Chairman's Report

We are pleased to present the unaudited financial statements for six months ended 30 June 2015.

Review of Operations for six months ended 30 June 2015

During the six months of the current year the plant has performed very well and achieved 99.92% commercial availability as against 99.54% achieved during the same period in 2014.The plant has experienced different operation regime in this year, for the first time, plant was undispatched fully during the first 3 months of this year. During the last three months, number of starts increased dramatically. Despite the increasing number of starts, number of forced outage hours is 83% less than those for the same period of last year. During the current period, the electricity exported to the grid was 224 GWh, 65%lower than the electricity exported in the same period in 2014. However, as agreed within the project documents, the actual level of power generation has no major effect on the Company's net income.

The Company achieved a net profit during the 6 months ended June 2015of RO 1.512 million which is almost same as compared to RO 1.505 million during the same period of 2014 despite the expenses incurred in the course of PPA renewal exercise.

Financial Results

a. ***Operating Revenue and Gross Profit***
The Company achieved a turnover of RO7.083 million and a gross profit ofRO2.238 million.

b. ***Operating costs***
The operating costs were RO4.845million.

c. ***Administrative and General Expenses***
Administrative expenses amounted to RO 0.194 million.

d. ***Financing Expenses***
Net financing costs were RO 0.306 million, 21% lower than for the same period of 2014.

e. ***Net Profit& Earnings per share***
The net profit for the period was RO 1.512 million, thereby giving earnings per share of 16 Baizas for every share with a face value of 100 Baizas.

f. ***Trade and Other Receivables***
At the end of the reporting period there were no overdue invoices payable by OPWP.

The Company has approached Tax Appellate Committee seeking redress of Secretary General of Taxation's decision that disallow the company from utilizing its right to carry forward the losses during the tax exemption period and set-off against future profit. The case is expected to come up for hearing during 1st half of next year.

Future Outlook

The Company has confirmed the final tariff proposal of the Power Purchase Agreement extension for the period May 2017 to the end of 2020 to Oman Power and Water Procurement Company (OPWP). The company will closely follow-up the extension of the Power Purchase Agreement in a manner which is beneficial to all stakeholders.

Plant availability is expected to remain high for the remaining period in the current year.

Dividend

The Board of Directors has taken a careful assessment of the future cash flow of the Company and its financial commitments. Despite the fact that the Company has generated the same level of net profit as in the first 6 months of last year, the Board has decided not to declare an interim dividend during the current year mainly on account of cash flow constraint arising from unexpected large income tax payment made during 2014, which had a continuing adverse impact during the current year, and a few plant improvement projects that are essential and are planned to be implemented later during this year. Barring unforeseen circumstances, the Board of directors is hopeful of proposing a final dividend at the conclusion of the current financial year.

Acknowledgements

The Board of Directors would like to take this opportunity to extend its sincere gratitude to His Majesty Sultan Qaboos Bin Said and the Government of Sultanate of Oman for the encouragement and support they continue to provide to private sector investors.

The Board would also like to place on record its sincere appreciation of the employees of the Company for their professionalism and dedication to the services of the company.

Jurgen De Vyt
Deputy Chairman