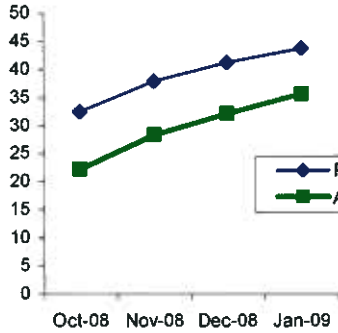




MONTHLY MANAGEMENT REPORT - JAN-09 COMPANY-WIDE INITIATIVES

- Duqm Desalination Plant Project:(T-102/2007)

The following chart shows the progress achieved against planned



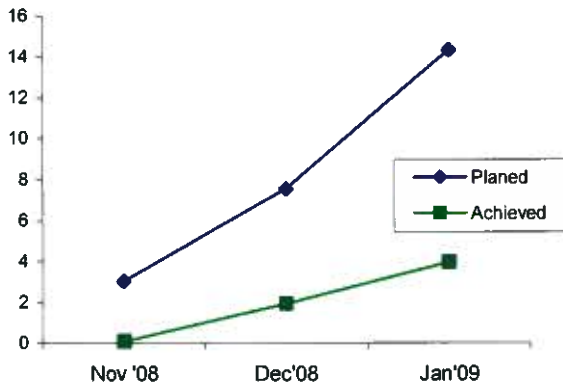
Block masonry in progress at Guard House



Lintel beams completed in Guard House



- Duqm Power Plant (Generation) (T-132/2008)



Duqm Electrification Funding

* RAEC received an approval from AER for Duqm Power Station funding with a total amount of R.O. 22,320,000.

* RAEC received an approval from AER for Duqm Distribution Network funding with a total amount of R.O. 26,691,000.

* The process of securing the funds started as per article 87 of the sector law.

- Duqm Power Plant (Generation) (T-168 & 169/2008)

Works achieved - Dec - Recommendation of T-168/08, T-169/08 to be sent to Tender Board for awarding.

Works in Progress - Jan - Waiting for awarding, on progress.

Works planned - Feb - Award of T-168/08, Award of T-169/08

- Duqm Distribution Network (Distribution) (T-215/2008)

Works achieved - Dec - Opening of T-215/2008

Works in Progress - Jan - Evaluation of T-215/2008

Works planned - Feb - Recommendation of T-215/08 to be sent to Tender Board for awarding.

- RAEC Annual Report 2008

RAEC started to prepare and gather information for the purpose of publishing the Annual Report for the year ended 31 December 2008. All departments were asked to provide information with related analysis. RAEC expect to publish the Annual Report by end of April 2009.

- RAEC Web site

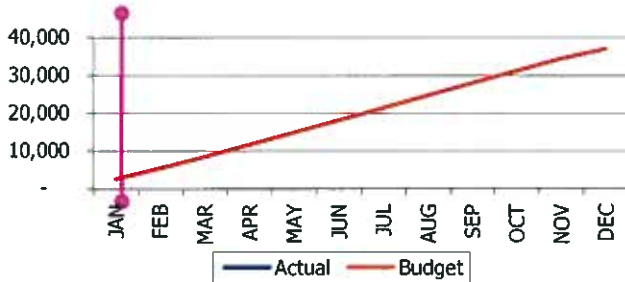
REAC's new web site has been launched with a new look and updated information reflecting the company activities. However, Arabic version is under development and it is expected to be completed by 2nd quarter of 2009.

Monthly Management Report

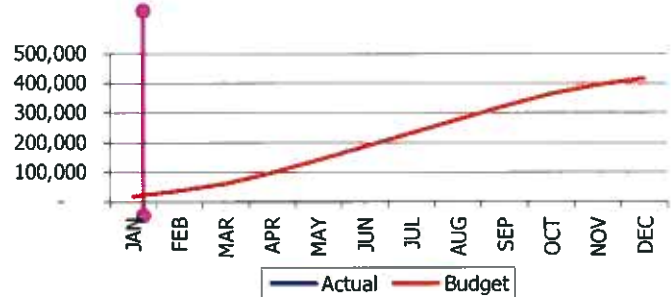


FINANCIAL RESULTS

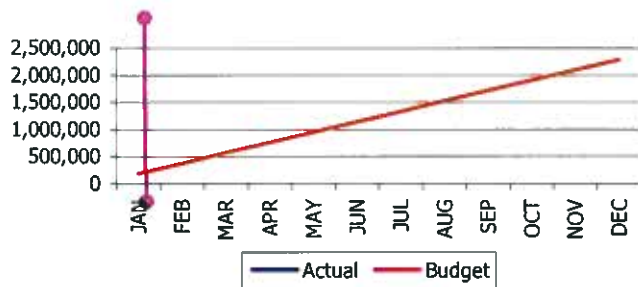
Revenue R.O. '000



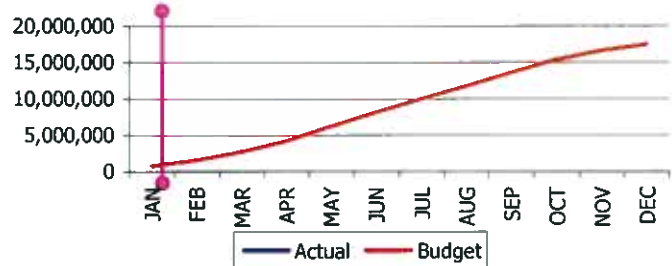
Production Sales - MWh



Water Sales - m³/month



Diesel Consumption R.O. '000



REVENUE R.O. '000	Actual	Budget
Electricity sales to customers	155	146
Electricity Sales to Government	89	93
Electricity sales to OPWP	0	0
Water sales to Water dept	131	190
Government Subsidy	1,257	2,026
Other Revenue	49	61
Total	1,681	2,516
Revenue & Cost Summary - Year to Jan end 2009		
OPEX R.O. '000	Actual	Budget
Cost of Sales		
Power Purchases Expenses	17	32
Plant Operations Contract Fees	314	297
Diesel Consumption	759	802
Other spares parts & consmables	193	156
Maintenance and repairs Expenses	95	128
Other Direct costs	51	60
Depreciation	300	287
Total	1,729	1,762
Admin & other operating expenses		
Salaries And Allowances	211	204
Other expenses	186	520
Total	397	724
Total OPEX R.O. '000	2,126	2,486
Profit/(loss) before tax	(445)	30

Financial Highlights

- Total revenue earned by the company for the period Jan 2009 is R.O. 1.681 mil where as the budgeted revenue is R.O. 2.516 mil. This is mainly due to the difference in recognition of subsidy income from government.
- Total operating cost for the period is R.O. 2.126 mil where as the budgeted cost is R.O. 2.486 mil. Decrease of 'other expenses' from R.O. 520 ('000) to R.O. 186 ('000) has contributed to this favourable variance.
- Actual loss for the period is 445 against the budgeted profit of R.O. 30 ('000). This is due to the difference in recognition of subsidy income.
- Since the Management account for the month Jan 2009 is in progress at the Holding company, few results are arrived at by using estimation on a reasonable basis.



KEY PERFORMANCE INDICATORS (KPI'S)

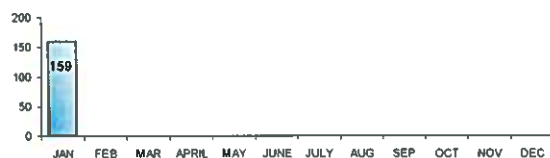
Year to date Jan 09 (Actual & Budget)

Production Data	Actual	Budget
1. Electricity Generated (MWh)	17,164	18,231
2. Purchase from PDO (MWh)	1,700	3,200
3. Units sent out (MWh) est.	15,628	16,852
4. Water generated (Cu.M)	70,009	76,131
5. Water Sales to PAEW (Cu.M)	66,921	75,298

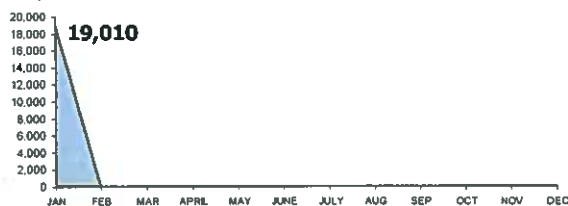
Details of interruptions from 1st Jan 09 - 31st Jan 09 (> 10 minutes)

Region	Period of Interruption		Reason of interruption
	Hours	Min	
Dhofar		25	Vehicle accident & cable Wire damaged
Dhofar		40	Shaleem main ABS yellow puse blown
Dhofar	3	20	Zaker Pole no 59 to 60 IMP conductor broken
Dhofar	2		Cable fault occurred during Ecavation work.
Khasab		20	Khasab Station Shut down due to Rains.
Khasab	1	10	Khasab Station Shut down due to Rains.
Total	7	55	

No. of new connections



No. of customer



No. of interruption from 1st Jan 09 - 31st Jan 2009

Region	No. of Interruption
Dhofar	4
Musandam	2
Al Wusta	0
Total	6

New Meters Testing

Area	I Phase	III Phase	III Phase with C.T
Dhofar	14	11	
Al Wusta	40	40	
Musandam			1
Total	54	51	1
Grand Total	106		

MONTHLY PROJECTS PROGRESS - TOP 10

No	Project Name	Region	Value R.O '000	End Date	Status	Action Taken
1	Construction of Al Duqum Desal Plant	Al Wusta	7,973	July-09	●	Work in progress
2	Construction of Power Plant Duqm	Al Wusta	5,743	Dec-09	●	Work in progress
3	Upgrading of Saih Al Khairat power station & Hanfeet development projects	Dhofar	2,900	Sep-09	●	Work in progress
4	Construction of Mazyona new power station	Dhofar	805	Oct-09	●	Just started, work in progress
5	Bulk Diesel Oil Storage Tank at Masirah	AL Sharqiya	394	Dec-08	●	Project on hold due to objection from MOD
6	Construction of Andat new power station	Dhofar	489	Oct-09	●	Just started, work in progress
7	Construction of 33 kv feeder from Khasab power station to Sharja village.	Musandam	249	April-09	●	Just started, work in progress (75% completed)
8	Electrical distribution work, power supply to Ghaba area near wilayat Adam.	Al Wusta	215	Sep-09	●	Just started, work in progress
9	Interlinking 33 kv line between Mudhi area to Ayboot	Dhofar	178	June-09	●	Just started, work in progress
10	Supply instalation testing and commissioning of DG sets for Ras Madrka Power station	Al Wusta	90	May-09	●	Just started, work in progress
TOTAL R.O. '000			19,036			

- Considerable delay/overrun - action being taken noted
- Potential delays or cost overrun or project disputes
- On time/budget & no issue or disputes

REGULATORY COMPLIANCE

Status of Regulatory Compliance of RAEC to its License Conditions

Conditions	Description				Action
		●	●	●	
	General (1,21,24,26,39,51,53,55)	●			
C. 2	Prohibited activities and cross-ownership	●			
C. 3	Non Discrimination	●			
C. 4	Economic Purchase	●			
C. 5	Provision of Information to Authority		●		Information to the Authority is submitted on time & in the manner required by it.
C. 6	Co-operation with License Holders	●			
C. 7	Co-operation with Water Departments	●			
C. 8	License Fees	●			
C. 9	Insurance Requirements	●			
C. 10	Environmental Matters		●		Regulatory department is developing policy- expected to be in place by Q2, 2009.
C. 11	Regulations	●			
C. 12	Omani Content and Omanization		●		Omanization:Compliant with rules & regulations issued by relevant entities.Omani Content:Compliant.Tenders & O&M contracts follows the rules & regulations in this regard.
C. 13	Languages of Codes	●			
C. 14	Health and Safety		●		H&S Policy is being finalized & AER comments were received.Expect to be in place by April 09.
C. 15	Revocation	●			
C. 16	Prohibition of cross subsidies	●			
C. 17	Separate Business and Regulatory Accounts	●			
C. 18	Guaranteed and Overall Standards of Performance		●		AER is finalizing the standards.
C. 19	Disposal of Assets and Transfer of License	●			
C. 20	Settlement	●			
C. 22	Production Facilities		●		Steps were taken to improve station efficiency.This includes:fuel mangement & resizing of Power Plants.
C. 23	RAEC System Generation Security Standards		●		Partially compliant. Standards complete but in process, Monitoring required.
C. 25	Scheduling and Dispatch	●			
C. 27	RAEC Code		●		Monitoring required
C. 28	Grid Code and Distribution Code	●			
C. 29	Duty to offer Terms of Connection		●		Monitoring required
C. 30	Notification of Connection Applications		●		RAEC sends connections information to AER on a monthly basis but need improvements
C. 31	Duty to Offer Terms for Use of System	●			
C. 32	Charges for Connection and Use of System	●			
C. 33	Ancillary Services	●			
C. 34	Security Standards		●		Partially compliant. Monitoring Security standard must be followed & monitored.
C. 35	RAEC Systems Capability Statement		●		Proposed capability statement is being reviewed.
C. 36	Development of RAEC Systems	●			
C. 37	Register of Connections		●		To be compliant by Q2, 2009.
C. 38	Transfer of assets	●			
C. 40	Supply Terms	●			
C. 41	Supply Tariffs		●		Partially compliant, a statement in this regard needs to be published - underway
C. 42	Subsidy	●			
C. 43	Metering		●		Monitoring required to check compliance to RAEC codes
C. 44	Customer Late Payment Code of Practice		●		The Authority is developing this code of practice
C. 45	Customers with Special Needs Code of Practice		●		Leaflet issued for the purpose of customer awareness
C. 46	Efficient Use of electricity code of practice	●			The code was published and circulated to RAEC consumers.
C. 47	Customer Register	●			
C. 48	Transfer of Business	●			
C. 49	Sale of Desalinated Water to Water Departments	●			
C. 50	Sale of Surplus Production Capacity and output	●			
C. 52	International Interconnections	●			
C. 54	Import and Export of Electricity	●			
C. 56	RAEC Connection and Electrification Funding	●			
C. 57	Salalah Obligations	●			
Compliance in % terms		66%	34%		

Remarks:

- Fully Compliant (Monitoring only)
- Partially Compliant (Action Required)
- Not Compliant (Immediate Action Required)