

# AL-GHUBRAH POWER & DESALINATION COMPANY



## 2007 ANNUAL REPORT



ENERGY SUPPORTING PROGRESS



His Majesty Sultan Qaboos Bin Said

➤ **Corporate Vision & Mission**

**VISION**

The vision of the company remains unchanged, which is to improve the restructured business such that it continues as an effective, safe and autonomous organization sufficiently well equipped to operate the Ghubrah Power and Water production facility through to 2010.

**MISSION**

The mission also remains the same, which is to continue the business 'change process' from 2008 to 2010 whilst maintaining and enhancing the business credibility and operational safety of the company.

➤ **Highlights**

➤ **Plant Key Performance Indicators**

Having carefully managed the business, with strict control of outages and emphasis on safety matters, plant KPI's showed good improvements, which are summarized as follows:

S. No.	Key Performance Indicators	2006	2007
1	Availability (average)	77.91%	79.9%
2	Reliability “	85.87%	87.52%
3	Load Factor “	54.04	61.99
4	Occupancy % “	85.0	96.2
5	Business interruptions “		
6	Planned Total	24077.7	12554.46
7	Unplanned outage R.O	32406.6	23993.16
8	Revenue Generated R.O	50,334,688	

➤ **Content**

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➤ **Board of Directors:**

**Eng.Omar Khalfan AL-Wahaibi**

**Chairman**

CEO –Oman West Water Company

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**Eng.Nabil Abdullah AL-Ghassani**

**Vice Chairman**

CEO-Takamul

---

**Dr.Ali Hamed AL-Ghafri**

**Member**

General Director of Electricity-General Authority for Electricity & Water

---

**Mr.Hamed Jaber AL-Mahrooqi**

**Member**

Director General for Services Sectors Development-Ministry of National Economy

---

**Mr.Abdulaziz Mohamed AL-Kharousi**

**Member**

Budget Researcher in Energy & Housing Services in Ministry of Finance

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➤ **Management Team:**

**Eng.Allen Conroy**

General Manager

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**Eng.Zahir Khamis AL-Bahri**

Deputy General Manager

---

**Ismail Khamis AL-Harrasi**

Human Resources Manager

---

**Vipul Kotecha**

Finance Manager

---

**Amit Bose**

Commercial Manager

---

**Eng.Said Saud AL-Kindi**

Project Manager

---

**Shammim Anwar**

Plant Manager

---

**Eng.Ali Mohammed AL-Balushi**

Operation Manager

---

**Eng.Ali Saleh AL-Jaafari**

Maintenance Manager

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**Eng.Saif Farooq AL-Maawali**

Planning Manager

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**Chairman's Report**



**Eng. Omar Khalfan AL-Wahibi**

**Chairman**

**Dear Shareholders,**

On behalf of the board of directors, it gives me pleasure to present the annual report for the year ended 31 December 2007, together with the audited statement of accounts for the Ghubrah Power and Desalination Company SAOC. (GPDCo)

2007 has been an exceptionally challenging year for the company, having taken over the Operational and Maintenance core business activities from the O&M contractor in April, the company's assets and staff were immediately challenged in the worst possible way, by the national disaster which took place in the form of 'Cyclone Gonu' on 6<sup>th</sup> of June 2007.

The events which took place during this period severely tested the integrity of the plant and its' employees. So severe was the cyclone that the Gubrah Power and Desalination station was reduced to operating just one 17Mw Frame 5 Gas Turbine, running on liquid fuel, after the devastation.

During the storm the management team and O&M staff, worked tirelessly and relentlessly, round the clock, to retain and reinstate the much needed supplies of power and water to the region, as a result of these efforts, GPDCo was back in full production within a few short days of the disaster, and we were pleased to be able to support the national emergency recovery programme so rapidly.

Just a month after the network had normalised from the impact of Gonu, the system saw this year's highest 'peak' demand on the power grid, at 2773 Mw on the 15<sup>th</sup> July 2007. Fortunately, due to the effective and co-ordinated activities of the planning, operation and maintenance teams, GPDCo met this demand with a high degree of reliability. Also water demand this year was again high, and we achieved the maximum monthly distillate production since the company was formed, of over 5 Mn Cu.M, in the month of May 2007.

In order to meet the ever increasing potable water demand in the region, this year we embarked on a major refurbishment and 'life extension' of one of the oldest desalination units within the company, DU 1. This is a pragmatic approach which is now being used extensively within the industry to maximising the asset values, and which, will enable us to secure water supplies to the community, whilst at the same time remaining commercially competitive under the agreements which we have in place with the Power and Water procurer.

It is worth noting that whilst closing the books for the business year 2006, the audit reports highlighted two major areas of concern which the company had to address at the

start of the year, the first being the 'apparent' excessive fuel recovery charges levied under the PWPA, and the other being the 'inability' of the company to satisfactorily reconcile the stores inventory at the year end. These were considered important to the viability of the business, and management were charged with addressing these issues during the operating year 2007, and these are detailed in the enclosed 'management' report.

In recognising this year's achievements, it would be remiss of me not to mention that the business plan for 2007 called for a need to improve the level of site safety at GPDCo, this was considered as one of the major business risks, and, such a serious concern for GPDCo, that it was defined as one of the key 'Success Criteria' for the company in 2007.

I am pleased to report that this issue was taken up by the GPDCo management team with vigour, and as we end our first year of direct management of the core business activities it is reassuring to note that we are recognised as having a HSE awareness equal to that of the local IPWP competition.

During 2007, the company continued to successfully operate and manage the assets, and liabilities, as per the principles defined in the Sector Law, and in accordance with the regulatory requirements, the Grid Codes, and the Generation and Desalination licenses as granted by Oman's Electricity Regulatory Authority.

The company operated the business throughout the year commercially under the Power and Water Purchase Agreement (PWPA), and under the Electrical Connection Agreement, Grid Code and, Operations Records Agreement with other subsidiary companies, whilst remaining compliant with the conditions of Corporate Registration, and the Memorandum & Articles of Association,

It was also coincidental that during this first year of being responsible for the O&M activities, we were the subject of a State Audit review which took place over a 3 month period from July to September. I am pleased to report that the findings of the Audit indicates that the company is being managed in a highly satisfactory and professional manner

**Financial Position:**

For the year ended 2007 the company's accounts followed the International Accounting Standards and the International Financial Reporting Interpretations Committee (IFRIC)

The net book value of the company assets as at end of the year is **R.O 117.184 Million**, the gross profit was R.O **9.364** Million and net profit after tax was R.O **7.671** Million, giving a return of R.O **15.342** per share.

When compared with the 2006 financial performance this represents an increase of **48 % in after tax profits** This is just one of the success criteria.

#### **Plant Performance:**

In summarising the basic plant production statistics and operational performance indicators, we can see that the plant is now being operated more efficiently than in previous years.

During the year 2007 the Company generated a total of **2.48** Million MWH for the year ended 31 December 2007. With a total co-generated water production of **53.5** Million cubic meters of water.

The average availability for power units during summer period was 90% and during winter period 70 %. With the average availability for Desalination units 95 % during summer and 80 % during winter.

#### **Thanks and Appreciation**

The BOD appreciates the support and trust of the shareholders and also appreciates the hard work and dedication of the management and employees, particularly through the exacting times of the cyclone, who contributed to the performance of the company during 2007.

I also would like to thank H.E. The Chairman of the BOD of the EHC for his support and guidance during this difficult and challenging year of operation.

Finally, I would like to convey our extreme thanks and appreciation to His Majesty Sultan Qaboos Bin Said and his Government for their untiring commitment and support to the development of the electricity and water sector in Oman.

**Omar bin Khalfan Al-Wehaibi**

**Chairman**

**Management Report**



**Eng. Allen Conroy**

**General Manager**

➤ **Objectives**

➤ **Management Challenges('O&M' Contractor Takeover)**

the twelve month period reviewed in this report, was one of responding to challenges, so on reflection, the 'risk management' approach adopted at the beginning of the year proved to be the most appropriate strategy for the company to take throughout this difficult year of *'Managing Change'*.

The intention and objective of the shareholders remains to ultimately sell the business to an interested party in the near future, and this continues to be the priority for GPDCo management, as such, the objectives of the companies' business plan continue unchanged, and management remain committed to meet the group's success criteria, which is designed to ensure the company will emerge at the end of the forthcoming year as an attractive proposition to international prospective bidders.

At the beginning of the year management faced a number of highly demanding and exacting challenges, the most sensitive and crucial task being to 'take over' the core business activities of the 'Operations and Maintenance' functions from the outgoing contractor at the end of the extended contract period.

This involved careful preparation and planning, the development of a suitable organisation structure with staff evaluation, followed by the implementation of the 'smooth and seamless' transfer of some 300 employees, all of which had to be done without any industrial unrest or disruption of the supplies of power and water to the sector. This was a request by the shareholder, and an undertaking was made by management to this effect.

The process of transferring staff was a major challenge to the Management, HR and Administration functions of the company, and was successfully completed on 1<sup>st</sup> April 2007 when the company took over the full and complete control of the Operation and Maintenance aspects of the business.

➤ **Performance Highlights:**

1-Human Recourse

2-Finance

3-Operation

4-Maintenance

5-Planning

6-Health & Safety

Accomplishments during 2007 were remarkable across several fronts as the following:

## 1- Human Resource

### ➤ Achievement in 2007

The fundamental cause of success in development to any company is to maintain its goodwill in the competitive market and that can be achieved by recruiting qualified people with good knowledge, skills and abilities.

- Approved HR Manual
- Successful transfer of 265 staff from contractor to Company
- Approved pay structure
- Approved Disciplinary procedures by the ministry of manpower
- Reward and recognition procedures
- Approved Vehicles policy
- Accommodation policy (yet to be approved)
- Material Disposal Policy

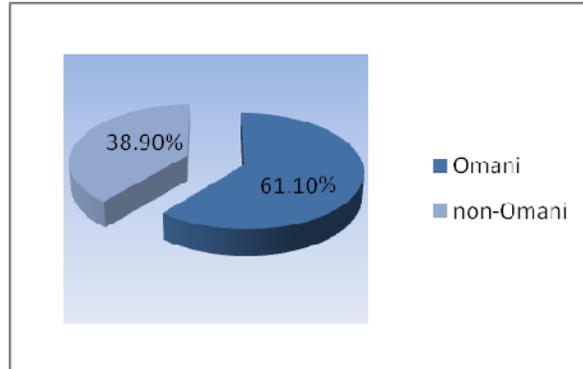
### ➤ Recruitment & Omanization

The outgoing operation and maintenance contractor employed 265 staff of which **151** were technical staff and **17** were administrative. In this organisation the contractor achieved an Omanisation level of approximately **56%**.

During 2007, the company successfully transferred **265** staff of which 151 were Omanis; achieving **61.1% Omanisation**. Most leadership positions were appointed by the Omani cadres. The **table** below shows the number of company employees until 31<sup>st</sup> December 2007.

Department	Total Employee	Omani	Non-Omani	% of Omanization
<b>GM's Office</b>	3	2	1	67
<b>Admin &amp; Finance</b>	25	22	3	89
<b>Store</b>	7	7		100
<b>IT</b>	2	2	0	100
<b>Commercial</b>	1	0	1	0
<b>Project</b>	2	2	0	100
<b>Plant</b>				
Plant Manager Office	3	1	2	33
Operation	136	94	42	69
Maintenance	128	60	68	47
Planning	6	2	4	33
Safety	3	2	1	67
<b>Total</b>	<b>316</b>	<b>194</b>	<b>122</b>	<b>61</b>

**Table.1: Recruitment & Omanization**



**Figure.1:** Omanization

➤ **Training**

Ongoing staff training and development is crucial to improve business performance and meet the company's targets.

The following table details training course provided to the employees on 2007.

Course Type	Number of attendance
Academic Study	8
English	44
Safety	125
Technical	42
<b>Total</b>	<b>218</b>

**Table.2** Training

**2- Finance**

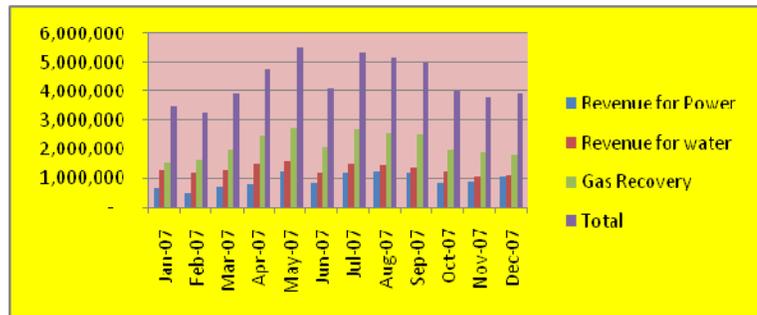
➤ **Achievement in 2007**

**Revenue**

The company earned a total revenue of RO 52.233 M in 2007 with 52% contributed by electricity activities and 48% contributed by desalination activities. .the profit after tax was RO 7.671 M compared with the net revenue RO 5.175 M in 2006.

When compared with 2006 results, considering the extensive maintenance activities, the risks and condition of the plant, we are extremely satisfied with this performance which is an outstanding achievement

**Details of Revenue-2007**



**Figure2.** Revenue Distribution between power, water& fuel

**Net profit and Earning per share**

With reference to the financial performance during 2007, the net profit increased by 48.23%, reaching RO 7.671 M as compared to RO 5.175 M achieved in 2006, as a result, the earning per share increased from RO 10.350 to RO 15.342. Of the total costs, Fuel cost constitutes 63%.

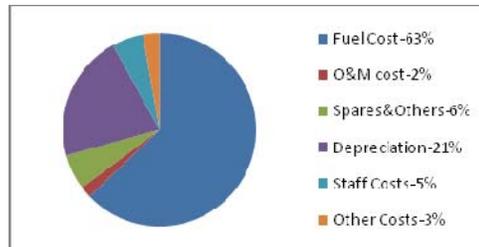


Figure3. Total Cost

**Gas Cost V/s Recovery**

Gas cost recovery is a pass through cost but due to inefficiencies of plant and meters there is a shortfall in the recovery as shown above.

The management have undertaken a study to identify where these losses exist and under what operating regime the losses are more pronounced, there are indications that the contractor may have been operating the plant outside the fuel efficient (co-generation) design.

The management are also evaluating the way in which the fuel efficiencies are managed when converting gas energy in to electrical power and energy used in water production.



Figure4. Details of gas recovery for the year 2007

**3- Operation**➤ **Achievement in 2007**

During 2007 the operations Department introduced many improvements, and brought about a much better control of the operating regimes such that during the course of the year.

1-introduce control outage engineer system

2-implemented safe operation procedure

3-reorganised operation and chemical section

➤ **Power Generation:**

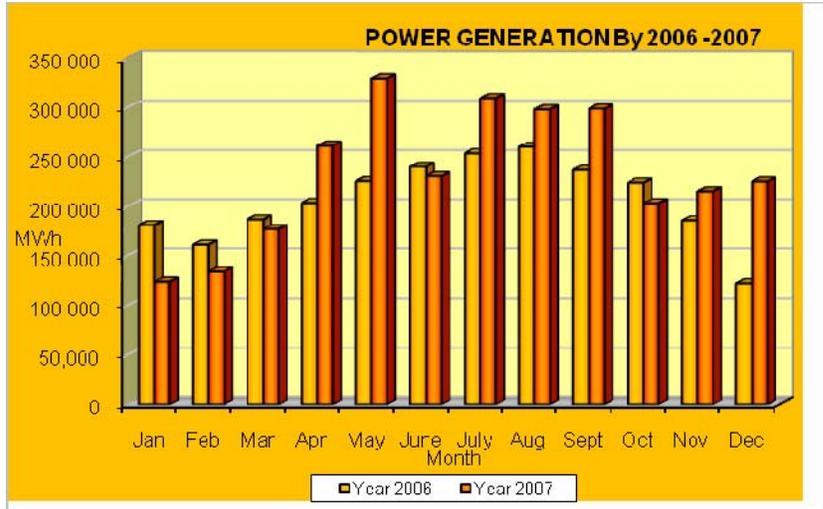
The power generated throughout the Ghubrah Power & Desalination Plant in 2007 was around **(2,807,337)GWH** which is **(11.5)%** higher than 2006 as it is illustrated in **Figure5**. This is because of the significant increase in the electricity demand in the summer time. Since the plant performed close to the maximum capacity, providing reliable power to the national grid and achieving in excess of **(----)%** availability during the peak season.

**“ 11.5%**

**Increase in  
the Power  
Generation  
in 2007**

Month	Generation 2006	Generation 2007	Availability 2006	Availability 2007
	MWh	MWh	%	%
January	181,144	124,142	85	53.14
February	161,992	134,138	81	58.55
March	186,929	177,174	88	59.80
April	203,597	261,344	84	83.61
May	226,090	329,635	74	92.63
June	240,190	230,852	86	72.67
July	253,769	309,431	85	88.39
August	260,355	298,072	89	90.47
September	236,981	298,744	88	89.66
October	224,450	203,285	71	82.07
November	186,043	214,786	60	71.96
December	122,647	225,734	46	76.66
<b>TOTAL</b>	<b>2,484,187</b>	<b>2,807,337</b>	<b>78</b>	<b>77</b>

**Table.3:** Power generated during 2006 & 2007



**Figure.5** illustrates the Generation of Power Statistics for Year 06 & 07.

As it is clearly shows in **Figure. 1**, the highest power generation recorded in month of May on 25/05/07 at which Ghubrah generation was 514 MW 4% > the availability.

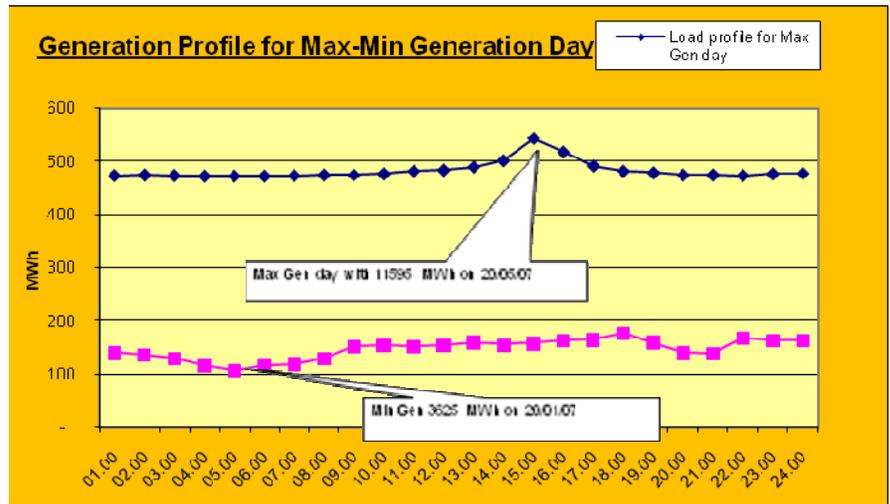


**Figure.6** illustrates the Availability for Year 06 & 07.

- **Daily Maximum Power Generation**
  
- **Daily Minimum Power Generation**

As it is clearly shows in **Figure.7** below, the highest power generation recorded **on 20/05/2007** at **(11595) MW**.

Also, the **Figure.7** illustrates that, the generation reached its minimum **on 20/1/2007** at **(3625) MW**.



**Figure7.** Generation Profile for Maximum & Minimum Generation Day.

- **Water Production:**  
**0.76%**

**Increase in the water production in 2007**

The company produced a total of **53,982,681** Million cubic meters of desalination water with an increase of (3.809)% over the last year as it is illustrated in **Figure.8**, and the average availability (85)% for the desalination units compared with (88)% in the year 2006.

The availability of these units is comparative to both years 2006 and 2007 despite on the effects of tropical cyclone “Gonu” in June 2007. it been without “Gonu,” and Desal-1 refurbishments, the availability during 2007 is higher as compared to 2006.

Despite the increase in the water production achieved during this year but it is increasing less than the planned increase in due to the non availability of Desal-1 and the effect of a cyclone named Gone that occurred in the month

of June.

Month	Production 2006	Production 2007
	m <sup>3</sup>	m <sup>3</sup>
January	4,084,055	4,149,471
February	4,105,449	4,117,238
March	4,360,313	4,485,968
April	4,431,366	4,817,840
May	4,575,698	5,095,753
June	4,667,687	4,072,646
July	4,767,211	4,789,550
August	4,876,217	4,891,136
September	4,857,154	4,711,788
October	4,553,932	4,512,973
November	4,298,784	3,934,050
December	3,995,082	4,404,268
<b>TOTAL</b>	<b>53,572,948</b>	<b>53,982,681</b>

Table.4: Water production during 06 & 07

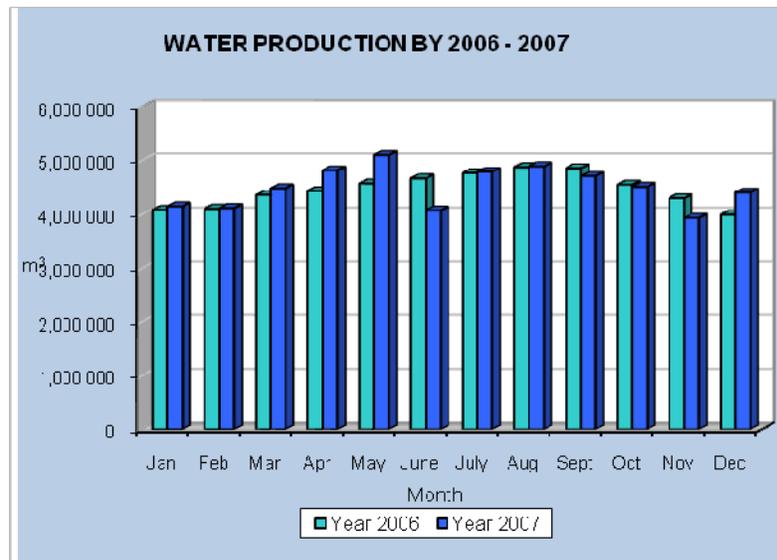
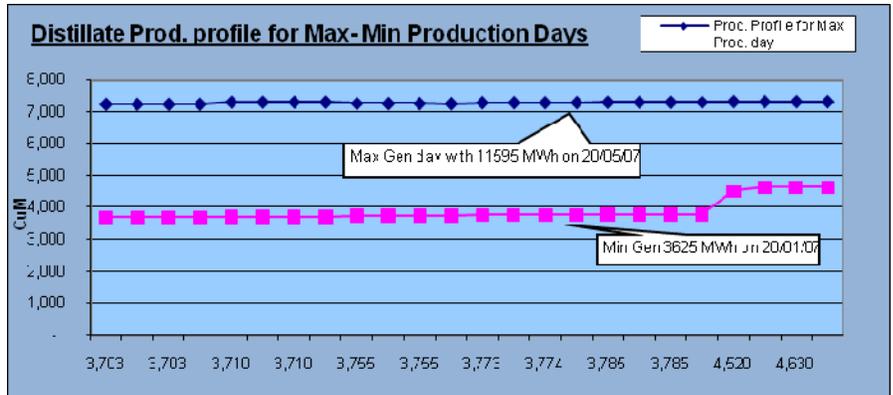


Figure.8 illustrates the Production Statistics of Water for year 06 & 07.

- **Daily Maximum Water Production**
- **Daily Minimum Water Production**

As it is clearly shows in **Figure.9** below, the highest water production recorded on **03/06/2007** at **(174,705) CuM**.

Also, the **Figure.9** illustrates that, the production reached its minimum on **05/02/2007** at **(933,17) CuM**.



**Figure 9.** Production Profile for Maximum & Minimum Production Day.

#### **4- Maintenance**

##### **➤ Achievement in 2007**

1-The Maintenance Department was able to complete maintenance activities during the year 2007, this involved both scheduled maintenance as committed under the Outage Plan, and unscheduled maintenance activities inherited due to the condition of the plant, and all necessitating a high degree of maintenance and resource planning, with effective co-ordination and organisation.

2-In addition, through in 2007 new task have been add to the maintenance department , which Considered one of the important factors that has led to the successful completion and progress of various of maintenance activities in the plant is the implementation of the new Procurement Procedure for spare parts before the start of maintenance which has made the availability of spares and consumables easy and on time

## 5- Planning

### **The role of planning department is to assure:**

-The integrity of plant static, moving, rotating equipments. It was achieved by determining type of maintenance and putting preventive maintenance plan of main power generation and water production units with their associated equipments.

-Issuing auxiliary annual maintenance plan.

-Issuing routine, lubrication and air-conditioning unit maintenance programmes on periodic basis.

-Recording daily breakdown maintenance activities into Computerized Maintenance Management System (CMMS).

-Maintaining a maintenance history of each plant equipment into the system.

-Reporting unattended and "Hold" defect status on fortnightly and monthly basis; and generating plant monthly report.

-In addition to that, the department is also carrying out some other activities such as updating and maintaining the plant drawing, Operation and Maintenance (O&M) master list and managing plant data room.

### ➤ Achievement in 2007

An annual maintenance master programme for year 2007 / 2008 was prepared for execution according to power and water procurement agreement, taking into account the criticality of water demand as a consequence of GUNO causing damages on some ground wells and accommodating the outage of desalination no. 1 for refurbish job.

## 6- Health & Safety

### ➤ Achievement in 2007

The business plan for 2007 highlighted a pressing need to improve the site safety level at GPDCo. This was considered as a very serious concern for the company at the beginning of the year and was defined as one of the most important Success Criteria of the company

Since 1<sup>st</sup> April 2007 after assuming full O&M responsibility of Ghubrah Power & Desalination Plant, a number of serious shortcomings on site were noted. Plans were prepared and implemented accordingly to address each issue. Shortly it started giving positive results which could be highlighted as achievements in such a short period. Some of these achievements are enlisted below:

#### 1 HSE Policy:

In order to ensure smooth running of our business, GPDCO for the first time prepared and issued an approved site Health Safety & Environment Policy in Arabic and English which was circulated to all employees, EHC and AER.

#### 2 Safety Principles & Procedures:

In order to ensure that all our activities are safely performed according to approved Principles & Procedures, 26 Principles and 12 Procedures were issued and implemented. More Procedures are under preparation, which will be part of station manual and will be put on all PCs desk top.

#### 3 Safety booklets & safe Practice Tools

In order to run our business safely, under established rules and regulations, following information & booklets were issued, for day today use and safety tools.

- a) Take-5
- b) Take-10
- c) Safety Improvement suggestions
- d) HSE information for:
  - i) Visitors
  - ii) Contractors
- e) Safety requirements for contractors

f) Guidance Notes for acceptors

#### **4 HSE Awareness Campaign:**

To improve employees HSE Awareness, two successful awareness campaigns (in April & in September 2007) were organized, which delivered the expected results. Employees actively participated in Safety Quiz competition, Tool box talks, House keeping etc. and improved their awareness.

#### **5 PPE: (Personnel Protective Equipments)**

In order to ensure staff safety and protection proper PPE of high quality was introduced and made mandatory for everyone to wear on site. New items e.g. two piece safety clothing wind socks, safety harness and reflective jacket were introduced. High quality hydrocarbon leak detectors were also procured.

#### **6 Emergency Handling Procedure:**

Appropriate and timely response to emergency situation is very important in order to mitigate the losses in the shortest possible time. Hence, a number of emergency handling procedures were issued, with specific role to handle such situations. Two LTA, occurred so far during 2007, the best statistic being 0.65 M.MHr.WLTA until 12<sup>th</sup> October 2007.

#### **7 Site Safety Statistics**

As per GPDCO HSE Policy, reporting is done openly and honestly. At the plant main entrance gates, safety statistics boards were installed to report openly plant safety & environmental performances, which is updated on a daily basis.

#### **8 Introduction of HSE Performance Indicators**

Successful HSE performance of a company can only be judged by its key performance indicators. New terminology and concepts were introduced to summarize GPDCO, HSE performance e.g.

- a) Near Miss Reporting
- b) Lost Time Accident
- c) First aid injury statistics
- d) Incident reporting and investigations.
- e) Industrial Injury Rate
- f) Accident Frequency rate
- g) Accident severity rate

- h) LTA frequency rate
- i) Site Safety walks

### **9 Introduce An Induction Course:**

The company introduced an 'Induction Course' to advise all people entering the site of our 'new approach' and our commitment to safety

### **10 Staff Development & Training Division:**

In order to achieve a better understanding of the importance of HSE, and improve the staff competency levels towards 'safe working practices', the company undertaken an 'off job' 'in-house' training programme in order to train staff to the internationally recognised Institution of Occupational Safety & Health (IOSH) 'Managing Safely' Course, which is certified by IOSH – UK.

This is a highly 'cost effective' method of elevating the safety culture within GPDCo and to date, the company has managed to process four batches of employees through this initiative, which represents a total of 66 employees, the intention being to ultimately train all our employees to this basic safety training standard.

**All of the above initiatives are intended to changed the image of company, to this end we are continually updating ourselves with latest developments in the field of safety training, and collect data on other people's mistakes within the industry to communicate the threats and dangers of our industry to our employees.**

## Corporate Governance

### **Board of Directors:**

The code of corporate governance defines the role of the board of directors, and is intended to ensure the appropriate and necessary controls are adhered to. The company's business principles and corporate conduct continue to be based on best practices within the industry.

### **The board of Directors's responsibilities are:**

The board comprises of five non executive members appointed by the Council of Ministers. The Board held **eight** meetings in 2007.

The records of attendance for the year 2007 of the members and their position are listed below in **Table.3**.

### **Committees of the Board of Directors:-**

- Review and update strategic plans.
- 
- Review the effectiveness of internal controls
- 
- Approval of business plans and budgets
- 
- Approval of interim and annual financial statements.
- 
- Approval of policies and procedures.

### **1-Internal Audit Committee:-**

#### **The Board members also sit on:**

1-The Internal Audit Committee

2-The Internal Tender Committee,

### **The Audit Committee's responsibilities are:**

The Internal Audit Committee comprises of a chairman and two Directors. The committee held **five** meetings in 2007. The records of attendance for the year 2007 of the members and their position are listed below in **Table.3**.

- Review quarterly and annual financial statements.
- Considering external audit fees and terms of engagement.
- Oversight of all audit activities and internal control evaluation
- Conduct any special investigations and report to the Board.

**2-Internal Tender Committee:**

The Internal Tender Committee's responsibilities are:

The Tender Committee comprises a chairman and three Directors. The Board held **fourteen** meetings in 2007. The records of attendance for the year 2007 of the members and their position are listed below in **Table.3**.

The Tender Committee's responsibilities to oversee the procurement and contracting requirements of values between RO 15,000 to RO 250,000.

Board of Directors Meeting		
Number of Meeting Held in 2007 was ( 8)		
Member	Designation	Attendance
Eng. Omar Kalfan aL-Wahibi	Chairman	6
Eng. Nabil Abdullah AL-Ghassani	Vice Chairman	7
Dr.Ali Hamed AL-Ghafri	Member	5
Mr.Hamed Jaber AL-mahrooqi	Member	8
Mr.Abdull Aziz Mohammed AL-Kharosi	Member	8
Internal Tender Committee Meeting		
Number of Meeting Held in 2007 was (14)		
Member	Designation	Attendance
Dr.Ali Hamed AL-Ghafri	Chairman	8
Eng. Nabil Abdullah AL-Ghassani	Member	9
Mr.Hamed Jaber AL-mahrooqi	Member	11
Mr.Abdull Aziz Mohammed AL-Kharosi	Member	10
Internal Audit Committee Meeting		
Number of Meeting Held in 2007 was (5)		
Member	Designation	Attendance
Mr.Hamed Jaber AL-mahrooqi	Chairman	5
Dr.Ali Hamed AL-Ghafri	Member	4
Mr.Abdull Aziz Mohammed AL-Kharosi	Member	4

**Table.5:** The records of attendance for the year 2007 of the members and their position are listed above.

**Remuneration of Directors:-**

The details of sitting fees which are paid to the Board and committees members are shown below:

-Board sitting fees is R.O 300 for Chairman and R.O 250 for other member.

- Audit committee and Tender committee sitting fees is R.O 150 for each member.

The total remuneration paid to the Directors,Audit Committee members and Internal Tender Committee for 2006 was R.O 10,800.

**Major Event in 2007:**

➤ **1-Gouno**

On 6<sup>th</sup> June, 2007 a tropical cyclone dubbed “Guno” which had originated from the sub-continent hit the country’s eastern region with strong winds, heavy rain, flash floods and extremely rough seas. The heavy weather depression hit Muscat and the surrounding areas with major devastation on infrastructures and had interrupted the power and water supply to the locality.

Ghubrah Power and Desalination Plant which is one of the vital power and water source for the northern grid had suffered generation and production loss as a result of the calamity. Power Generating units tripped due to seepage of rain water, desalination units tripped due to loss of steam from tripping of steam generators, etc. and other units were shutdown on emergency to protect the constituent parts from being damaged due to the heavy downpour and from the strong gust of wind.

The company had only one Frame 5, 17 MW Gas Turbine running on liquid fuel, but at least it was sufficient spinning power on which to start rebuilding the grid, and within a few days GPDCo was able to meet the fragile demand as requested from the despatch controller, not surprisingly, it was several days later before full normalisation was achieved.

**Major Event in 2007:**➤ **2-Refurbishment  
of Desalination  
Unit No.1**

The demand for water remains high in the Sultanate. The current demand for water in 2008 is production of (-----)m<sup>3</sup> (----- million cubic meters annually). Given the capacity of approximately 190,000 cubic metres per day, the Gubrah desalination assets are expected to be utilised at 88% capacity.

The 2007-2010 business plan identifies that major refurbishment works is necessary on No.1 Distiller to satisfy the demand for the 2007.

Desalination -1 plant production is less due to poor performance of vacuum system, less flashing, poor heat transfer. After the unit will be refurbished in 2007, the production is expected to increase to more than 80%.

Water Produced from desalination Plant-Assuming refurbishment						
Unit No.	Guaranteed Capacity m <sup>3</sup>	Demonstrated Capacity m <sup>3</sup>	2007	2008	2009	2010
1	750	560	560	750	750	750
2	1136	1136	1136	1100	1136	1136
3	1136	1135	1136	1100	1136	1136
4	1136	1136	1100	1136	1136	1136
5	1136	1136	1136	1136	1136	1136
6	1136	1136	1136	1136	1136	1136
7	1326	1326	1326	1326	1326	1326
Total	<b>7756</b>	<b>7565</b>	<b>7530</b>	<b>7684</b>	<b>7756</b>	<b>7756</b>
% Diff.	-	2.46	-2.91	-0.93	0	0

**Table.6:** water produced from desalination plant –assuming refurbishment

➤ **Financial Statement:**

It will be submit by the Auditor(Delloit & Toch) at the end of Dec 2007