627	-	221,012	930,615

All of these interest rate swaps are designated as effective cash flow hedges and the fair value thereof has been dealt with in equity.

Forward foreign exchange contracts

In order to reduce its exposure to foreign exchange rates fluctuations relating to payments to be made to contractor for services rendered under long term supply and services contract for gas turbines, the Company has entered into a foreign exchange swap agreement with a bank for the foreign exchange amounts which are required to be paid in future. As at 31 December 2013, an unrealised loss of US $ 0.958 million (RO 0.368 million) [2012 : US $ 13.9 million (RO 5.4 million)] relating to measuring the financial instrument at fair value is included in equity in respect of these contracts. The related details are set out below:

31 December 2013		Notional amounts by term to maturity			
	Fair value of derivatives	***Notional amount Total***	***1 - 12 months***	***More than 1 upto 5 years***	***Over 5 years***
	RO'000	***RO'000***	***RO'000***	***RO'000***	***RO'000***
Forward foreign exchange contracts	**368**	**86,677**	**1,604**	**23,479**	**61,594**
	US$ '000	**US$ '000**	**US$ '000**	**US$ '000**	**US$ '000**
Forward foreign exchange contracts	**958**	**225,429**	**4,171**	**61,063**	**160,195**

31 December 2012		Notional amounts by term to maturity			
	Fair value of derivatives	*Notional amount Total*	*1 - 12 months*	*More than 1 upto 5 years*	*Over 5 years*
	RO'000	*RO'000*	*RO'000*	*RO'000*	*RO'000*
Forward foreign exchange contracts	5,351	87,511	834	22,249	64,428
	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000
Forward foreign exchange contracts	13,916	227,600	2,170	57,865	167,565

11. ACCOUNTS PAYABLE AND ACCRUALS

2012	***2013***		***2013***	*2012*
US $'000	***US $'000***		***RO'000***	*RO'000*
44,023	**3,952**	Trade accounts payable	**1,520**	16,927
265	**748**	Amounts due to related parties (note 14)	**287**	102
11,450	**22,350**	Accrued expenses	**8,595**	4,403
-	**26,909**	Other payable	**10,347**	-
55,738	**53,959**		**20,749**	21,432
(27)	**(70)**	Less: employees' end of service benefits included in accruals (refer note below)	**(27)**	(10)
55,711	**53,889**		**20,722**	21,422

The liquidated damages amounting to USD 29.459 million (RO 11.327 million) were levied by the Company during the year and have been withheld from progress payments to be made by the Company to the EPC Contractor. Out of the total liquidated damages, the Company has recognised an income of USD 2.55 million (RO 0.98 million) for not achieving the Early Power during the month of April 2013, which it considers is reasonably certain and the balance amounting to USD 26.909 million (RO 10.347 million) withheld by the Company is recorded as other payable.

Employees' end of service benefits

2012	***2013***		***2013***	*2012*
US $'000	***US $'000***		***RO'000***	*RO'000*
-	**27**	As at 1 January	**10**	-
27	**43**	Charge for the year	**17**	10
27	**70**	As at 31 December	**27**	10

The employees' end of service benefits pertains mainly to staff directly or indirectly involved in construction of the company's Sur IPP project and has been included in capital work in progress except an proportionate charge of USD 4 thousand (RO 2 thousand) [2012 : Nil] which was charged to profit and loss for the year.

12. INCOME

In accordance with the PPA, the scheduled early power commencement date was due on 1 April 2013. The Company's EPC Contractor has not achieved the Early Power Commencement.

Income represent the amount of liquidated damages invoice to EPC Contractor for not achieving the early power during the month of April 2013.

13. CONTINGENCIES

(i) Guarantees

At 31 December 2013 the Company had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise, amounting to USD 130 million (RO 50 million) [2012 : USD 130 million (RO 50 million)].

(ii) Claims

The EPC Contractor has submitted to the Company a claim totalling USD 21 million (RO 8 million) and time extension relating to delay in supply of gas and 220kV back-feed. The Company has rejected this claim because there have also been several delays to the EPC's work. As EPC Contractor was itself not ready to receive gas or the 220kV back-feed, the Company and its legal counsel believes that the delay of supply gas or 220kV back-feed did not cause delay to the critical path, and hence the Company is in a robust position to reject the EPC Contractor's claim and the Company has claimed liquidated damages from EPC Contractor. However, in order to maintain its back to back position, the Company has forwarded the EPC Contractor's claim to OPWP. Accordingly management believe no provision is required in the financial statement.

14. RELATED PARTY TRANSACTIONS

Related parties comprise the shareholders, directors, key management personnel and business entities in which they have the ability to control or exercise significant influence in financial and operating decisions.

The Company maintains balances with these related parties which arise in the normal course of business from the commercial transactions, and are entered into at terms and conditions which the management consider to be comparable with those adopted for arm's length transactions with third parties. At the reporting date, due from / to related parties were as follows:

2012	***2013***	**Due to related parties**	***2013***	*2012*
US $'000	***US $'000***		***RO'000***	*RO'000*
265	**534**	Other related parties	**205**	102
-	**214**	Shareholders	**82**	-
265	**748**		**287**	102

Transactions with related parties included in the capital work in progress as of reporting date are as follows:

2012	***2013***		***2013***	*2012*
US $'000	***US $'000***		***RO'000***	*RO'000*
44,985	**56,866**	Shareholders	**21,865**	17,297
2,097	**6,448**	Other related parties	**2,479**	806
47,082	**63,314**		**24,344**	18,103

15. INCOME TAX

The tax rate applicable to the Company is 12% (2012-12%). For the purpose of determining the tax expense for the year, the accounting result has been adjusted for tax purposes. Adjustments for tax purposes include items relating to both income and expense. The adjustments are based on current understanding of the existing laws, regulations and practices. None of the Company's assessments have been finalised by the tax department.

The following is reconciliation of income tax expense at the applicable rate:

2012	2013		2013	2012
US $'000	**US $'000**		**RO'000**	RO'000
-	**2,249**	Profit before tax	**864**	-
-	**(261)**	Tax expense for the year	**(100)**	-

Deferred tax

Deferred tax asset has been computed at an effective tax rate of 12% (2012 - 12%). The net deferred tax asset amounting to US $ 8.9 million (RO 3.4 million) [2012 : US $ 22.3 million (RO 8.6 million)] recognised through other comprehensive income pertains to temporary differences arising on negative fair value of derivative financial instruments recognised in equity.

16. COMMITMENTS

EPC and other project related commitments

The company entered into an EPC contract with Daewoo Engineering and Construction Co. Ltd. In accordance with the terms of the contract, the company will pay US $ 1,235 million for the engineering, procurement and construction of the Sur IPP Project. As at 31 December 2013, an amount of US$ 62.8 million (RO 24.15 million) [2012 : US$ 320.7 million (RO 123 million)] is committed to be paid in future in accordance with the dates set out in the agreement.

Other commitments

The company has entered into agreements for purchase of natural gas with the Ministry of Oil and Gas, Usufruct rights over plant site with the Government of Sultanate of Oman, long term supply of spare parts of gas turbines with Siemens Aktiengesellschaft, maintenance service of gas turbines with Siemens LLC Oman, operation and maintenance of the Sur IPP Project with Phoenix Operation and Maintenance Company LLC.

17. RISK MANAGEMENT

Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the company's long-term debt obligations with floating interest rates. To manage this, the Company enters into interest rate swaps, in which the Company agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. These swaps are designated to hedge underlying debt obligations. The details of company's interest rate swap agreements are set out in note 10.

Liquidity risk

The Company maintains sufficient and approved bank credit limits to meet its obligations as they fall due for payment and is therefore not subjected to significant liquidity risk.

The table below summarises the maturities of the Company's financial liabilities at 31 December 2013.

Year ended 31 December 2013	Less than 3 months RO'000	3 to 12 months RO'000	1 to 5 years RO'000	More than 5 years RO'000	Total RO'000
Trade and other accounts payable	20,434	-	-	-	20,434
Amount due to related parties	288	-	-	-	288
Income tax payable	100	-	-	-	100
Interest bearing loans and borrowing	-	166,157	81,588	299,296	547,041
	20,822	166,157	81,588	299,296	567,863

Year ended 31 December 2013	Less than 3 months US $'000	3 to 12 months US $'000	1 to 5 years US $'000	More than 5 years US $'000	Total US $'000
Trade and other accounts payable	53,141	-	-	-	53,141
Amount due to related parties	748	-	-	-	748
Income tax payable	261	-	-	-	261
Interest bearing loans and borrowing	-	432,139	212,193	778,402	1,422,734
	54,150	432,139	212,193	778,402	1,476,884

Year ended 31 December 2012	Less than 3 months RO'000	3 to 12 months RO'000	1 to 5 years RO'000	More than 5 years RO'000	Total RO'000
Trade and other accounts payable	21,319	-	-	-	21,319
Amount due to related parties	102	-	-	-	102
Interest bearing loans and borrowing	-	-	145,760	274,235	419,995
	21,421	-	145,760	274,235	441,416

Year ended 31 December 2012	Less than 3 months US $'000	3 to 12 months US $'000	1 to 5 years US $'000	More than 5 years US $'000	Total US $'000
Trade and other accounts payable	55,446	-	-	-	55,446
Amount due to related parties	265	-	-	-	265
Interest bearing loans and borrowing	-	-	379,090	713,224	1,092,314
	55,711	-	379,090	713,224	1,148,025

Currency risk

The Company's majority of foreign currency transactions are denominated in Rial Omani and Euro. As the Rial Omani is pegged to the US Dollar the transactions are not expected to have any significant currency risk. The company has entered into forward foreign exchange contracts to hedge its Euro exchange risk arising on certain payments to be made in Euro as per its agreement with Siemens. The details of which are set out in note 10. Bank balances and cash includes Euro 629,433 of bank balance as at 31 December 2013.

Capital management

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year ended 31 December 2013.

18. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets, financial liabilities and derivatives.
Financial assets consist of cash and bank balances and other receivables. Financial liabilities consist of interest bearing loans and borrowings and payables. Derivatives consist of interest rate swap arrangements and forward foreign exchange currency contracts. The fair values of financial instruments are not materially different from their carrying values. The derivatives are fair valued using level 2 technique with reference to broker/dealer price quotation.

Financial Statements

31 December 2014

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PHOENIX POWER COMPANY SAOC

Report on the financial statements

We have audited the accompanying financial statements of Phoenix Power Company SAOC ('the Company'), which comprise the statement of financial position as at 31 December 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and the applicable requirements of the Commercial Companies Law of 1974, as amended, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2014, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

In our opinion, the financial statements comply, in all material respects, with the relevant disclosure requirements of the Commercial Companies Law of 1974, as amended.

9 March 2015

Muscat

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	*2014 RO'000*	*2014 US$'000*	*2013 RO'000*	*2013 US$'000*
Operating revenue	4	**2,274**	**5,915**	-	-
Operating costs	5	**(2,272)**	**(5,907)**	-	-
Operating profit		**2**	**8**	-	-
Other income	21	**22,298**	**57,993**	980	2,550
General and administrative expenses	6	**(317)**	**(824)**	(116)	(301)
Finance costs	7	**(1,248)**	**(3,246)**	-	-
Profit before tax		**20,735**	**53,931**	864	2,249
Income tax	8	**(9,423)**	**(24,508)**	(100)	(261)
PROFIT FOR THE YEAR		**11,312**	**29,423**	764	1,988
OTHER COMPREHENSIVE (EXPENSE) INCOME, NET OF TAX					
Item that may be reclassified to profit and loss in subsequent periods:					
Net movement in fair value of cash flow hedges	17	**(17,231)**	**(44,813)**	43,080	112,041
Income tax effect		**2,068**	**5,378**	(5,170)	(13,445)
OTHER COMPREHENSIVE (EXPENSE) INCOME FOR THE YEAR		**(15,163)**	**(39,435)**	37,910	98,596
TOTAL COMPREHENSIVE (EXPENSE) INCOME FOR THE YEAR		**(3,851)**	**(10,012)**	38,674	100,584
BASIC EARNINGS PER SHARE (RO/US$)	14	**(0.035)**	**(0.09)**	77.348	201.17

The attached notes 1 to 26 form part of these financial statements.

PHOENIX POWER COMPANY SAOG
(Under Transformation)

STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2014

	Notes	2014 RO'000	2014 US$'000	2013 RO'000	2013 US$'000
ASSETS					
Non-current assets					
Property, plant and equipment	9	615,745	1,601,417	-	-
Capital work in progress	10	-	-	566,450	1,473,210
Deferred tax asset	8	-	-	3,415	8,883
		615,745	1,601,417	569,865	1,482,093
Current assets					
Trade and other receivables	11	13,487	35,076	282	732
Inventories	12	10,850	28,220	-	-
Bank balances	13	14,737	38,327	2,422	6,300
		39,074	101,623	2,704	7,032
TOTAL ASSETS		654,819	1,703,040	572,569	1,489,125
EQUITY AND LIABILITIES					
Equity					
Share capital	14	146,260	380,390	500	1,300
Legal reserve	15	1,208	3,141	77	199
Cumulative changes in fair values	17	(40,211)	(104,578)	(25,048)	(65,143)
Retained earnings		10,868	28,270	687	1,789
Total equity		118,125	307,223	(23,784)	(61,855)
Non-current liabilities					
Interest bearing loans and borrowings	16	402,900	1,047,854	380,884	990,595
Fair value of derivative financial instruments	17	32,874	85,497	11,806	30,705
Provision for asset retirement obligation	19	4,413	11,477	-	-
Deferred tax liability	8	3,941	10,247	-	-
Employees' end of service benefits	18	23	59	27	70
		444,151	1,155,134	392,717	1,021,370
Current liabilities					
Interest bearing loans and borrowings	16	22,964	59,725	166,157	432,139
Accounts payable and accruals	18	56,759	147,616	20,722	53,889
Fair value of derivative financial instruments	17	12,820	33,342	16,657	43,321
Income tax payable	8	-	-	100	261
		92,543	240,683	203,636	529,610
Total liabilities		536,694	1,395,817	596,353	1,550,980
TOTAL EQUITY AND LIABILITIES		654,819	1,703,040	572,569	1,489,125

The financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 9th March 2015.

Director
Sd/-

Director
Sd/-

The attached notes 1 to 26 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	*Share capital*	*Legal reserve*	*Cumulative changes in fair values*	*Retained earnings*	*Total*
		RO'000	***RO'000***	***RO'000***	***RO'000***	***RO'000***
Balance at 1 January 2013		500	-	(62,958)	-	(62,458)
Profit for the year		-	-	-	764	764
Other comprehensive income		-	-	37,910	-	37,910
Total comprehensive income		-	-	37,910	687	38,674
Transfer to legal reserve	15	-	77	-	(77)	-
Balance at 31 December 2013		500	77	(25,048)	687	(23,784)
Balance at 1 January 2014		**500**	**77**	**(25,048)**	**687**	**(23,784)**
Profit for the year		**-**	**-**	**-**	**11,312**	**11,312**
Other comprehensive expense	15	**-**	**-**	**(15,163)**	**-**	**(15,163)**
Total comprehensive expense		**-**	**-**	**(15,163)**	**11,312**	**(3,851)**
Transfer to legal reserve		**-**	**1,131**	**-**	**(1,131)**	**-**
Increase in share capital	14	**145,760**	**-**	**-**	**-**	**145,760**
Balance at 31 December 2014		**146,260**	**1,208**	**(40,211)**	**10,868**	**118,125**

	Note	*Share capital*	*Legal reserve*	*Cumulative changes in fair values*	*Retained earnings*	*Total*
		US$'000	***US$'000***	***US$'000***	***US$'000***	***US$'000***
Balance at 1 January 2013		1,300	-	(163,739)	-	(162,439)
Profit for the year		-	-	-	1,988	1,988
Other comprehensive income		-	-	98,596	-	98,596
Total comprehensive income		-	-	98,596	-	98,596
Transfer to legal reserve	15	-	199	-	(199)	-
Balance at 31 December 2013		1,300	199	(65,143)	1,789	(61,855)
Balance at 1 January 2014		**1,300**	**199**	**(65,143)**	**1,789**	**(61,855)**
Profit for the year		**-**	**-**	**-**	**29,423**	**29,423**
Other comprehensive expense	15	**-**	**-**	**(39,435)**	**-**	**(39,435)**
Total comprehensive expense		**-**	**-**	**(39,435)**	**29,423**	**(10,012)**
Transfer to legal reserve		**-**	**2,942**	**-**	**(2,942)**	**-**
Increase in share capital	14	**379,090**	**-**	**-**	**-**	**379,090**
Balance at 31 December 2014		**380,390**	**3,141**	**(104,578)**	**28,270**	**307,223**

The attached notes 1 to 26 form part of these financial statements.

STATEMENT OF CASH FLOWS

AT 31 DECEMBER 2014

	Notes	2014 RO'000	2014 US$'000	2013 RO'000	2013 US$'000
OPERATING ACTIVITIES					
Profit before tax		**20,735**	**53,931**	864	2,249
Depreciation	9	**934**	**2,428**	-	-
Asset retirement obligation - unwinding of discount	7	**12**	**32**	-	-
Accruals for employees' end of service benefits	18	**12**	**31**	2	4
		21,693	**56,422**	866	2,253
Working capital changes:					
Trade and other receivables		**(13,204)**	**(34,344)**	1,040	2,707
Accounts payable and accruals		**36,037**	**93,727**	(685)	(1,783)
Inventories		**(10,850)**	**(28,220)**	-	-
Cash generated from operations		**33,676**	**87,585**	1,221	3,177
Income tax paid		**(100)**	**(261)**	-	-
Employees' end of service benefits paid	18	**(16)**	**(42)**	-	-
Cash generated from operating activities		**33,560**	**87,282**	1,221	3,177
INVESTING ACTIVITIES					
Additions to property, plant and equipment		**(45,828)**	**(119,190)**	(128,691)	(334,696)
Net cash used in investing activities		**(45,828)**	**(119,190)**	(128,691)	(334,696)
FINANCING ACTIVITIES					
Increase in share capital	14	**145,760**	**379,090**	-	-
Proceeds from interest bearing loans and borrowings	16	**24,583**	**63,935**	127,047	330,420
Repayment of equity bridge loan	16	**(145,760)**	**(379,090)**	-	-
Net cash from financing activities		**24,583**	**63,935**	127,047	330,420
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**12,315**	**32,027**	(423)	(1,099)
Cash and cash equivalents at the beginning of the year		**2,422**	**6,300**	2,845	7,399
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	13	**14,737**	**38,327**	2,422	6,300

The attached notes 1 to 26 form part of these financial statements

1 ACTIVITIES

Phoenix Power Company SAOC ("the Company") is a closed Joint Stock Company. It was incorporated as a closely held joint stock Company in the Sultanate of Oman on 25 June 2011 under a trade license issued by the Ministry of Commerce & Industry. The Company's registered address is at P.O. Box 96, Postal Code 102, Muscat, Sultanate of Oman.

The principal activities of the Company are to develop, finance, design, construct, operate, maintain, insure and own a power generating station and associated gas interconnection facilities and other relevant infrastructure.

The Company has entered into following significant agreements:

i. Power Purchase Agreement (PPA) with Oman Power and Water Procurement Company SAOC (OPWP) granting the Company the right to generate electricity in Sur for a period of fifteen years commencing from the commercial operations date based on a tariff structure.
ii. Natural Gas Sales Agreement (NGSA) with the Ministry of Oil and Gas of the Government of the Sultanate of Oman (MOG) for the purchase of natural gas for fifteen years at a pre-determined price.
iii. Usufruct Agreement with the Government of the Sultanate of Oman for grant of Usufruct rights over the plant site for 25 years.
iv. Agreement with local and international banks for long-term loan facilities and interest rate hedge arrangements.
v. Agreement with Siemens LLC Oman for long term service contract for maintenance service of the gas turbines.
vi. Agreement with Siemens Aktiengesellschaft for long term supply contract for supplying the spare parts of gas turbines.
vii. Agreement with Phoenix Operation and Maintenance Company LLC for the operation and maintenance of the Sur IPP Project.
viii. Agreement with Daewoo Engineering and Construction Co. Ltd for engineering, procurement and construction of the Sur IPP Project.
ix. Agreement with Oman Oil Marketing Company SAOG for supply of automotive diesel.
x. Project Founders' Agreement dated 13 July 2011 made between Electricity Holding Company SAOC, Marubeni Corporation; Chubu Electric Power Co; Qatar Electricity and Water Company (Q.S.C.); and Multitech LLC
xi. Shareholders' Agreement dated 13 July 2011, amended and restated dated 28 November 2011 made between Electricity Holding Company SAOC, Axia Power Holding B.V; Chubu Electric Power Sur B.V; Qatar Electricity and Water Company (Q.S.C.); and Multitech LLC.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting standards and applicable requirements of the Commercial Companies Law of the Sultanate of Oman.

Items included in the financial statements of the Company are measured and presented in US Dollars (US $) being the currency of the primary economic environment in which the Company operates.

These financial statements are presented in US Dollars and Rial Omani (RO), rounded to the nearest thousand. The RO amounts shown in the financial statement have been translated using exchange rate of US $ 1 = RO 0.3845 and are shown for the convenience of the reader.

The financial statements are prepared under the historical cost convention modified to include the measurement at fair value of derivative financial instruments.

2.2 Accounting policies

The significant accounting policies are consistent with those used in the previous financial year except as follows:

- Changes in accounting policy and disclosures

For the year ended 31 December 2014, the Company has adopted all of the new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations

Committee (IFRIC) of the IASB that are relevant to its operations and effective for periods beginning on 1 January 2014.

- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
- Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32
- Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39
- IFRIC 21 Levies
- Annual Improvements 2010-2012 Cycle
- Annual Improvements 2011-2013 Cycle

The adoption of those standards and interpretations has not resulted in significant changes to the Company's accounting policies and has not affected the amounts reported for the current and prior periods.

2.3 Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Capital work in progress is recorded at cost less impairment, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs for long-term construction projects if the recognition criteria are met.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss, when the asset is derecognized.

Depreciation is calculated using the straight-line method to allocate the cost less its residual value so as to write off items of property, plant and equipment over their estimated useful lives. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of an item is depreciated separately. The estimated useful lives are as follows:

	Years
Plant and machinery	40
Plant building	40
Strategic spares	15
Other assets	5

Where the carrying amount of an asset is greater than its estimated recoverable amount it is written down immediately to its recoverable amount.

Gains and losses on disposals of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining operating profit.

Spare parts that are major components of plant and machinery are recorded as capital spares upon purchase and depreciated over the useful life of related plant and equipment.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if applicable.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment.

Revenue comprises tariffs for power capacity, electrical energy and fuel charges. Tariffs are calculated in accordance with the PPA. Capacity charge payable to the Company for each hour during which the plant is available for power generation. Capacity charges income is recognised on a straight line basis over the lease term. Energy charge revenue which compensates the Company for the fuel and variable cost of power is recognised based on the supply of generated power. The operating revenue is recognised by the Company on an accrual basis of accounting.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due and associated costs.

2.5 Asset retirement obligation

The provision for asset retirement obligation arose on assets constructed on land under usufruct contracts with Public Establishment for Industrial Estate. A corresponding asset is recognised in property, plant and equipment. The asset retirement obligation is provided at the present value of expected costs to settle the obligation using estimated cash flows. The cash flows are discounted at a current pre tax rate that reflects the risks specific to the asset retirement obligation. The unwinding of the discount is expensed as incurred and recognised in the statement of income as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

2.6 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise purchase cost, and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

2.7 Cash and cash equivalents

Cash and cash equivalents comprise cash at hand, bank balances and short term deposits with an original maturity of three months or less.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

2.8 Impairment and un-collectability of financial assets

An assessment is made at each reporting date to determine whether there is objective evidence that a specific financial asset may be impaired. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the statement of comprehensive income. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. Impairment is determined as follows:

a. For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the profit or loss;
b. For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset;
c. For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

2.9 Trade receivable

Trade receivables are stated at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

2.10 Account payable and accruals

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

2.11 Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method (EIR).

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the profit or loss.

2.12 Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All differences are taken to the statement of comprehensive income.

2.13 Provisions

Provisions are recognized when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

2.14 Employees' end of service benefits

The Company provides end of service benefits to its expatriate employees.The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period and is payable under the Omani labor law issued under Royal Decree.

2.15 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed as incurred. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds.

2.16 Deferred financing cost

The cost of obtaining long-term financing is deferred and amortised over the period of the long term loan using the effective interest rate method. Deferred financing costs less accumulated amortisation are offset against the amount of the term loans. The amortisation of the deferred financing costs is charged to the statement of comprehensive income.

2.17 Income tax

Taxation is provided for in accordance with Omani fiscal regulations.

Deferred income tax is provided, using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on laws that have been enacted at the reporting date.

Deferred income tax assets are recognised for all deductible temporary differences and carry-forward of unused tax assets and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Income tax relating to items recognised directly in equity are recognised in equity and not in the profit or loss.

2.18 Dividend

The Board of Directors takes into account appropriate parameters including the requirements of the Commercial Companies Law while recommending the dividend.

Dividends on ordinary shares are recognised when they are approved for payment.

2.19 Derivative financial instruments

The Company enters into derivative instruments mainly interest rate swaps to hedge its risks associated with interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value.

The Company also uses forward exchange contracts to hedge its risk associated primarily with foreign currency fluctuations relating to services to be received from contractor under long term supply and services contract for gas turbines. These are included in the statement of financial position at fair value and any resultant gain or loss is recognised in the statement of changes in equity and subsequently adjusted against the cost of services received.

The fair values of derivative instruments are included in other receivables in case of favourable contracts and other payables in case of unfavourable contracts.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting years for which they were designated.

Cash flow hedges are those which hedge exposure to variability in cash flows of a recognised asset or liability or a forecast transaction.

The fair value of interest rate swap contracts is calculated based on discounted cash flows using current forward interest rate for items with the same maturity.

The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while any ineffective portion is recognised immediately in the profit or loss.

Amounts taken to equity are transferred to the profit or loss when the hedged transaction affects the profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

For hedges which do not qualify for hedge accounting, any gains or losses arising from changes in the fair value of the hedging instrument are taken directly to the profit or loss for the year.

If the forecast transaction or firm commitment is no longer expected to occur, amounts previously recognised in equity are transferred to the profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction or firm commitment occurs.

2.20 Derecognition of financial assets and financial liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a Company of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the

received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and

- Either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if:

There is a currently enforceable legal right to offset the recognised amounts and;

There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.21 Fair Values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The fair value of interest-bearing items is estimated based on discounted cash flows using interest rates for items with similar terms and risk characteristics. The fair value of unquoted derivatives is determined by reference to broker/dealer price.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

– Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
– Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value
– measurement is directly or indirectly observable
– Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable quotations.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.22 Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss.If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount and the increase is recognised as income immediately, provided that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised earlier.

2.23 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the strategic decisions maker. The Company's operating activities are disclosed in note 1 to the financial statements. The strategic business unit offers similar products and services and is managed as one segment. For the strategic business unit, the Executive Managing Director reviews internal management reports on a monthly basis. Performance is measured based on the profit before income tax, as included in the internal management reports. The Executive Managing Director considers the business of the Company as one operating segment and monitors accordingly.

2.24 Critical accounting judgments and key sources of estimation uncertainty

The presentation of financial statements, in conformity with IFRS, requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, incomes and expenditures. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from those estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the significant estimates used in the preparation of the financial statements:

a) Useful lives of property, plant and equipment

Depreciation is charged so as to write-off the cost of assets over their estimated useful lives. The calculation of useful lives is based on management's assessment of various factors such as the operating life, the maintenance programs, and normal wear and tear using its best estimates.

b) Asset retirement obligation

Asset retirement obligation costs are based on management's technical assessment of the probable future costs to be incurred in respect of the decommissioning of the plant facilities.

c) Impairment of plant spares

The carrying amounts of the Company's plant and spares are reviewed at each reporting date to determine whether there is any indication of impairment. Based on management assessment, there is no indicator of impairment of plant spares as at the reporting date.

d) Liquidated damages

The Company has made certain assumption to record liquidated damages, which are explained in notes 18 and 21.

3 Standards issued but not yet effective

The following new standards and amendments have been issued by the International Accounting Standards Board (IASB) that are expected to be relevant to the Company's operations but are not yet mandatory for the year ended 31 December 2014:

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Company is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

4 OPERATING REVENUE

	2014 RO'000	**2014 US$'000**	*2013 RO'000*	*2013 US$'000*
Capacity charges	**1,415**	**3,681**	-	-
Energy charges	**859**	**2,234**	-	-
	2,274	**5,915**	-	-

5 OPERATING COSTS

	2014 RO'000	**2014 US$'000**	*2013 RO'000*	*2013 US$'000*
Gas consumption	**772**	**2,008**	-	-
Depreciation (note 9)	**929**	**2,415**	-	-
Operation and maintenance cost	**230**	**599**		
Contractual services maintenance cost	**208**	**541**		
Insurance	**46**	**120**	-	-
Other direct costs	**55**	**141**	-	-
Connection and license fee	**32**	**83**	-	-
	2,272	**5,907**	-	-

6 GENERAL AND ADMINISTRATIVE EXPENSES

	2014 RO'000	2014 US$'000	2013 RO'000	2013 US$'000
Staff costs and other benefits	133	345	91	236
Legal and professional charges	96	250	-	-
Other expenses	58	151	-	-
Office rent	25	65	25	65
Depreciation (note 9)	5	13	-	-
	317	824	116	301

7 FINANCE COSTS

	2014 RO'000	2014 US$'000	2013 RO'000	2013 US$'000
Interest – term loans and swap settlements	1,110	2,887	-	-
Amortisation of deferred finance cost	107	278	-	-
Asset retirement obligation - unwinding of discount	12	32	-	-
Exchange loss	19	49	-	-
	1,248	3,246	-	-

8 INCOME TAX

	2014 RO'000	2014 US$'000	2013 RO'000	2013 US$'000
a. Recognised in the income statement in the current year				
Income tax	-	-	100	261
Deferred tax	9,423	24,508	-	-
	9,423	24,508	100	261

b. Deferred tax asset (liability)

Recognised deferred tax asset and liabilities are attributable to the following items:

	As at 1 January 2014 RO'000	Recognised during the year RO'000	As at 31 December 2014 RO'000
Property, plant and equipment	-	(9,953)	(9,953)
Provision for asset retirement obligation	-	529	529
Fair value adjustment of swap through equity	3,415	2,068	5,483
Net deferred tax asset (liability)	3,415	(7,356)	(3,941)

	As at 1 January 2014 US$'000	Recognised during the year US$'000	As at 31 December 2014 US$'000
Property, plant and equipment	-	(25,885)	(25,885)
Provision for asset retirement obligation	-	1,377	1,377
Fair value adjustment of swap through equity	8,883	5,378	14,261
Net deferred tax asset (liability)	8,883	(19,130)	(10,247)

	As at 1 January 2013 RO'000	Recognised during the year RO'000	As at 31 December 2013 RO'000
Fair value adjustment of swap through equity	8,585	(5,170)	3,415
	8,585	(5,170)	3,415

	As at 1 January 2013 US$'000	Recognised during the year US$'000	As at 31 December 2013 US$'000
Fair value adjustment of swap through equity	22,328	(13,445)	8,883
	22,328	(13,445)	8,883

c. Reconciliation of income tax expense

The tax rate applicable to the Company is 12% (2013: 12%). For the purpose of determining the taxable result for the year, the accounting profit has been adjusted for tax purposes. Adjustments for tax purposes include items relating to both income and expense. The adjustments are based on the current understanding of the existing tax laws, regulations and practices.

The Company has incurred a tax loss during the year. Therefore the applicable tax rate is nil. The average tax rate cannot be determined in view of the tax loss.

As of 31 December 2014, none of the Company's tax assessments have been completed by the Omani taxation authorities.

9 PROPERTY, PLANT AND EQUIPMENT

Cost	*Plant Building RO'000*	*Plant and Equipment RO'000*	*Strategic spares RO'000*	*Asset Retirement RO'000*	*Other Assets RO'000*	*Total RO'000*
Transfer from capital work in progress (note 10)	83,876	517,486	10,809	-	107	612,278
Additions during the year	-	-	-	4,401	-	4,401
At 31 December 2014	**83,876**	**517,486**	**10,809**	**4,401**	**107**	**616,679**
Accumulated depreciation						
Charge during the year	121	744	42	6	21	934
At 31 December 2014	**121**	**744**	**42**	**6**	**21**	**934**
Net book value						
At 31 December 2014	**83,755**	**516,742**	**10,767**	**4,395**	**86**	**615,745**

The Company had achieved the commercial operation date on 11 December 2014 and commenced depreciating its assets from that date. Depreciation amounting to RO 929 thousands (US$ 2,415 thousands) and RO 5 thousands (US$ 12 thousands) is included under operating costs and general and administrative expenses respectively.

Borrowing costs amounting to RO 50,574 thousands (US$ 131,533 thousands) incurred during the plant construction period is capitalised.

	Plant building US$'000	*Plant and equipment US$'000*	*Strategic spares US$'000*	*Asset retirement US$'000*	*Other assets US$'000*	*Total US$'000*
Cost						
Additions during the year	-	-	-	11,445	-	11,445
Transfer from capital work in progress (note 10)	218,142	1,345,868	28,113	-	277	1,592,400
At 31 December 2014	**218,142**	**1,345,868**	**28,113**	**11,445**	**277**	**1,603,845**
Accumulated Depreciation						
Charge during the year	314	1,936	108	16	54	2,428
At 31 December 2014	**314**	**1,936**	**108**	**16**	**54**	**2,428**
Net book value						
At 31 December 2014	**217,828**	**1,343,932**	**28,005**	**11,429**	**223**	**1,601,417**

10 CAPITAL WORK IN PROGRESS

	2014 RO'000	2014 US$'000	2013 RO'000	2013 US$'000
Opening balance	566,450	1,473,210	437,759	1,138,514
Additions during the year	66,861	173,892	128,691	334,696
Transferred	(633,311)	(1,647,102)	-	-
Closing balance	-	-	566,450	1,473,210
Transferred to:				
Plant building	(83,876)	(218,142)	-	-
Plant and Machinery	(517,486)	(1,345,868)	-	-
Strategic spares	(10,809)	(28,113)	-	-
Other assets	(107)	(277)	-	-
Property plant and equipment	(612,278)	(1,592,400)	-	-
Inventory	(10,854)	(28,229)	-	-
Unamortised transaction costs	(10,179)	(26,473)	-	-
	(633,311)	(1,647,102)	-	-

Capital work in progress included US $ 26.4 million (RO 10.2 million) [2013: US $ 26.9 million (RO 10.3 million)] towards deferred finance charges incurred till date. These are in the nature of directly attributable transaction costs for interest bearing loans and borrowings. In the current year, these are adjusted against loans as they are fully drawn down and are amortised accordingly.

11 TRADE AND OTHER RECEIVABLES

	2014 RO'000	2014 US$'000	2013 RO'000	2013 US$'000
Trade receivables	2,770	7,203	-	-
Receivable from EPC contractor	10,638	27,668	-	-
Prepayments	67	175	265	688
Other receivables	12	30	17	44
	13,487	35,076	282	732

Receivables from EPC contractor include amounts receivable towards liquidated damages to be recovered amounting to USD 15.776 million (RO 6.066 million), payment for excess equivalent operating hours consumed amounting to USD 6.208 million (RO 2.387 million), back feed charges amounting to USD 4.830 million (RO 1.857 million) and forced outages amounting to USD 854 thousand (RO 328 thousand).

12 INVENTORIES

	2014 RO'000	2014 US$'000	2013 RO'000	2013 US$'000
Fuel oil inventory	5,675	14,760	-	-
Maintenance spares	5,175	13,460	-	-
	10,850	28,220	-	-

13 BANK BALANCES

	2014 RO'000	2014 US$'000	2013 RO'000	2013 US$'000
Bank balances	14,737	38,327	2,422	6,300
	14,737	38,327	2,422	6,300

14 SHARE CAPITAL

	2014 RO'000	2014 US$'000	2013 RO'000	2013 US$'000
Authorised, issued and fully paid up share capital of 146,260,146 shares (2013 – 500,000 shares) of RO 1 (US $ 2.60) each	146,260	380,390	500	1,300

During the year, the shareholders have resolved to increase the Company's share capital from US$ 1,300 thousands to (RO 500 thousands) US$ 380,390 thousands (RO 146,260 thousands).

Earnings per share

Basic earnings per share are calculated by dividing the profit for the year by the weighted average number of shares outstanding during the year.

	2014	2014	2013	2013
Profit attributable to ordinary shareholders of parent company for basic earnings per share (RO '000s/ US$'000s)	(3,851)	(10,012)	38,674	100,584
Weighted average number of shares (in 000's)	110,345	110,345	500	500
Basic earnings per share (RO)	(0.035)	-	77.348	-
Basic earnings per share (US$)	-	(0.09)	-	201.17

Net assets per share

Net assets per share is calculated by dividing the equity attributable to the shareholders of the Parent Company at the reporting date by the number of shares outstanding as follows:

	2014 RO	2014 US$	2013 RO	2013 US$
Net assets (RO '000s/US$'000s)	118,125	307,223	(23,784)	(61,855)
Number of shares outstanding at 31 December (in 000's)	146,961	146,961	500	500
Net assets per share (RO)	1.071	-	(47.568)	-
Net assets per share (US$)	-	2.78	-	(123.71)

15 LEGAL RESERVE

As required by the Commercial Companies Law of the Sultanate of Oman, 10% of annual profit of the Company is required to be transferred to legal reserve until the reserve is equal to one third of the issued share capital of the Company. The reserve is not available for distribution.

16 INTEREST BEARING LOANS AND BORROWINGS

	2014 RO'000	**2014 US$'000**	2013 RO'000	2013 US$'000
Equity bridge loan (EBL) from commercial banks	-	-	145,760	379,090
Secured term loan from commercial banks	**127,875**	**332,574**	117,709	306,136
Secured term loan from Japan Bank for International Cooperation	**244,124**	**634,914**	224,717	584,440
Secured term loan under NEXI facilities	**63,937**	**166,287**	58,855	153,068
Less : Deferred finance cost	**(10,072)**	**(26,196)**	-	-
	425,864	**1,107,579**	547,041	1,422,734
Less : Current portion of loans	**(22,964)**	**(59,725)**	(166,157)	(432,139)
Non-current portion of loans	**402,900**	**1,047,854**	380,884	990,595

The Company had entered into four equity bridge loan agreements with Commercial Banks of US $ 379 million with sponsor guarantee from Marubeni Corporation, Chubu Electric Power Co. Inc, Qatar Electricity and Water Company and Suhail Bahwan Group (Holding) LLC. On 1 April 2014, the shareholders repaid the equity bridge loan on behalf of the Company.

The Company had entered into secured term loan agreements in relation to the Sur IPP Project. The total amount of the term loan is US$ 1,194 million with stand by facility of US$ 38 million at LIBOR + applicable margin.

The Company started drawdowns in 2012. The Company has fully drawn down the facility in 2014. The loans will be repayable in instalments of several denominations, every sixth month from 28 December 2014, the final instalment will be due on 28 December 2028. The Company in order to manage its interest rate risk has entered into certain interest rate swap arrangements, the details of which are set out in note 17.

The loan agreements contain certain restrictive covenants, which include, amongst other restrictions over debt service, pattern of shareholding, payment of dividends, asset sales/transfers, amendment to significant agreements entered by the Company and creation of additional security under charge.

17 DERIVATIVE FINANCIAL INSTRUMENTS

	2014 RO'000	**2014 US$'000**	2013 RO'000	2013 US$'000
Cumulative changes in fair value:				
Interest rate swap agreements	**39,450**	**102,600**	28,095	73,068
Forward foreign exchange contracts	**6,244**	**16,239**	368	958
Fair value of derivatives	**45,694**	**118,839**	28,463	74,026
Less : Income tax effect (note 8)	**(5,483)**	**(14,261)**	(3,415)	(8,883)
	40,211	**104,578**	25,048	65,143

The current and non current portion of fair value of derivatives is as follows:

	2014	**2014**	2013	2013
	RO'000	**US$'000**	RO'000	US$'000
Non-current portion	**32,874**	**85,497**	11,806	30,705
Current portion	**12,820**	**33,342**	16,657	43,321
	45,694	**118,839**	28,463	74,026

Interest rate swap agreements

In accordance with the requirements of its equity bridge loan agreements, the Company had entered into six interest rate hedging agreements with a view to cap the company's exposure to fluctuating interest rates. The maximum loan amount covered during the tenure was US $ 357,097 million. Under the hedging agreements, the Company paid a fixed interest rate ranging between 1.065% to 1.0942% per annum as per the respective swap agreement and received a floating interest rate based on US $ LIBOR with effective date starting from 28 September 2011 till 28 March 2014. As at 31 December 2014, an unrealised loss of US $ nil (2013 :US $ 1.27 million) relating to measuring the financial instrument at fair value is included in equity in respect of these contracts.

The table below shows the negative fair value of the derivative financial instrument relating to equity bridge loan, which is equivalent to the market values, together with the notional amounts analysed by the term to maturity.The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured.

31 December 2014		Notional amounts by term to maturity			
	Fair value of derivatives	***Notional amount***	***1 - 12 Months***	***More than 1 up to 5 years***	***Over 5 years***
	RO'000	***RO'000***	***RO'000***	***RO'000***	***RO'000***
Interest rate swaps	-	-	-	-	-
	US$'000	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Non-current portion of loans	-	-	-	-	-

31 December 2013		Notional amounts by term to maturity			
	Fair value of derivatives	Notional amount	1 - 12 Months	More than 1 up to 5 years	Over 5 years
	RO'000	RO'000	RO'000	RO'000	RO'000
Interest rate swaps	487	137,304	137,304	-	-
	US$'000	US$'000	US$'000	US$'000	US$'000
Interest rate swaps	1,266	357,097	357,097	-	-

In accordance with the requirements of its Commercial facilities, NEXI facilities and Term Loan facilities agreement with Japan Bank for International Corporation ("Secured Term Loan agreements"), the Company has entered into seven interest rate hedging agreements with a view to cap the Company's exposure to fluctuating interest rates. The maximum loan amount covered during the tenure is US $ 1,152 million. Under the hedging agreements, the Company pays a fixed interest rate between 3.102 % to 3.75 % per annum as per the respective swap agreement and receives a floating interest rate based on US $ LIBOR with effective dates starting from 28 February 2013/28 March 2013 till 28 December 2028. As at 31 December 2014, an unrealised loss of US $ 102.6 million (2013: US $ 71.8 million) relating to measuring the financial instrument at fair value is included in equity in respect of these contracts.

The table below shows the negative fair value of the derivative financial instrument relating to secured term loan agreements, which is equivalent to the market values, together with the notional amounts analysed by the term to maturity. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured.

31 December 2014			Notional amounts by term to maturity		
	Fair value of derivatives	***Notional amount***	***1 - 12 Months***	***More than 1 up to 5 years***	***Over 5 years***
	RO'000	***RO'000***	***RO'000***	***RO'000***	***RO'000***
Interest rate swaps	**39,450**	**414,082**	**21,815**	**97,348**	**294,919**
	US$'000	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Interest rate swaps	**102,600**	**1,076,937**	**56,737**	**253,182**	**767,018**

31 December 2013			Notional amounts by term to maturity		
	Fair value of derivatives	Notional amount	1 - 12 Months	More than 1 up to 5 years	Over 5 years
	RO'000	RO'000	RO'000	RO'000	RO'000
Interest rate swaps	27,608	442,801	6,541	102,039	334,221
	US$'000	US$'000	US$'000	US$'000	US$'000
Interest rate swaps	71,802	1,151,627	74,689	241,028	835,910

All of these interest rate swaps are designated as effective cash flow hedges and the fair value thereof has been dealt with in equity.

Forward foreign exchange contracts

In order to reduce its exposure to foreign exchange rates fluctuations relating to payments to be made to contractor for services rendered under long term supply and services contract for gas turbines, the Company has entered into a foreign exchange swap agreement with a bank for the foreign exchange amounts which are required to be paid in future. As at 31 December 2014, an unrealised loss of US $ 16.239 million (2013 : US $ 0.958 million) relating to measuring the financial instrument at fair value is included in equity in respect of these contracts. The related details are set overleaf:

31 December 2014	Notional amounts by term to maturity				
	Fair value of derivatives	***Notional amount***	***1 - 12 Months***	***More than 1 up to 5 years***	***Over 5 years***
	RO'000	***RO'000***	***RO'000***	***RO'000***	***RO'000***
Forward foreign exchange contracts	**6,244**	**82,046**	**5,875**	**23,454**	**52,717**
	US$'000	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Forward foreign exchange contracts	**16,239**	**213,383**	**15,280**	**60,999**	**137,104**

31 December 2013	Notional amounts by term to maturity				
	Fair value of derivatives	Notional amount	1 - 12 Months	More than 1 up to 5 years	Over 5 years
	RO'000	RO'000	RO'000	RO'000	RO'000
Forward foreign exchange contracts	368	86,677	1,604	23,479	61,594
	US$'000	US$'000	US$'000	US$'000	US$'000
Forward foreign exchange contracts	958	225,429	12,046	61,062	152,321

18 ACCOUNTS PAYABLE AND ACCRUALS

	2014	***2014***	*2013*	*2013*
	RO'000	***US$'000***	*RO'000*	*US$'000*
Trade accounts payable	**5,993**	**15,586**	1,520	3,952
Amounts due to related parties (note 22)	**330**	**858**	287	748
Accrued expenses	**4,313**	**11,216**	8,595	22,350
Other payable	**46,146**	**120,015**	10,347	26,909
	56,782	**147,675**	20,749	53,959
Less: employees' end of service benefits included in accruals	**(23)**	**(59)**	(27)	(70)
	56,759	**147,616**	20,722	53,889

i. The liquidated damages amounting to USD 179.704 million (RO 69.096 million) (2013 : USD 29.459 million (RO 11.327 million)) were levied by the Company to date and either they have been withheld from progress payments to be made by the Company or paid in cash by the EPC Contractor. Out of the total liquidated damages, the Company has recognised an income of USD 60.543 million (RO 23.279 million) (2013 : USD 2.55 million (RO 0.98 million)) to date for not achieving the early power and project commercial operational date (PCOD), which it considers is reasonably certain and the balance amounting to USD 119.161 million (RO 45.817 million) (2013 : USD 26.909 million (RO 10.347 million)) withheld by the Company is recorded as other payable out of which USD 15.776 million (RO 6.066 million) is yet to be received and is recorded as other receivables (note 11).

ii. Employees' end of service benefits

	2014	***2014***	*2013*	*2013*
	RO'000	***US$'000***	*RO'000*	*US$'000*
As at 1 January	**27**	**70**	10	27
Charge for the year	**12**	**31**	17	43
Paid during the year	**(16)**	**(42)**	-	-
As at 31 December	**23**	**59**	27	70

19 PROVISION FOR ASSET RETIREMENT OBLIGATION

Under the Usufruct Agreement, the Company has a legal obligation to remove the plant at the end of its useful life and restore the land. The Company shall at its sole cost and expense dismantle, demobilise, safeguard and transport the assets, eliminate soil and ground water contamination, fill all excavation and return the surface to grade of the designated areas. The fair value of asset retirement obligation (ARO) provision has been calculated using an expected present value technique. This technique reflects assumptions such as costs, plant useful life, inflation and profit margin that third parties would consider to assume the settlement of the obligation.

The movement in ARO provision is as follows:

	2014	***2014***	*2013*	*2013*
	RO'000	***US$'000***	*RO'000*	*US$'000*
As at 1 January	**-**	**-**	-	
Additions	**4,401**	**11,445**	-	
Unwinding of discount	**12**	**32**	-	-
As at 31 December	**4,413**	**11,477**	-	-

20 CONTINGENCIES

(a) Guarantees

At 31 December 2014, the Company had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise, amounting to USD 130 million (RO 50 million) [2013 : US$ 130 million (RO 50 million)].

(b) Claims

For the Early Power Period, the EPC Contractor submitted to the Company a claim totaling USD 82.3 million (RO 31.6 million) and time extension relating to delay in supply of gas and 220kV back-feed. The Company has rejected this claim because there have also been several delays to the EPC's work. The claim was subsequently debated through the expert determination process, and in May 2014, the expert made a decision that the EPC Contractor is not entitled to any relief, and therefore, the Company is entitled to retain the liquidated damages deducted for the entirety of the early power period. In July, 2014, the EPC Contractor raised the matter to the arbitration. Currently, the matter is being debated in the arbitration process, but the Company and its legal counsel see little reason that the outcome of the arbitration will be any different to that of Expert Determination, and even in case the result shows otherwise, the Company will in such case forward the case to OPWP. Accordingly management believes that no provision is required in the financial statement.

For the PCOD, in September, 2014, the EPC Contractor submitted to the Company a claim requesting for a time extension of 35 to 50 days relating mainly to the grid restriction during the commissioning and construction period. The Company has accordingly forwarded this claim to OPWP in October 2014. Whilst the claim is currently being debated, the Company sees no reason why the outcome of the debate will be any different than that by the Expert Determination for the Early Power Period, because the overriding situation is the same that the EPC Contractor was delayed in its works which had no relevance to the grid restriction. In case the result shows otherwise, the Company will in such case forward the case to OPWP. Accordingly management believes that no provision is required in the financial statement as at 31 December 2014.

21 OTHER INCOME

In accordance with the PPA, the scheduled early power commencement date was due on 1 April 2013, and the Scheduled Project Commercial Operation Date (PCOD) was due on 1 April 2014. The Company's EPC Contractor did not achieve the Early Power Commencement Date during the 6 months of early power period and the Commercial Operation Date was delayed until 10 December 2014.

Income represents the amount of liquidated damages invoiced to EPC Contractor for the period between 1 May and 31 July 2013 for the delay to the early power commencement date and for the period of April and May 2014 for the delay to the PCOD (2013: income from liquidated damages for April 2013 for not achieving early power).

22 RELATED PARTY TRANSACTIONS

Related parties comprise the shareholders, directors, key management personnel and business entities in which they have the ability to control or exercise significant influence in financial and operating decisions.

The Company maintains balances with these related parties which arise in the normal course of business from the commercial transactions, and are entered into at terms and conditions which the management consider to be comparable with those adopted for arm's length transactions with third parties. Transactions with related parties are as follows:

Due to related parties

	2014	***2014***	*2013*	*2013*
	RO'000	***US$'000***	*RO'000*	*US$'000*
Other related parties	**330**	**558**	205	534
Shareholders	**-**	**-**	82	214
Balance at the end of the year	**330**	**558**	287	748

Income statement transactions

	2014	***2014***	*2013*	*2013*
	RO'000	***US$'000***	*RO'000*	*US$'000*
Shareholders	**19**	**49**	-	-
Other related parties :				
Expenses	**230**	**599**	-	-
Key management compensation	**25**	**64**	17	45
Total	**274**	**712**	17	45

Included in property, plant and equipment is an amount of US$ 9.81 million (RO 3.77 million) towards services provided by the related parties.

23 COMMITMENTS

(a) EPC and other project related commitments

The company entered into an EPC contract with Daewoo Engineering and Construction Co. Ltd. in accordance with the terms of the contract, the Company will pay US $ 1,235 million for the engineering, procurement and construction of the Sur IPP Project. As at 31 December 2014, an amount of US$ 11.1 million (RO 4.268 million) [2013 : US$ 62.8million (RO24.15 million)] is committed to be paid in future in accordance with the dates set out in the agreement.

(b) Other commitments

The Company has entered into agreements for purchase of natural gas with the Ministry of Oil and Gas, Usufruct rights over plant site with the Government of Sultanate of Oman, long term supply of spare parts of gas turbines with Siemens Aktiengesellschaft, maintenance service of gas turbines with Siemens LLC Oman, operation and maintenance of the Sur IPP Project with Phoenix Operation and Maintenance Company LLC.

24 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks including interest rate risk, liquidity risk and credit risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the company's financial performance. Risk management is carried out by the management under policies approved by the Board of Directors.

Financial risk factors

(a) Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the company's long-term debt obligations with floating interest rates. To manage this, the Company enters into interest rate swaps, in which the Company agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. These swaps are designated to hedge underlying debt obligations. The details of company's interest rate swap agreements are set out in note 16.

(b) Liquidity risk

The Company maintains sufficient and approved bank credit limits to meet its obligations as they fall due for payment and is therefore not subjected to significant liquidity risk.

The table below summarises the maturities of the Company's financial liabilities at 31 December 2014.

	Less than 3months RO'000	***3 to 12 Months RO'000***	***1 to 5 years RO'000***	***More than 5 years RO'000***	***Total RO'000***
2014					
Trade and other accounts payable	**56,430**	**-**	**-**	**-**	**56,430**
Amounts due to related parties	**330**	**-**	**-**	**-**	**330**
Interest bearing loans and borrowings	**-**	**44,164**	**220,038**	**342,904**	**607,106**
	56,760	**44,164**	**220,038**	**342,904**	**663,866**

	Less than 3months RO'000	*3 to 12 Months RO'000*	*1 to 5 years RO'000*	*More than 5 years RO'000*	*Total RO'000*
2013					
Trade and other accounts payable	20,434	-	-	-	20,434
Amounts due to related parties	288	-	-	-	288
Income tax payable	100	-	-	-	100
Interest bearing loans and borrowings	-	166,157	81,588	299,296	547,041
	20,822	166,157	81,588	299,296	567,863

	Less than 3 months US$'000	*3 to 12 Months US$'000*	*1 to 5 years US$'000*	*More than 5 years US$'000*	*Total US$'000*
2014					
Trade and other accounts payable	**146,759**	**-**	**-**	**-**	**146,759**
Amounts due to related parties	**858**	**-**	**-**	**-**	**858**
Interest bearing loans and borrowings	**-**	**114,860**	**572,271**	**891,819**	**1,578,950**
	147,617	**114,860**	**572,271**	**891,819**	**1,726,567**

	Less than 3 months US$'000	*3 to 12 Months US$'000*	*1 to 5 years US$'000*	*More than 5 years US$'000*	*Total US$'000*
2013					
Trade and other accounts payable	53,141	-	-	-	53,141
Amounts due to related parties	48	-	-	-	748
Income tax payable	261	-	-	-	261
Interest bearing loans and borrowings	-	432,139	212,193	778,402	1,422,734
	54,150	432,139	212,193	778,402	1,476,884

(c) Currency risk

The Company's majority of foreign currency transactions are denominated in Rial Omani and Euro.As the Rial Omani is pegged to the US Dollar the transactions are not expected to have any significant currency risk. The Company has entered into forward foreign exchange contracts to hedge its Euro exchange risk arising on certain payments to be made in Euro as per its agreement with Siemens. The details of which are set out in note 17. Bank balances includes Euro 848,741 of bank balance as at 31 December 2014.

(d) Capital risk management

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year ended 31 December 2014.

25 FAIR VALUE FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets, financial liabilities and derivatives.

Financial assets consist of cash and bank balances and other receivables. Financial liabilities consist of interest bearing loans and borrowings and payables. Derivatives consist of interest rate swap arrangements and forward foreign exchange currency contracts.

The fair values of financial instruments are not materially different from their carrying values. The derivatives are fair valued using level 2 technique with reference to broker/dealer price quotation.

26 FAIR VALUE FINANCIAL INSTRUMENTS

Certain of the corresponding figures for 2013 have been reclassified in order to conform with the presentation for the current year. Such reclassifications do not affect previously reported profit or shareholder's equity.

PHOENIX POWER COMPANY SAOG
(Under Transformation)

Financial Statements

31 March 2015

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STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31 MARCH 2015

	Notes	2015 RO'000	2015 US$'000	2014 RO'000	2014 US$'000
Operating revenue	3	16,103	41,881	-	-
Operating costs	4	(15,072)	(39,200)	-	-
Operating profit		**1,031**	**2,681**	**-**	**-**
General and administrative expenses	5	(377)	(979)	(37)	(98)
Finance costs	6	(5,777)	(15,023)	-	-
Loss before tax		**(5,123)**	**(13,321)**	**(37)**	**(98)**
Income tax		(1,528)	(3,975)	-	-
LOSS FOR THE PERIOD		**(6,651)**	**(17,296)**	**(37)**	**(98)**
OTHER COMPREHENSIVE (EXPENSE) INCOME, NET OF TAX					
Item that may be reclassified to profit and loss in subsequent periods:					
Net movement in fair value of cash flow hedges		(17,337)	(45,090)	2,009	5,226
Income tax effect		2,081	5,410	(241)	(627)
OTHER COMPREHENSIVE (EXPENSE) INCOME FOR THE PERIOD		**(15,256)**	**(39,680)**	**1,768**	**4,599**
TOTAL COMPREHENSIVE (EXPENSE) INCOME FOR THE PERIOD		**(21,907)**	**(56,976)**	**1,731**	**4,501**

The attached notes 1 to 19 form part of these financial statements

STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2015

	Notes	2015 RO'000	2015 US$'000	2014 RO'000	2014 US$'000
ASSETS					
Non-current assets					
Property, plant and equipment	7	**612,096**	**1,591,925**	615,745	1,601,417
		612,096	**1,591,925**	615,745	1,601,417
Current assets					
Trade and other receivables	9	**7,184**	**18,686**	13,487	35,076
Inventories		**10,957**	**28,498**	10,850	28,220
Bank balances	10	**22,444**	**58,371**	14,737	38,327
		40,585	**105,555**	39,074	101,623
TOTAL ASSETS		**652,681**	**1,697,480**	654,819	1,703,040
EQUITY AND LIABILITIES					
Equity					
Share capital	11	**146,260**	**380,390**	146,260	380,390
Legal reserve	12	**1,208**	**3,141**	1,208	3,141
Cumulative changes in fair values	14	**(55,467)**	**(144,258)**	(40,211)	(104,578)
Retained earnings		**4,217**	**10,974**	10,868	28,270
Total equity		**96,218**	**250,247**	118,125	307,223
Non-current liabilities					
Interest bearing loans and borrowings	13	**403,220**	**1,048,688**	402,900	1,047,854
Fair value of derivative financial instruments	14	**45,347**	**117,936**	32,874	85,497
Provision for asset retirement obligation		**4,468**	**11,620**	4,413	11,477
Deferred tax liability		**3,389**	**8,812**	3,941	10,247
Employees' end of service benefits		**27**	**71**	23	59
		456,451	**1,187,127**	444,151	1,155,134
Current liabilities					
Interest bearing loans and borrowings	13	**22,964**	**59,725**	22,964	59,725
Accounts payable and accruals	15	**59,364**	**154,388**	56,759	147,616
Fair value of derivative financial instruments	14	**17,684**	**45,993**	12,820	33,342
		100,012	**260,106**	92,543	240,683
Total liabilities		**556,463**	**1,447,233**	536,694	1,395,817
TOTAL EQUITY AND LIABILITIES		**652,681**	**1,697,480**	654,819	1,703,040

The financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 23rd April, 2015

Director
Sd/-

Director
Sd/-

The attached notes 1 to 19 form part of these financial statements

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 DECEMBER 2015

	Note	*Share capital*	*Legal reserve*	*Cumulative changes in fair values*	*Retained earnings*	*Total*
		RO'000	*RO'000*	*RO'000*	*RO'000*	*RO'000*
Balance at 1 January 2014		500	77	(25,048)	687	(23,784)
Loss for the period		-	-	-	(37)	(37)
Other comprehensive income		-	-	2,009	-	2,009
Balance at 31 March 2014		500	77	(23,039)	650	(21,812)
Balance at 1 January 2015	11	**146,260**	**1,208**	**(40,211)**	**10,868**	**118,125**
Loss for the period		**-**	**-**	**-**	**(6,651)**	**(6,651)**
Other comprehensive expense		**-**	**-**	**(15,256)**	**-**	**(15,256)**
Balance at 31 March 2015		**146,260**	**1,208**	**(55,467)**	**4,217**	**96,218**

	Note	*Share capital*	*Legal reserve*	*Cumulative changes in fair values*	*Retained earnings*	*Total*
		US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Balance at 1 January 2014		1,300	199	(65,143)	1,789	(61,855)
Loss for the period		-	-	-	(98)	(98)
Other comprehensive income		-	-	4,599	-	4,599
Balance at 31 March 2014		1,300	199	(60,544)	1,691	(57,354)
Balance at 1 January 2015	11	**380,390**	**3,141**	**(104,578)**	**28,270**	**307,223**
Loss for the period		**-**	**-**	**-**	**(17,296)**	**(17,296)**
Other comprehensive expense		**-**	**-**	**(39,680)**	**-**	**(39,680)**
Balance at 31 March 2015		**380,390**	**3,141**	**(144,258)**	**10,974**	**250,247**

The attached notes 1 to 19 form part of these financial statements.

PHOENIX POWER COMPANY SAOG
(Under Transformation)

STATEMENT OF CASH FLOWS

	Notes	2015 RO'000	2015 US$'000	2014 RO'000	2014 US$'000
OPERATING ACTIVITIES					
Loss before tax		**(5,123)**	**(13,321)**	(37)	(98)
Depreciation	7	**3,971**	**10,330**	-	-
Asset retirement obligation - unwinding of discount		**55**	**143**	-	-
Accruals for employees' end of service benefits		**4**	**12**	-	-
Amortisation of deferred finance cost		**321**	**834**	-	-
		(772)	**(2,002)**	(37)	(98)
Working capital changes:					
Trade and other receivables		**6,303**	**16,390**	132	344
Accounts payable and accruals		**2,605**	**6,772**	(4,495)	(11,690)
Inventories		**(107)**	**(278)**	-	
Cash generated from operations		**8,029**	**20,882**	(4,400)	(11,444)
Income tax paid		**-**	**-**	(100)	(261)
Cash generated from operating activities		**8,029**	**20,882**	(4,500)	(11,705)
INVESTING ACTIVITIES					
Additions to property, plant and equipment		**(322)**	**(838)**	(14,075)	(36,606)
Net cash used in investing activities		**(322)**	**(838)**	(14,075)	(36,606)
FINANCING ACTIVITIES					
Proceeds from interest bearing loans and borrowings		**-**	**-**	21,845	56,814
Net cash from financing activities		**-**	**-**	21,845	56,814
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**7,707**	**20,044**	3,270	8,503
Cash and cash equivalents at the beginning of the period		**14,737**	**38,327**	2,422	6,300
CASH AND CASH EQUIVALENTS AT 31 MARCH	10	**22,444**	**58,371**	5,692	14,803

The attached notes 1 to 19 form part of these financial statements.

1 ACTIVITIES

Phoenix Power Company SAOC ("the Company") is a closed Joint Stock Company. It was incorporated as a closely held joint stock Company in the Sultanate of Oman on 25 June 2011 under a trade license issued by the Ministry of Commerce & Industry. The Company's registered address is at P.O. Box 96, Postal Code 102, Muscat, Sultanate of Oman.

The principal activities of the Company are to develop, finance, design, construct, operate, maintain, insure and own a power generating station and associated gas interconnection facilities and other relevant infrastructure.

The Company has entered into following significant agreements:

i. Power Purchase Agreement (PPA) with Oman Power and Water Procurement Company SAOC (OPWP) granting the Company the right to generate electricity in Sur for a period of fifteen years commencing from the commercial operations date based on a tariff structure.
ii. Natural Gas Sales Agreement (NGSA) with the Ministry of Oil and Gas of the Government of the Sultanate of Oman (MOG) for the purchase of natural gas for fifteen years at a pre-determined price.
iii. Usufruct Agreement with the Government of the Sultanate of Oman for grant of Usufruct rights over the plant site for 25 years.
iv. Agreement with local and international banks for long-term loan facilities and interest rate hedge arrangements.
v. Agreement with Siemens LLC Oman for long term service contract for maintenance service of the gas turbines.
vi. Agreement with Siemens Aktiengesellschaft for long term supply contract for supplying the spare parts of gas turbines.
vii. Agreement with Phoenix Operation and Maintenance Company LLC for the operation and maintenance of the Sur IPP Project.
viii. Agreement with Daewoo Engineering and Construction Co. Ltd for engineering, procurement and construction of the Sur IPP Project.
ix. Agreement with Oman Oil Marketing Company SAOG for supply of automotive diesel.
x. Project Founders' Agreement dated 13 July 2011 made between Electricity Holding Company SAOC, Marubeni Corporation; Chubu Electric Power Co; Qatar Electricity and Water Company (Q.S.C.); and Multitech LLC
xi. Shareholders' Agreement dated 13 July 2011, amended and restated dated 28 November 2011 made between Electricity Holding Company SAOC, Axia Power Holding B.V; Chubu Electric Power Sur B.V; Qatar Electricity and Water Company (Q.S.C.); and Multitech LLC.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting standards and applicable requirements of the Commercial Companies Law of the Sultanate of Oman.

Items included in the financial statements of the Company are measured and presented in US Dollars (US $) being the currency of the primary economic environment in which the Company operates.

These financial statements are presented in US Dollars and Rial Omani (RO), rounded to the nearest thousand. The RO amounts shown in the financial statement have been translated using exchange rate of US $ 1 = RO 0.3845 and are shown for the convenience of the reader.

The financial statements are prepared under the historical cost convention modified to include the measurement at fair value of derivative financial instruments.

These financials includes audited figures for 31st December 2014. The figures for 31 March 2014 and 2015 are unaudited.

2.2 Accounting policies

The accounting policies applied by the Company in these condensed interim financial statements are consistent with those applied by the Company in its financial statements as at and for the year ended 31 December 2014.

PHOENIX POWER COMPANY SAOG
(Under Transformation)

3 OPERATING REVENUE

	31 MARCH 2015 RO'000	31 MARCH 2015 US$'000	31 MARCH 2014 RO'000	31 MARCH 2014 US$'000
Capacity charges	7,432	19,330	-	-
Energy charges	8,671	22,551	-	-
	16,103	41,881	-	-

4 OPERATING COSTS

	31 MARCH 2015 RO'000	31 MARCH 2015 US$'000	31 MARCH 2014 RO'000	31 MARCH 2014 US$'000
Gas consumption	8,133	21,153	-	-
Depreciation (note 7)	3,970	10,326	-	-
Operation and maintenance cost	1,185	3,081		
Contractual services maintenance cost	1,304	3,391		
Insurance	218	566	-	-
Other direct costs	128	334	-	-
Connection and license fee	134	349	-	-
	15,072	39,200	-	-

5 GENERAL AND ADMINISTRATIVE EXPENSES

	31 MARCH 2015 RO'000	31 MARCH 2015 US$'000	31 MARCH 2014 RO'000	31 MARCH 2014 US$'000
Staff costs and other benefits	183	475	33	87
Legal and professional charges	122	317	-	-
Other expenses	61	159	1	3
Office rent	9	24	3	8
Depreciation (note 7)	2	4	-	-
	377	979	37	98

6 FINANCE COSTS

	31 MARCH 2015 RO'000	31 MARCH 2015 US$'000	31 MARCH 2014 RO'000	31 MARCH 2014 US$'000
Interest – term loans and swap settlements	5,355	13,927	-	-
Amortisation of deferred finance cost	321	834	-	-
Asset retirement obligation - unwinding of discount	55	143	-	-
DSRA LC Commission	12	30		
Exchange loss	34	89	-	-
	5,777	15,023	-	-

7 PROPERTY, PLANT AND EQUIPMENT

	Plant Building RO'000	*Plant and Equipment RO'000*	*Strategic spares RO'000*	*Asset Retirement RO'000*	*Other Assets RO'000*	*Total RO'000*
Cost						
At 1 January 2015	83,876	517,486	10,809	4,401	107	616,679
Additions during the period	-	313	-	-	9	322
At 31 March 2015	**83,876**	**517,799**	**10,809**	**4,401**	**116**	**617,001**
Accumulated depreciation						
At 1 January 2015	121	744	42	6	21	934
Charge during the period	524	3,234	180	28	5	3,971
At 31 March 2015	**645**	**3,978**	**222**	**34**	**26**	**4,905**
Net book value						
At 31 March 2015	**83,231**	**513,821**	**10,587**	**4,367**	**90**	**612,096**
At 31 December 2014	83,755	516,742	10,767	4,395	86	615,745

	Plant building US$'000	*Plant and equipment US$'000*	*Strategic spares US$'000*	*Asset retirement US$'000*	*Other assets US$'000*	*Total US$'000*
Cost						
At 1 January 2015	218,142	1,345,868	28,113	11,445	277	1,603,845
Additions during the period	-	814	-	-	24	838
At 31 March 2015	**218,142**	**1,346,682**	**28,113**	**11,445**	**301**	**1,604,683**
Accumulated Depreciation						
At 1 January 2015	314	1,936	108	16	54	2,428
Charge during the period	1,363	8,412	469	72	14	10,330
At 31 March 2015	**1,677**	**10,348**	**577**	**88**	**68**	**12,758**
Net book value						
At 31 March 2015	**216,465**	**1,336,334**	**27,536**	**11,357**	**233**	**1,591,925**
At 31 December 2014	217,828	1,343,932	28,005	11,429	223	1,601,417

8 CAPITAL WORK IN PROGRESS

	2015 RO'000	2015 US$'000	2014 RO'000	2014 US$'000
Opening balance	-	-	566,450	1,473,210
Additions during the year	-	-	66,861	173,892
Transferred	-	-	(633,311)	(1,647,102)
Closing balance	-	-	-	-
Transferred to:				
Plant building	-	-	(83,876)	(218,142)
Plant and Machinery	-	-	(517,486)	(1,345,868)
Strategic spares	-	-	(10,809)	(28,113)
Other assets	-	-	(107)	(277)
Property plant and equipment	-	-	(612,278)	(1,592,400)
Inventory	-	-	(10,854)	(28,229)
Unamortised transaction costs	-	-	(10,179)	(26,473)
	-	-	(633,311)	(1,647,102)

9 TRADE AND OTHER RECEIVABLES

	2015 RO'000	2015 US$'000	2014 RO'000	2014 US$'000
Trade receivables	**5,684**	**14,783**	2,770	7,203
Advance to suppliers	**65**	**168**	-	-
Receivable from EPC contractor	**353**	**919**	10,638	27,668
Prepayments	**1,070**	**2,786**	67	175
Other receivables	**12**	**30**	12	30
	7,184	**18,686**	13,487	35,076

10 BANK BALANCES

	2015 RO'000	2015 US$'000	2014 RO'000	2014 US$'000
Bank balances	**22,444**	**58,371**	14,737	38,327
	22,444	**58,371**	14,737	38,327

11 SHARE CAPITAL

	2015 RO'000	2015 US$'000	2014 RO'000	2014 US$'000
Authorised, issued and fully paid up share capital of 146,260,146 shares (2014 – 146,260,146 shares) of RO 1 (US $ 2.60) each	**146,260**	**380,390**	146,260	380,390

During 2014 the shareholders have resolved to increase the Company's share capital from US$ 1,300 thousands to (RO 500 thousands) US$ 380,390 thousands (RO 146,260 thousands).

12 LEGAL RESERVE

As required by the Commercial Companies Law of the Sultanate of Oman, 10% of annual profit of the Company is required to be transferred to legal reserve until the reserve is equal to one third of the issued share capital of the Company. The reserve is not available for distribution.

13 INTEREST BEARING LOANS AND BORROWINGS

	2015 RO'000	2015 US$'000	2014 RO'000	2014 US$'000
Secured term loan from commercial banks	**127,875**	**332,574**	127,875	332,574
Secured term loan from Japan Bank for International Cooperation	**244,124**	**634,914**	244,124	634,914
Secured term loan under NEXI facilities	**63,937**	**166,287**	63,937	166,287
Less : Deferred finance cost	**(9,752)**	**(25,362)**	(10,072)	(26,196)
	426,184	**1,108,413**	425,864	1,107,579
Less : Current portion of loans	**(22,964)**	**(59,725)**	(22,964)	(59,725)
Non-current portion of loans	**403,220**	**1,048,688**	402,900	1,047,854

The Company had entered into four equity bridge loan agreements with Commercial Banks ofUS $ 379 million with sponsor guarantee from Marubeni Corporation, Chubu Electric Power Co. Inc, Qatar Electricity and Water Company and Suhail Bahwan Group (Holding) LLC. On 1 April 2014, the shareholders repaid the equity bridge loan on behalf of the Company.

The Company had entered into secured term loan agreements in relation to the Sur IPP Project. The total amount of the term loan is US$ 1,194 million with stand by facility of US$ 38 million at LIBOR + applicable margin.

The Company started drawdowns in 2012. The Company has fully drawn down the facility in 2014. The loans will be repayable in instalments of several denominations, every sixth month from 28 December 2014, the final instalment will be due on 28 December 2028.

The loan agreements contain certain restrictive covenants, which include, amongst other restrictions over debt service, pattern of shareholding, payment of dividends, asset sales/transfers, amendment to significant agreements entered by the Company and creation of additional security under charge.

14 DERIVATIVE FINANCIAL INSTRUMENTS

	2015 RO'000	2015 US$'000	2014 RO'000	2014 US$'000
Cumulative changes in fair value:				
Interest rate swap agreements	**49,906**	**129,795**	39,450	102,600
Forward foreign exchange contracts	**13,125**	**34,134**	6,244	16,239
Fair value of derivatives	**63,031**	**163,929**	45,694	118,839
Less : Income tax effect	**(7,564)**	**(19,671)**	(5,483)	(14,261)
	55,467	**144,258**	40,211	104,578

The current and noncurrent portion of fair value of derivatives is as follows:

	2015 RO'000	2015 US$'000	2014 RO'000	2014 US$'000
Non-current portion	**45,347**	**117,936**	32,874	85,497
Current portion	**17,684**	**45,993**	12,820	33,342
	63,031	**163,929**	45,694	118,839

15 ACCOUNTS PAYABLE AND ACCRUALS

	2015 RO'000	2015 US$'000	2014 RO'000	2014 US$'000
Trade accounts payable	**2,560**	**6,658**	5,993	15,586
Amounts due to related parties (note 16)	**41**	**107**	330	858
Accrued expenses	**10,644**	**27,679**	4,313	11,216
Other payable	**46,146**	**120,015**	46,146	120,015
	59,391	**154,459**	56,782	147,675
Less: employees' end of service benefits included in accruals	**(27)**	**(71)**	(23)	(59)
	59,364	**154,388**	56,759	147,616

16 RELATED PARTY TRANSACTIONS

Related parties comprise the shareholders, directors, key management personnel and business entities in which they have the ability to control or exercise significant influence in financial and operating decisions.

The Company maintains balances with these related parties which arise in the normal course of business from the commercial transactions, and are entered into at terms and conditions which the management consider to be comparable with those adopted for arm's length transactions with third parties. Transactions with related parties are as follows:

Due to related parties

	2015 RO'000	2015 US$'000	2014 RO'000	2014 US$'000
Phoenix Operation and Maintenance Company LLC (POMCo)	**41**	**107**	330	558
Balance at the end of the period	**41**	**107**	330	558

Income statement transactions

	2015 RO'000	2015 US$'000	2014 RO'000	2014 US$'000
Shareholders	**21**	**54**	19	49
Other related parties :				
Expenses reimbursement (POMCo)	**1,144**	**2,975**	230	599
Key management compensation	**55**	**142**	25	64
Total	**1,199**	**3,117**	274	712

17 COMMITMENTS

The Company has entered into agreements for purchase of natural gas with the Ministry of Oil and Gas, Usufruct rights over plant site with the Government of Sultanate of Oman, long term supply of spare parts of gas turbines with Siemens Aktiengesellschaft, maintenance service of gas turbines with Siemens LLC Oman, operation and maintenance of the Sur IPP Project with Phoenix Operation and Maintenance Company LLC.

18 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 31 December 2014.

19 COMPARATIVE FIGURES

Certain comparative figures have been reclassified where necessary to conform to the current period presentation.

Chapter XXIII
Undertakings

(1) Phoenix Power Company SAOG (under transformation)

The Board of Directors of Phoenix Power Company SAOG (under transformation) jointly and severally hereby confirm that:

- The information provided in this Prospectus is true and complete.
- Due diligence has been taken to ensure that no material information has been omitted, the omission of which would render this Prospectus misleading.
- All the provisions set out in the Capital Market Law, the CCL, and the rules and regulations issued pursuant to them have been complied with.

On behalf of the Board of Directors (Authorised Signatories):

Name	Signature
Mr. Khalid Jolo	Sd/-
Mr. Neil Cave	Sd/-

(2) Issue Manager

Pursuant to our responsibilities under Article 3 of the Capital Market Law, Article 13 of the Executive Regulations of the Capital Market Law, issued under CMA Decision No. 1/2009 (as amended), and the directives issued by the CMA, we have reviewed all the relevant documents and other material required for the preparation of this Prospectus pertaining to the issue of the shares of Phoenix Power Company SAOG (under transformation).

The Board of Directors of Phoenix Power Company SAOG (under transformation) will bear the responsibility with regard to the correctness of the information provided for in this Prospectus, and they have confirmed that they have not omitted any material information from it, the omission of which would render this Prospectus misleading.

We confirm that we have undertaken the due diligence required by our profession with regard to this Prospectus which was prepared under our supervision and, based on the reviews and discussions with Phoenix Power, its directors, officers and other related parties, we confirm the following:

- We have undertaken reasonable due diligence to ensure the information given to us by Phoenix Power and included in this Prospectus is conformant with the facts in the documents and other material of the Offer.
- To the best of our knowledge and from the information available from Phoenix Power, Phoenix Power has not omitted any material information, the omission of which would render this Prospectus misleading.
- This Prospectus and the Offer to which it relates, is conformant with all the rules and terms of disclosure stipulated for in the Capital Market Law, the Executive Regulations of the Capital Market Law, the prospectus models applied by the CMA, the CCL and the directives and decisions issued in this regard.
- The information contained in this Prospectus in the Arabic language (and the unofficial translation into the English language) is true, sound and adequate to assist the investor to take the decision as to whether or not to invest in the securities offered.

Financial Adviser & Issue Manager

Sd/-

Bank Muscat SAOG

(3) Legal Adviser

The legal adviser whose name appears below, hereby confirms that all the procedures taken for the offering of the securities as described in this Prospectus are in line with the laws and legislations related to Phoenix Power's business and the CCL, the CML and the regulations and directives issued pursuant to them, the requirements and rules for the issue of shares issued by the CMA, the Articles of Phoenix Power, and the resolutions of the general meeting and Board of Directors of Phoenix Power. Phoenix Power has obtained all the consents and approvals of the official authorities required to carry out the activities described in this Prospectus.

Legal Adviser

Sd/-

Al Busaidy, Mansoor Jamal & Co.

PHOENIX POWER COMPANY SAOG
(Under Transformation)

www.phoenixpoweroman.com