



Chairman's Report

1. Introduction

We are pleased to present the unaudited financial statements for nine months ended September 2011.

2. Review of Operations for nine months ended September 2011

The plant operated for the first nine months of the current year with 95% commercial availability. The Company suffered plant outages mainly from delay in the completion of major inspection of the Gas Turbine within the winter outage period and gear box failures of gas turbine – all due to circumstances beyond the control of the Company. During the period, 1134 GWh of electricity was exported to the grid as against 1029 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 nine months of the current year is RO 0.215 million.

3. Financial Results

a. *Operating Revenue and Gross Profit*

The Company achieved a turnover of RO 14.823 million, and a gross profit of RO 3.793 million.

b. *Operating costs*

The operating costs were RO 11.030 million.

c. *Administrative and General Expenses*

Administrative expenses amounted to RO 0.252 million.

d. *Financing Expenses*

Net financing costs were RO 1.286 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 1.986 million; marginally lower than a net profit of RO 2.003 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 1.516 million.

4. Future Outlook

Plant availability is expected to remain high for the balance period of the current year. 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.