Chairman's Report

1. Introduction

We are pleased to present the unaudited financial statements for three months ended 31 March 2010.

2. Review of Operations for three months ended 31 March 2010

The plant operated well during the first three months of the current year and achieved 100% commercial availability. During this period, 214 GWh of electricity was exported to the grid - 13% above the electricity exported for the same period in 2009. 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 three months of the current year is RO 0.081m (US$ 0.211m).

3. Financial Results

a. *Operating Revenue and Gross Profit*

The Company achieved a turnover of RO 3.495 million and a gross profit of RO 1.022 million.

b. *Operating costs*

The operating costs were RO 2.473 million.

c. *Administrative and General Expenses*

Administrative expenses amounted to RO 0.094 million and were well controlled.

d. Financing Expenses

Net financing costs were RO 0.466 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 0.407 million, 10% higher than the net profit for the same period in 2009, which was RO 0.371 million.

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 2.570 million.

4. Future Outlook

Plant availability is expected to remain high. The Company has entered into a Power Purchase Amendment Agreement with Oman Power and Water Procurement Co SAOC (OPWP) to supply additional power capacity of 14 MW for the summer period of the years 2010-2012. This will augment the current year's operational results. 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