

**QATAR ELECTRICITY & WATER COMPANY Q.S.C.
DOHA - QATAR**

**INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE MONTH PERIOD ENDED
MARCH 31, 2012**

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT
AUDITOR'S REVIEW REPORT**

For the three month period ended March 31, 2012

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INDEPENDENT AUDITOR'S REVIEW REPORT

**To The Board of Directors
Qatar Electricity & Water Company Q.S.C.
Doha - Qatar**

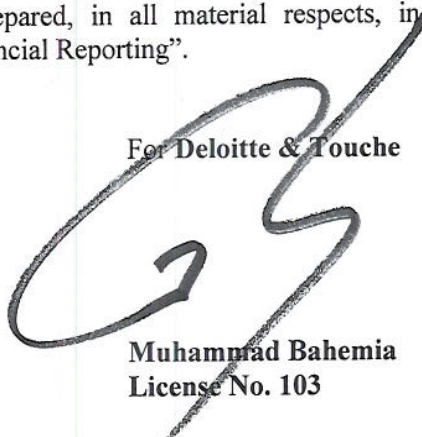
We have reviewed the accompanying interim condensed consolidated financial statements of Qatar Electricity & Water Company Q.S.C. (the "Company"), its subsidiaries and jointly controlled entities (together referred as the "Group") which comprise the interim condensed consolidated statement of financial position as at March 31, 2012, and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the period then ended, and certain selected notes.

Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of the interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

For Deloitte & Touche



**Muhammad Bahemia
License No. 103**

**Doha - Qatar
April 22, 2012**

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31, 2012

	Notes	March 31, 2012 QR'000 (Reviewed)	December 31, 2011 QR'000 (Audited)
ASSETS			
Current assets			
Bank balances and cash		2,696,161	3,022,622
Accounts receivable and prepayments		1,027,213	1,244,362
Inventories		312,010	305,887
Finance lease receivables	4	486,459	465,437
Total current assets		4,521,843	5,038,308
Non-current assets			
Property, plant and equipment	5	5,167,700	5,264,032
Intangible assets		105,969	107,462
Investment in associates	6	90,669	932
Available-for-sale investments		382,339	380,335
Finance lease receivables	4	11,604,638	11,647,155
Other non-current assets		16,513	16,675
Goodwill		30,813	30,813
Total non-current assets		17,398,641	17,447,404
Total assets		21,920,484	22,485,712

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31, 2012

	Notes	March 31, 2012 QR'000 (Reviewed)	December 31, 2011 QR'000 (Audited)
EQUITY AND LIABILITIES			
Current liabilities			
Accounts payable and accruals		1,633,078	1,836,560
Interest bearing loans and borrowings	7	357,469	346,176
Other term loans		125,972	125,972
Derivatives	8	2,892,797	3,232,689
Deferred income		6,792	6,792
Total current liabilities		5,016,108	5,548,189
Non-current liabilities			
Interest bearing loans and borrowings	7	13,341,121	13,361,892
Other term loans		225,971	225,971
Deferred income		25,469	27,167
Employees' end of service benefits		96,441	94,810
Total non-current liabilities		13,689,002	13,709,840
Total liabilities		18,705,110	19,258,029
Equity			
Capital and reserves			
Share capital		1,000,000	1,000,000
Legal reserve		500,000	500,000
General reserve		3,241,834	3,241,834
Other components of equity		(2,673,841)	(3,015,616)
Retained earnings		942,945	1,302,098
Equity attributable to owners of the parent		3,010,938	3,028,316
Non-controlling interests		204,436	199,367
Total equity		3,215,374	3,227,683
Total liabilities and equity		21,920,484	22,485,712

.....
Abdulla Bin Hamad Al- Attiyah
Chairman

.....
Issa Bin Shahin Al-Ghanim
Vice Chairman

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

For the three month period ended March 31, 2012

	Notes	For the three month period ended March 31,	
		2012	2011
		QR'000 (Reviewed)	QR'000 (Reviewed) (Restated)
Sales	9	1,004,468	922,093
Cost of sales		(505,973)	(479,098)
Gross profit		498,495	442,995
General and administrative expenses		(52,643)	(61,071)
Finance costs		(182,623)	(184,034)
Interest income		9,426	7,195
Dividend income		16,655	12,180
Deferred income		1,698	1,698
Miscellaneous income		2,637	10,900
Share of interest income of joint venture companies		2,866	7,212
Net profit for the period		296,511	237,075
Attributable to:			
Owners of the parent		290,847	226,644
Non-controlling interests		5,664	10,431
Total		296,511	237,075
Basic and diluted earnings per share			
Basic earnings per share	10	2.91	2.27
Basic earnings per share (as previously stated)		--	2.28

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three month period ended March 31, 2012

	For the three month period ended March 31,	
	<u>2012</u> QR'000 (Reviewed)	<u>2011</u> QR'000 (Reviewed) (Restated)
Net profit for the period	296,511	237,075
Other comprehensive income for the period		
Gains from cash flow hedges of the Company and its subsidiaries	5,445	15,920
Share of income from cash flow hedges of associates and joint venture companies	333,731	119,704
Unrealized gains/(losses) on available for sale investments	2,004	(7,916)
Other comprehensive income for the period	341,180	127,708
Total comprehensive income for the period	637,691	364,783
Attributable to:		
Owners of the parent	632,622	354,402
Non-controlling interests	5,069	10,381
	637,691	364,783

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three month period ended March 31, 2012

	Attributable to the equity holders of the parent								
	Share capital	Legal reserve	General reserve	Retained earnings	Cash flow		Non-controlling interest		
					hedging reserve	Fair value reserve		Total	Total
QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	
Balance at January 1, 2012 (Audited)	1,000,000	500,000	3,241,834	1,302,098	(3,212,270)	196,654	3,028,316	199,367	3,227,683
Net profit for the period	-	-	-	290,847	-	-	290,847	5,664	296,511
Other comprehensive income /(loss)	-	-	-	-	339,771	2,004	341,775	(595)	341,180
Dividends paid for 2011	-	-	-	(650,000)	-	-	(650,000)	-	(650,000)
Balance at March 31, 2012 (Reviewed)	1,000,000	500,000	3,241,834	942,945	(2,872,499)	198,658	3,010,938	204,436	3,215,374

	Attributable to the equity holders of the parent								
	Share capital	Legal reserve	General reserve	Retained earnings	Cash flow		Non-controlling interest		
					hedging reserve	Fair value reserve		Total	Total
QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	
Balance at January 1, 2011 (Audited) (Restated)	1,000,000	500,000	3,241,834	635,447	(1,776,189)	197,149	3,798,241	175,570	3,973,811
Net profit for the period	-	-	-	226,644	-	-	226,644	10,381	237,025
Other comprehensive income /(loss)	-	-	-	-	135,674	(7,916)	127,758	-	127,758
Dividends paid for 2010	-	-	-	(600,000)	-	-	(600,000)	-	(600,000)
Balance at March 31, 2011 (Reviewed)	1,000,000	500,000	3,241,834	262,091	(1,640,515)	189,233	3,552,643	185,951	3,738,594

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the three month period ended March 31, 2012

	For the three month period ended March 31,	
	2012	2011
	QR'000 (Reviewed)	QR'000 (Reviewed) (Restated)
OPERATING ACTIVITIES		
Net profit for the period	296,511	237,075
Adjustments for:		
Depreciation	121,951	125,953
Amortization of intangible asset	1,493	1,493
Provision for employees' end of service benefits	2,686	5,892
Provision for slow moving inventories	317	4,542
Finance costs	182,623	184,034
Deferred income recognised	(1,698)	(1,698)
Deferred expense recognised	162	6,200
Interest income	(9,426)	(7,195)
Dividend income	(16,655)	(12,180)
	<u>577,964</u>	<u>544,116</u>
Working capital changes:		
Inventories	(6,440)	7,428
Accounts receivable and prepayments	217,149	579,949
Finance lease receivables	21,495	(47,598)
Accounts payable and accruals	(203,482)	(194,493)
Cash from operations	<u>606,686</u>	<u>889,402</u>
Finance costs paid	(182,623)	(184,034)
Employees' end of service benefits paid	(1,055)	(498)
Net cash from operating activities	<u>423,008</u>	<u>704,870</u>

QATAR ELECTRICITY & WATER COMPANY Q.S.C.**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the three month period ended March 31, 2012

	For the three month period ended March 31,	
	<u>2012</u>	<u>2011</u>
	QR'000 (Reviewed)	QR'000 (Reviewed) (Restated)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(25,619)	(40,116)
Acquisition of associates	(90,453)	-
Interest received	9,426	7,195
Dividends received	16,655	12,180
Net cash used in investing activities	<u>(89,991)</u>	<u>(20,741)</u>
FINANCING ACTIVITIES		
Dividends paid to owners of the parent	(650,000)	(600,000)
Interest bearing loans and borrowings	(9,478)	21,641
Net cash used in from financing activities	<u>(659,478)</u>	<u>(578,359)</u>
Net (decrease)/increase in cash and cash equivalents	(326,461)	105,770
Cash and cash equivalents at beginning of period	3,022,622	2,074,176
Cash and cash equivalents at end of period	<u>2,696,161</u>	<u>2,179,946</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended March 31, 2012

1. CORPORATE INFORMATION

Qatar Electricity & Water Company Q.S.C. (the "Company") is a public shareholding company incorporated in Qatar on March 16, 1992. The Company's registered office is at QIMCO building, West Bay Corniche Road, P.O. Box 22046, Doha, State of Qatar. The interim condensed consolidated financial statements of the Company for the three month period ended March 31, 2012 comprise the financial information of the Company, its subsidiaries and jointly controlled entities (together referred as the "Group"). The Group is primarily involved in the production of electricity and water. The Company's shares are listed on Qatar Exchange.

The structure of the Group, included in the interim condensed consolidated financial statements of Qatar Electricity and Water Company Q.S.C. is as follows:

		<u>Country of incorporation</u>	<u>Percentage of holding</u>
Ras Laffan Operating Company W.L.L.	Subsidiary	Qatar	100%
Ras Laffan Power Company Limited (Q.S.C.)	Subsidiary	Qatar	80%
Q Power Q.S.C.	Jointly controlled entity	Qatar	55%
Mesaieed Power Company Limited	Jointly controlled entity	Qatar	40%
Ras Girtas Power Company Limited	Jointly controlled entity	Qatar	45%

The interim condensed consolidated financial statements of the Group for the three month period ended March 31, 2012 were authorised for issue by the Board of Directors on April 22, 2012.

2. AGREEMENT WITH QATAR GENERAL ELECTRICITY & WATER CORPORATION (KAHRAMAA) FOR ACQUISITION OF STATIONS

During 2003, the Company entered into an agreement with Qatar General Electricity & Water Corporation (KAHRAMAA) for the acquisition of the following stations:

- Ras Abu Fontas A (RAF A)
- Al Wajbah
- Al Saliyah
- Doha South Super

Article 6 of the agreement states that the agreement is conditional and shall not become effective among others, unless an Emiri decree granting the Company a concession to use the land on which the plants are located has been promulgated, is in full force and effect. Article 6.2 of the said agreement also states that in the event the Emiri decree is not granted by June 1, 2003 the parties shall meet to discuss and agree a solution and to the extent necessary, the said agreement shall be amended to reflect any such solution needed.

As at the end of the reporting period, the Emiri decree has not been obtained by the Company. The revenues from these stations accounted for 11% of the total revenues of the Company for the period ended March 31, 2012 (March 31, 2011: 18%). No amendments have been made to the above agreement since both parties are continuing the discussions and are confident of obtaining the Emiri decree in due course.

For the three month period ended March 31, 2012

3. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These interim condensed consolidated financial statements are prepared in accordance with IAS 34 "Interim Financial Reporting". The accounting policies used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements for the year ended December 31, 2011 except for the adoption of certain revised standards which are effective as of January 1, 2012. Adoption of these standards did not have any effect on the financial position or performance of the Company other than certain presentation changes. These interim condensed consolidated financial statements should be read in conjunction with the 2011 annual consolidated financial statements and notes attached thereto.

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards. In addition, results for the three month ended March 31, 2012 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2012.

The interim condensed consolidated financial statements are prepared in Qatari Riyals and all values are rounded to the nearest thousands (QR'000) except when otherwise indicated.

In accordance with the agreement signed with the Government of the State of Qatar on October 10, 1999 for the purchase of Ras Abu Fontas B station and sale of its electricity and water and the mechanism for the calculation of annual revenue signed with the Ministry of Energy, Industry, Electricity and Water on July 13, 2000, an adjustment is to be made to the annual revenue in the annual financial statements to reflect the guaranteed revenue.

The interim condensed consolidated financial statements are not subject to such adjustments, as the agreement requires that adjustments be made only to the annual figures.

Sales from RAFA, Al Wajbah, Al Saliyah and Doha South Super are accounted for as per the terms of the Power and Water purchase agreement with KAHRAMAA. Adjustments are made on monthly basis to the financial statements to reflect the guaranteed revenue. However, settlement is done on annual basis.

Sales from Dukhan desalination plant are accounted for in accordance with the Water Purchase Agreement signed with Qatar Petroleum. Adjustments are made on monthly basis to financial statements to reflect the guaranteed revenue. However, settlement is done on annual basis.

Costs that are incurred unevenly during the financial year are anticipated or deferred in the interim condensed consolidated financial statements only if it would be appropriate to anticipate or defer such costs to the end of the financial year.

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended March 31, 2012

4. FINANCE LEASE RECEIVABLES

Finance lease receivables represent the proportionate share of lease receivables from Q Power Q.S.C., Mesaieed Power Company Limited Q.S.C, Ras Girtas Power Company Limited and Ras Laffan Power Company Limited Q.S.C. The subsidiaries and jointly controlled entities adopted IFRIC 4 *Determining Whether an Arrangement Contains a Lease* which became effective from January 1, 2006 in accounting for their self-constructed production facilities.

	March 31, 2012 QR'000 (Reviewed)	December 31, 2011 QR'000 (Audited)
Finance leases – gross receivable	26,108,165	26,208,538
Unearned finance income	(14,017,068)	(14,095,946)
Net investment in finance leases	12,091,097	12,112,592
Classified in the interim condensed consolidated statement of financial position as follows:		
Current portion	486,459	465,437
Non-current portion	11,604,638	11,647,155

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended March 31, 2012

5. PROPERTY, PLANT AND EQUIPMENT

	Production facilities QR'000	Furniture, fixtures and office equipment QR'000	Motor vehicles QR'000	"C" inspection costs QR'000	Capital spares QR'000	Capital work in progress QR'000	Total QR'000
Cost:							
At January 1, 2012 (Audited)	8,179,310	31,076	8,906	223,965	137,744	168,699	8,749,700
Additions	11,832	561	285	--	--	12,941	25,619
Retirements/disposals	--	--	(215)	--	--	--	(215)
At March 31, 2012	8,191,142	31,637	8,976	223,965	137,744	181,640	8,775,104
Depreciation:							
At January 1, 2012 (Audited)	3,286,828	20,659	4,576	134,650	38,955	--	3,485,668
Charge for the period	103,718	1,086	614	14,792	1,741	--	121,951
Relating to retirements/disposals	--	--	(215)	--	--	--	(215)
At March 31, 2012	3,390,546	21,745	4,975	149,442	40,696	--	3,607,404
Net carrying amounts:							
At March 31, 2012 (Reviewed)	4,800,596	9,892	4,001	74,523	97,048	181,640	5,167,700

Note:

During 2010, the Company discontinued the operations of its Al Wajba power production facility as per instructions received from the government of the State of Qatar. Negotiations for compensation are in process with the Ministry of Finance. Management believes it can recover the full carrying value of the facility and thus no impairment loss has been provided in these interim condensed consolidated financial statements.

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended March 31, 2012

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Production facilities QR'000	Furniture, office fixtures and equipment QR'000	Motor vehicles QR'000	"C" inspection costs QR'000	Capital spares QR'000	Capital work in progress QR'000	Total QR'000
Cost:							
At January 1, 2011	8,154,187	26,996	7,501	261,464	140,162	446,099	9,036,409
Additions	5,622	4,086	2,255	-	-	445,249	457,212
Transfers/reclassifications	19,501	-	-	44,279	(2,418)	(63,780)	(2,418)
Transfer to finance lease receivable	-	-	-	-	-	(658,869)	(658,869)
Retirements/disposals	-	(6)	(850)	(81,778)	-	-	(82,634)
At December 31, 2011	8,179,310	31,076	8,906	223,965	137,744	168,699	8,749,700
Depreciation:							
At January 1, 2011	2,874,350	16,593	3,592	135,946	31,828	-	3,062,309
Charge for the year	412,478	4,068	1,650	80,482	7,127	-	505,805
Retirements/disposals	-	(2)	(666)	(81,778)	-	-	(82,446)
At December 31, 2011	3,286,828	20,659	4,576	134,650	38,955	-	3,485,668
Net carrying amounts:							
At December 31, 2011 (Audited)	4,892,482	10,417	4,330	89,315	98,789	168,699	5,264,032

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended March 31, 2012

6. INVESTMENT IN ASSOCIATES

The Company entered into an agreement with IDB Infrastructure Fund L.P, a company incorporated in the Kingdom of Bahrain, on February 8, 2012 to purchase 38.89% of shares of AES Oasis Ltd, a company incorporated in Cayman Islands. AES Oasis Ltd. is 60% owner of AES Jordan Holding Co., a company incorporated in Cayman Islands which is a joint venture with Mitsui & Co Ltd of Japan which owns and operates a 370MW combined cycle gas fired power in Almanakher, Jordan. The effective stake of the Company in this plant is 23.33%. In accordance with the Share Purchase Agreement dated February 8, 2012, the Company made an initial payment of QR 95.6 million as on March 19, 2012, which represents approximately 75% of the total expected purchase consideration (Closing date, which is the date of the completion of the sale and purchase in pursuance of the agreement) as part of purchase consideration for the above mentioned stake.

7. INTEREST-BEARING LOANS AND BORROWINGS

	March 31, 2012	December 31, 2011
	QR'000 (Reviewed)	QR'000 (Audited)
Loan 1	1,504,430	1,504,430
Loan 2	1,142,536	1,162,817
Loan 3	2,811,390	2,814,844
Loan 4	852,581	852,581
Loan 5	425,368	425,368
Loan 6	1,093,500	1,093,500
Loan 7	4,835,573	4,843,567
Loan 8	1,096,562	1,096,562
	<u>13,761,940</u>	<u>13,793,669</u>
Less: financing arrangement costs	(63,350)	(85,601)
	<u>13,698,590</u>	<u>13,708,068</u>
Classified in the interim condensed consolidated statement of financial position as follows:		
Current portion	357,469	346,176
Non-current portion	<u>13,341,121</u>	<u>13,361,892</u>
	<u>13,698,590</u>	<u>13,708,068</u>

8. DERIVATIVES

	March 31, 2012	December 31, 2011
	QR'000 (Reviewed)	QR'000 (Audited)
Share in fair value of cash flow hedge of jointly controlled entities	2,543,461	2,877,908
Cash flow hedge of the company and its subsidiaries	349,336	354,781
	<u>2,892,797</u>	<u>3,232,689</u>

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended March 31, 2012

9. SALES

	For the three month period ended March 31,	
	2012	2011
	QR'000 (Reviewed)	QR'000 (Reviewed)
Sales represent revenue generated from the supply of:		
Electricity	399,120	355,978
Water	353,973	323,165
Lease income from plant leases:		
-Q Power Q.S.C.	35,841	36,357
-Mesaieed power Company Limited Q.S.C.	70,991	63,374
-Ras Girtas Power Company Limited	99,592	88,026
-Ras Laffan Power Company Limited Q.S.C.	44,951	55,193
	<u>1,004,468</u>	<u>922,093</u>

10. BASIC EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit for the period by the weighted average number of shares outstanding during the period as follows:

	For the three month period ended March 31,	
	2012	2011
	(Reviewed)	(Reviewed) (Restated)
Profit for the year attributable to owners of the parent (in QR'000)	<u>290,847</u>	<u>226,644</u>
Weighted average number of shares outstanding during the period (in shares) (in' 000s)	<u>100,000</u>	<u>100,000</u>
Basic earnings per share (expressed in QR per share)	<u>2.91</u>	<u>2.27</u>

There were no potentially dilutive shares outstanding at any time during the period. Therefore, the diluted earnings per share are equal to the basic earnings per share.

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended March 31, 2012

11. INVESTMENTS IN JOINT VENTURE COMPANIES (Q POWER Q.S.C., MESAIEED POWER COMPANY LIMITED Q.S.C. AND RAS GIRTAS POWER COMPANY LIMITED Q.S.C.)

The Company's share of the assets, liabilities, income and expenses of the jointly controlled entities, on a combined basis after inter company adjustments at March 31, 2012 and December 31, 2011 and for the three month period and the year then ended, respectively, which are included in the interim condensed consolidated financial statements are as follows:

	March 31, 2012	December 31, 2011
	QR'000 (Reviewed)	QR'000 (Audited)
Current assets	1,332,439	1,557,855
Non-current assets	8,779,589	8,621,634
Current liabilities	(3,117,681)	(3,605,534)
Non-current liabilities	(8,618,256)	(8,639,741)
	<u>(1,623,909)</u>	<u>(2,065,786)</u>
For the three month period ended March 31,	2012	2011
	(Reviewed)	(Reviewed)
Revenues	388,914	369,210
Cost of sales	(145,680)	(156,748)
Administrative expenses	(4,387)	(4,708)
Finance costs	(132,226)	(133,727)
Other income	813	--
Profit for the period	<u>107,434</u>	<u>74,027</u>

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended March 31, 2012

12. COMMITMENTS AND CONTINGENT LIABILITIES

	March 31, 2012	December 31, 2011
	QR'000 (Reviewed)	QR'000 (Audited)
<i>Commitments:</i>		
Capital commitments (i)	--	6,826
Operating lease commitments(ii)	<u>179,473</u>	<u>190,174</u>
<i>Contingent liabilities:</i>		
Bank guarantees, corporate guarantees and documentary credits	<u>637,530</u>	<u>585,690</u>

Notes:

(i) Capital commitments include:

The proportionate commitment of the Company in Ras Girtas Power Company Limited Q.S.C. as at March 31, 2012 which amounts to QR NIL (December 31, 2011: QR 6.826 million).

(ii) Operating lease commitments include:

The proportionate share in Mesaieed Power Company Limited Q.S.C. operating lease commitment in accordance with the land lease agreement with Qatar Petroleum, where jointly controlled entity is contingently liable for the value of annual rent for the term of the lease agreement for the land on which the jointly controlled entity has constructed its plant facilities. The future lease commitments are as follows:

	2012	2011
	QR'000 (Reviewed)	QR'000 (Audited)
Due in one year	5,717	10,987
Due in 2-5 years	29,750	28,555
Due in more than 5 years	<u>144,006</u>	<u>150,632</u>
	<u>179,473</u>	<u>190,174</u>

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended March 31, 2012

13. RELATED PARTY DISCLOSURES

Related party transactions

Related parties represent associated companies, major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

Transactions with related parties included in the interim condensed consolidated statement of income are as follows:

		For the three month period ended March 31,	
		2012	2011
		QR'000	QR'000
		(Reviewed)	(Reviewed)
<i>Sales:</i>			
Revenue from sale of electricity	KAHRAMAA	399,120	355,978
Revenue from sale of water	KAHRAMAA	349,557	319,643
	Qatar Petroleum	4,415	3,522
Lease income from plant leases	KAHRAMAA	251,375	242,950
<i>Cost of sales:</i>			
Cost of gas consumed	Qatar Petroleum	228,982	215,881
<i>Other income:</i>			
Interest on bank deposits	Qatar National Bank	7,296	5,860

Balances with related parties included in the interim condensed consolidated statement of financial position are as follows:

	March 31, 2012		December 31, 2011	
	Trade receivables QR'000 (Reviewed)	Trade and other payables QR'000 (Reviewed)	Trade receivables QR'000 (Audited)	Trade and other payables QR'000 (Audited)
KAHRAMAA	785,958	4,600	1,011,034	5,571
Qatar Petroleum	4,415	186,572	5,932	200,059
Qatar Insurance Company	--	6,615	--	6,318
Qatar Navigation (Milaha)	--	--	--	23

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended March 31, 2012

13. RELATED PARTY DISCLOSURES (CONTINUED)

Compensation of key management personnel

The remuneration of directors and members of key management during the period are as follows:

	For the three month period ended March 31,	
	2012	2011
	QR'000	QR'000
	(Reviewed)	(Reviewed)
Management remuneration	13,108	11,086
Directors' sitting fees	4,900	4,375

14. PRIOR YEAR ADJUSTMENTS

The Company accounted for the Business combination in the consolidated financial statements for the year ended December 31, 2010 using provisional fair values, as allowed by International Financial Reporting Standard 3: BUSINESS COMBINATIONS. The Company finalized its Purchase Price Allocation (PPA) for the business combination within the allowable one year period reflecting the new facts and circumstances that existed as of the acquisition date. As a result, certain intangible assets were identified and the goodwill balance reduced. During 2011, the Company incorporated the fair value of the assets acquired in the business combination as a result of Purchase Price Allocation.

15. COMPARATIVE FIGURES

Certain amounts in the 2011 interim condensed consolidated financial statements and supporting note disclosures have been reclassified to conform to the current period's presentation.