



## Chairman's Report

### 1. Introduction

We are pleased to present the unaudited financial statements for nine months ended 30 September 2012.

### 2. Review of Operations for nine months ended 30 September 2012

The plant operated well during the nine months of the current year and achieved 99.09% commercial availability as against 95.01% achieved during the same period in 2011. Substantial delay in the completion of Major Inspection of gas turbine had severely impaired the availability of the plant during the year 2011. During the current period ending September 2012, 1,290 GWh of electricity was exported to the grid – 14% above the electricity of 1,134 GWh exported for the same period in 2011. However, as agreed within the project documents, the actual level of power generation has no major effect on the Company's net income, although, it is an indication of the reliability of the plant. 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 nine months of the current year is RO 0.183m (US\$ 0.477m).

### 3. Financial Results

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

The Company achieved a turnover of RO 16,403 million and a gross profit of RO 3.978 million.

#### b. *Operating costs*

The operating costs were RO 12.425 million.

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

Administrative expenses amounted to RO 0.233 million and were well controlled.

#### d. *Financing Expenses*

Net financing costs were RO 1.111 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 2.322 million, 17% higher than the net profit for the same period in 2011, which was RO 1.986 million, mainly due to better plant availability during 2012 as compared to 2011.

#### f. *Trade and Other Receivables*

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

#### g. *Cash and Bank Balances*

The cash and bank balances at the end of the period amounted to RO 3.578 million.

### Future Outlook

Scheduled Major Inspection of Gas Turbine 1B is planned during November 2012. Plant availability is expected to remain high. The Company's current endeavour is to refinance the existing unsecured loan at lower rate of interest and entering into Interest Rate Swap in respect of the un-hedged portion of the project loan at favourable rate of interest. This is expected to reduce finance cost in the future.

**Matti Castren**  
Chairman