Chairman's Report

1. Introduction

We are pleased to present the unaudited financial statements for six months ended June 2010.

2. Review of Operations for six months ended June 2010

The plant operated well during the first six months of the current year and achieved 99.95% commercial availability. During this period, 608 GWh of electricity was exported to the grid as against 589 GWh of electricity exported for the same period in 2009. The Annual Performance Test conducted in April 2010 successfully demonstrated the revised power generating capacity of the plant of 285.327 MW which is inclusive of the 14 MW of additional generating capacity agreed with Oman Power and Water Procurement Company SAOC.

Since May 2009 the financial results of the company have been impacted by a higher interest cost claimed by the Company's project lenders who have invoked the 'Market Disruption Event' clause of the loan agreement. The resultant additional interest cost for the first six months of the current year is RO 0.152m (US$ 0.396m).

3. Financial Results

a. *Operating Revenue and Gross Profit*

The Company achieved a turnover of RO 8.721 million and a gross profit of RO 2.392 million.

b. *Operating costs*

The operating costs were RO 6.329 million.

c. *Administrative and General Expenses*

Administrative expenses amounted to RO 0.198 million and were well controlled.

d. Financing Expenses

Net financing costs were RO 0.952 million after factoring in the higher interest charged by the lenders on invoking the 'Market Disruption Event' clause of the loan agreement.

e. Net Profit

The net profit for the period was RO 1.100 million, 19% higher than the net profit for the same period in 2009, which was RO 0.926 million.

f. Trade and Other Receivables

At the end of the reporting period there were no overdue invoices payable by OPWP.

g. Cash and Bank Balances

The cash and bank balances at the end of the period amounted to RO 2.617 million.

4. Future Outlook

Plant availability is expected to remain high. However, the current year's financial results are expected to be impacted by the higher interest cost being claimed by the Company's project lenders who have invoked the 'Market Disruption Event' clause of the loan agreement.

Dr. Ranald G.L. Spiers
Chairman