



**Dear Shareholders,**

On behalf of the Board of Directors of United Power Company SAOG (“UPC” or the “Company”), I am glad to present you with the Nineteenth Annual Report of the Company for the year ended 31 December 2013.

The Company owns the Power Generating Station of Manah under a BOOT (build, own, operate and transfer) scheme, and Interconnection and Transmission Facilities under a BOT (build own and transfer) scheme. While the Power Generating Plant will be transferred to the Government in 2020, the Interconnection and Transmission Facilities will be transferred in 2016. All power produced is sold to Oman Power and Water Procurement Company SAOC under long term Power Purchase Agreements, with guaranteed off-take. As such, the Company is not subject to market competition or fluctuation.

The Manah Power Plant has been running smoothly and efficiently, and there is no particular event worthwhile to mention. The 5 generator sets of the project showed an exceptional reliability, and the performances expected for such high-technology machines. However, some changes have been observed in the power environment that the Power Plant operates in. The year saw a number of dispatched starts and stops for the gas turbines coinciding with the commissioning of the power plant at Sur.

Safety in all aspects of operation is the top priority of the Company. The Company is actively involved in the safety activities of its Operator and participates regularly in their safety walks and safety committee meetings. Manah Power Plant has achieved 6424 days of LTI free operation since inception, a significant milestone in energy sector in Oman. The Company would like to thank its operator, its associates, contractors and other entities involved in the Plant activities for this unique achievement.

During the year, the Company successfully commissioned an ambient air quality monitoring station at the Plant. This will help monitor gaseous effluents at ground level and enable the concerned Authorities to establish base-line data for the area.

The Company recorded in 2013, a net profit of Rials Omani 0.762 million. The underlying revenues and costs are in line with the plan and the variation in revenue reflects the agreed tariff structure in PPA of generation and transmission facilities for Phase 1. The Directors of the Company have recommended a final ordinary dividend of Rials Omani 1.394 million, which represents 20% (200 baiza per share) of the current share capital of the Company.

The Company also carried out in December 2013, capital reduction of 5% of the original capital as a consequence to the structured plan of capital reduction approved by the market regulators and the shareholders in the EGM held in 2012.

Due to the definitive life of the project and its purpose, it is the policy of the company to maximize distributing its available profits and in the years where profits are low, it distributes its funds not required for operations by way of well-structured plan of capital reduction. Past five years' distribution to shareholders, are disclosed separately under 'Management Discussion and Analysis Report'.

UPC complies and maintains high standards to the Code of Corporate Governance implemented by the Capital Market Authority as described in the related attached section of this report. In this respect, the Company complies with the guidelines on dividend policy and we are committed to the objectives underlying such guidelines.

There has been no change in the personnel of the Company during the year, except for Mr. Arnaud de Limburg who resigned during the year as Company's Secretary and was replaced by Mr. Guillaume Baudet

The Company is a responsible corporate citizen and supports wide range of Manah community issues with greater emphasis on education of school going children. This year we have decided to publish separately in the Annual Report the details of such activities.

I would like to thank all the personnel associated with the operation of our Manah Power Plant and staff of the Company for their dedication and hard work.

On behalf of the Board of Directors, I would also like to take this opportunity to extend our gratitude to His Majesty Sultan Qaboos Bin Said and His Government for their continued support and encouragement to the private sector. May Allah protect them for all of us.

**Murtadha Ahmed Sultan**  
Chairman of the Board