Chairman's Report

1. Introduction

We are pleased to present the unaudited financial statements for six months ended June 2011.

2. Review of Operations for six months ended June 2011

The plant operated for the first six months of the current year with 94.72% commercial availability. Two major events, viz., delay in the completion of major inspection of the Gas Turbine within the winter outage period and a gear box failure of one of the gas turbines – both due to circumstances beyond the control of the Company – impacted the plant's availability. During the period, 659 GWh of electricity was exported to the grid as against 608 GWh of electricity exported for the same period in 2010.

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 0.144 million.

3. Financial Results

a. ***Operating Revenue and Gross Profit***

The Company achieved a turnover of RO 8.981 million, and a gross profit of RO 2.292 million.

b. ***Operating costs***

The operating costs were RO 6.689 million.

c. ***Administrative and General Expenses***

Administrative expenses amounted to RO 0.191 million.

d. Financing Expenses

Net financing costs were RO 0.870 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 1.084 million; marginally lower than a net profit of RO 1.100 million for the same period in 2010.

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 2.763 million.

4. Future Outlook

A major inspection of another gas turbine has been planned in October 2011. 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.

Matti Castren
Chairman