

We are pleased to present the unaudited financial statements of Sembcorp Salalah Power & Water Company SAOG (“the Company”) for the nine months period ended 30 September 2013 (“9M2013”). In 9M2013, the Company’s recorded a profit after tax of RO 8.99 million compared to a profit after tax of RO 0.96 million in 9M2012, while Earnings before interest and tax (“EBIT”) was RO 30.98 million in 9M2013 compared to RO 17.11 million in 9M2012.

## Business overview

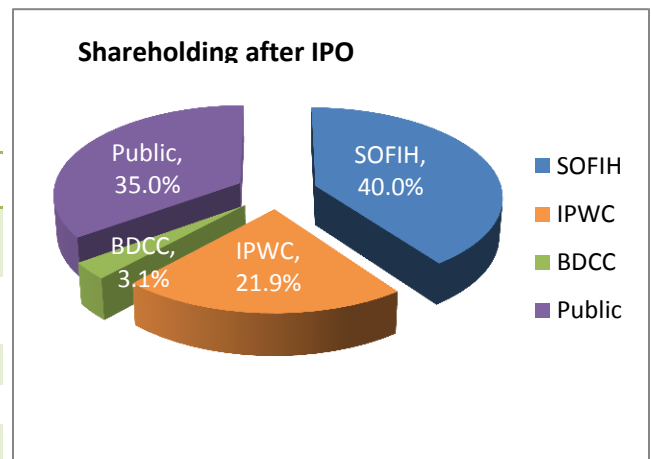
The Company’s core business activity is to provide electricity and water in the region of Dhofar. Contracted capacity for the power plant is 445 megawatts (MW) and for the water plant is 15 million imperial gallons per day (MiGD).

On 7 July 2013 at an Extraordinary General Meeting it was resolved that the Company offer 35% of its shares to the public through an initial public offering (“IPO”) on the Muscat Securities Market (“MSM”).

Subsequent to the IPO, the Company has become a listed public joint stock company (“SAOG”). The IPO was successfully closed on 26 September 2013 and the Company was listed on the MSM on 8 October 2013.

Shareholding after the IPO is as follows:

Name of Shareholders	% shareholding
Sembcorp Oman First Investment Holding Company Limited (SOFIH)	40.000%
Inma Power and Water Company LLC (IPWC)	21.875%
BDCC Investment Company (BDCC)	3.125%
Public (c.12,000 shareholders)	35.000%
<b>Total</b>	<b>100.000%</b>



## Performance overview

### **Operating performance**

The company has shown strong operating and financial performance in 9M2013. Plant load factor has increased over the period for both power and water. Currently, the Company is contributing approximately 90% of the total electricity demand and 100% of the desalinated water demand in the Dhofar Governorate. Key operating performance is characterised by high reliability of the power and water plants. Key operating parameters for 9M2013 are noted below:

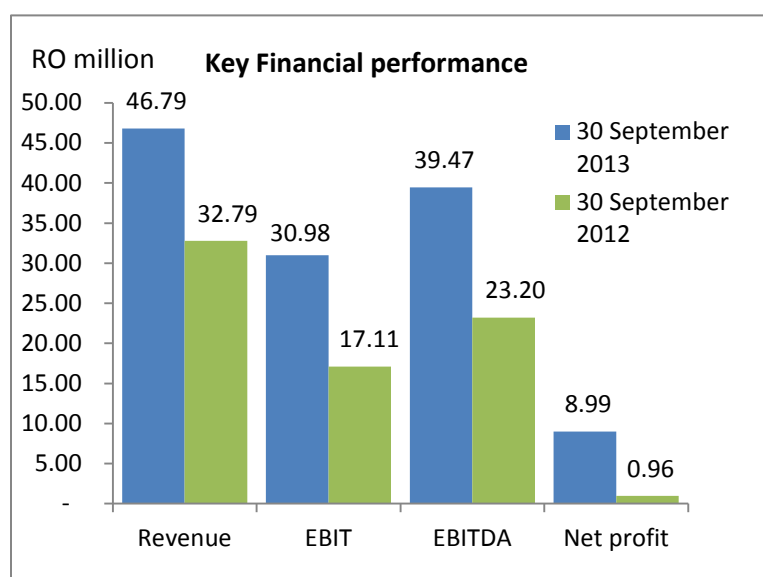
	Unit	9M 2013	9M 2012
Water Reliability	(%)	99.0%	100.0%
Power Reliability	(%)	99.4%	98.6%
Quantity of Water Sold	(Thousand m3)	10,804	Nil
Quantity of Power Sold	(MWh)	1,375,843	1,015,811
Plant Load Factor (Power)	(%)	47.0%	46.0%
Plant Load Factor (Water)*	(%)	58.0%	Nil

\* The Company started dispatching water in 1Q2013.

## Financial performance

Key financial performance indicators are shown below:

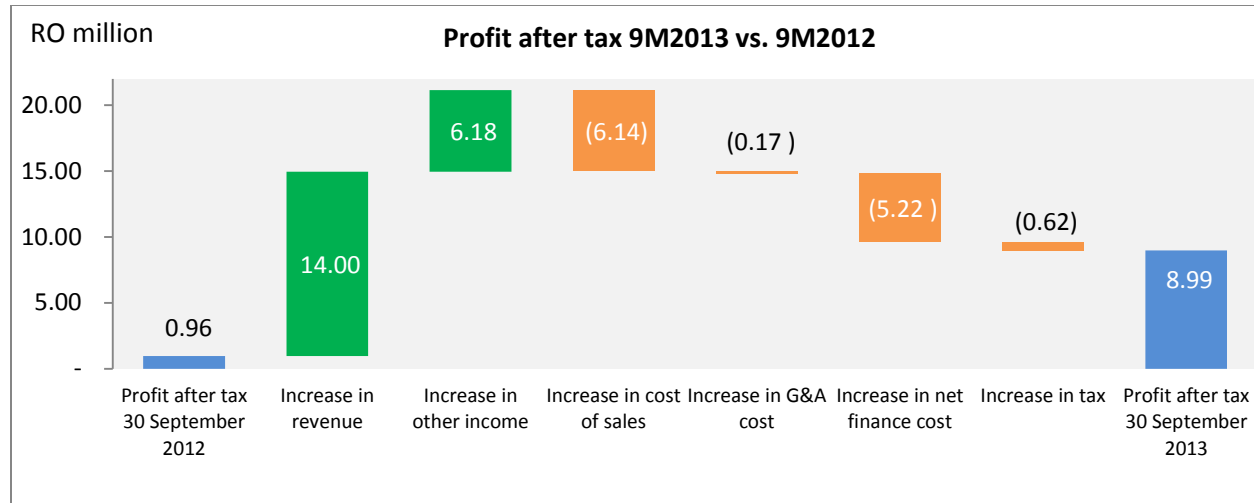
	9M 2013	9M 2012
	RO million	RO million
Revenue	46.79	32.79
EBITDA	39.46	23.20
EBIT	30.98	17.11
Net profit	8.99	0.96



9M2013 financial performance has shown significant improvement over 9M2012 as the Company has been fully operational throughout 2013 whereas in 2012 the Company achieved full commercial operation on 25 May 2012. Hence year 2013 is the first year of full commercial operation.

## 9M2013 Profit after tax

Profit after tax increased significantly from RO 0.96 million in 2012 to RO 8.99 million in 2013. The significant variances are elaborated in the following waterfall chart.

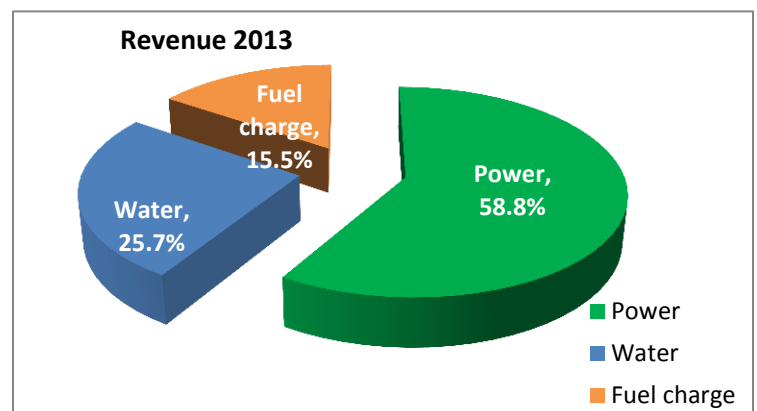


Due to the achievement of full commercial operations on 25 May 2012, Management believes that no meaningful comparison can be given between profit after tax for 9M2013 and 9M2012. However a brief analysis and characteristics of the major components of the profit or loss is presented below:

## Revenue

Power contributes 58.8% (excluding fuel charge) and water contributes 25.7% to overall revenue. Fuel charge revenue is a pass through and is calculated based on consumption of natural gas calculated by the plant model.

The increase in revenue is mainly due to the plant operating fully in 2013 versus partial operation in 2012.

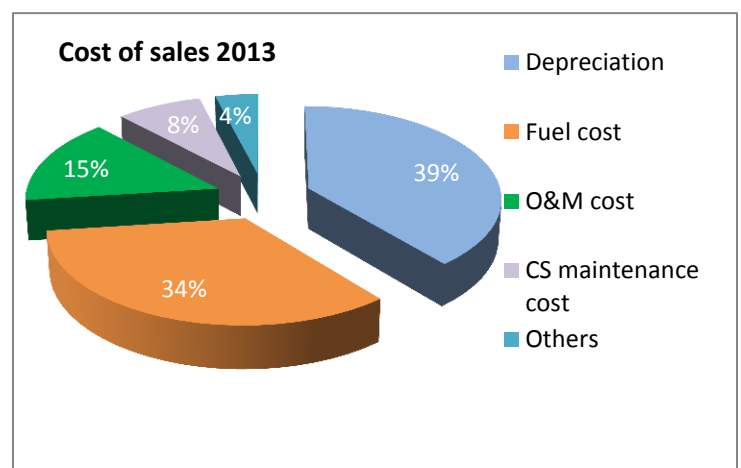


## Other income

Shareholders waived interest due on shareholder loans from 29 March 2012 to 30 June 2013 which led to other income of RO 6.17 million for 9M2013.

## Cost of sales

Cost of sales mainly comprises depreciation of property, plant and equipment and fuel cost which is pass through in nature. The increase in cost of sales in 9M2013 compared to 9M2012 is mainly due to the increase in operations.



## Net finance cost

Net finance cost increased in 9M2013 compared to 9M2012 because loan interest in 9M2012 was capitalised in property, plant and equipment during the construction period.

## Liquidated damages

Please refer to note 22 of the financial statements which gives further details of Liquidated Damages (“LDs”) arising from delay in achievement of certain Commercial Operation Dates (“COD”) during construction. Management is still in discussion with the buyer Oman Power and Water Procurement Company (“OPWP”) and the EPC contractor SEPCO III Construction Company (“SEPCO III”) and believes that the final settlement of its disputes with OPWP and SEPCO III should result in a neutral position for the Company.

## Dividend

The Board of Directors has proposed a dividend of 13 bzs a share for approval at the Ordinary General Meeting on 3 November 2013.

## Business Outlook

The Company is expected to meet its forecast profit after tax forecast for 2013 of RO 11.14 million as described in its IPO Prospectus.