

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

**INTERIM CONDENSED  
CONSOLIDATED FINANCIAL STATEMENTS  
TOGETHER WITH  
INDEPENDENT AUDITOR'S REVIEW REPORT  
FOR THE SIX MONTH PERIOD ENDED  
JUNE 30, 2012**

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

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

For the six month period ended June 30, 2012

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QR. 81527

## INDEPENDENT AUDITOR'S REVIEW REPORT

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

### *Introduction*

We have reviewed the accompanying interim condensed consolidated statement of financial position of Qatar Electricity & Water Company Q.S.C. (the "Company") and its subsidiaries and jointly controlled entities (together referred as the "Group") as of June 30, 2012, and the related interim condensed consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the three and six month period then ended, and selected explanatory notes. Management is responsible for the preparation and fair 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.

### *Scope of 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.

### *Conclusion*

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".

Doha - Qatar  
August 1, 2012

For Deloitte & Touche

Muhammad Bahemia  
License No. 103

# QATAR ELECTRICITY & WATER COMPANY Q.S.C.

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of June 30, 2012

	Notes	June 30, 2012 QR'000 (Reviewed)	December 31, 2011 QR'000 (Audited)
<b>ASSETS</b>			
<b>Current assets</b>			
Bank balances and cash		2,686,595	3,022,622
Accounts receivable and prepayments		1,338,459	1,244,362
Inventories		358,913	305,887
Finance lease receivables	4	499,560	465,437
<b>Total current assets</b>		<b>4,883,527</b>	<b>5,038,308</b>
<b>Non-current assets</b>			
Property, plant and equipment	5	5,047,847	5,264,032
Intangible assets		104,477	107,462
Investment in associates	6	95,073	932
Available-for-sale investments		370,281	380,335
Finance lease receivables	4	11,554,073	11,647,155
Other non-current assets		16,277	16,675
Goodwill		30,813	30,813
<b>Total non-current assets</b>		<b>17,218,841</b>	<b>17,447,404</b>
<b>Total assets</b>		<b>22,102,368</b>	<b>22,485,712</b>

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 of June 30, 2012

	Notes	June 30, 2012 QR'000 (Reviewed)	December 31, 2011 QR'000 (Audited)
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accruals		1,637,039	1,836,560
Interest bearing loans and borrowings	7	1,453,533	346,176
Other term loans		125,972	125,972
Derivatives	8	3,419,494	3,232,689
Deferred income		6,792	6,792
<b>Total current liabilities</b>		<b>6,642,830</b>	<b>5,548,189</b>
<b>Non-current liabilities</b>			
Interest bearing loans and borrowings	7	12,097,509	13,361,892
Other term loans		225,971	225,971
Deferred income		23,771	27,167
Employees' end of service benefits		97,401	94,810
<b>Total non-current liabilities</b>		<b>12,444,652</b>	<b>13,709,840</b>
<b>Total liabilities</b>		<b>19,087,482</b>	<b>19,258,029</b>
<b>Equity</b>			
<b>Capital and reserves</b>			
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		(3,225,763)	(3,015,616)
Retained earnings		1,290,922	1,302,098
<b>Equity attributable to owners of the parent company</b>		<b>2,806,993</b>	<b>3,028,316</b>
Non-controlling interests		207,893	199,367
<b>Total equity</b>		<b>3,014,886</b>	<b>3,227,683</b>
<b>Total liabilities and equity</b>		<b>22,102,368</b>	<b>22,485,712</b>

Abdulla Bin Hamad Al- Attiyah  
Chairman

Issa 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 six month period ended June 30, 2012

	Notes	For the three month period ended June 30,		For the six month period ended June 30,	
		2012	2011	2012	2011
		QR'000	QR'000	QR'000	QR'000
		(Reviewed)	(Reviewed) (Restated)	(Reviewed)	(Reviewed) (Restated)
Sales	9	1,194,394	1,201,654	2,198,862	2,123,747
Cost of sales		(632,157)	(569,560)	(1,138,130)	(1,048,658)
<b>Gross profit</b>		<b>562,237</b>	<b>632,094</b>	<b>1,060,732</b>	<b>1,075,089</b>
General and administrative expenses		(55,595)	(52,342)	(108,238)	(113,412)
Finance costs		(180,824)	(173,432)	(362,157)	(357,466)
Share of loss of an associate company		(3,060)	-	(3,060)	-
Interest income		8,824	4,488	18,250	11,684
Dividend income		326	372	16,981	12,552
Deferred income		1,698	1,698	3,396	3,396
Miscellaneous income		19,472	35,682	22,109	46,582
Share of interest income of joint venture companies		2,027	2,131	3,603	9,342
<b>Net profit for the period</b>		<b>355,105</b>	<b>450,691</b>	<b>651,616</b>	<b>687,767</b>
<b>Attributable to:</b>					
Owners of the parent company		347,977	442,134	638,824	668,779
Non-controlling interests		7,128	8,557	12,792	18,988
<b>Total</b>		<b>355,105</b>	<b>450,691</b>	<b>651,616</b>	<b>687,767</b>
<b>Basic and diluted earnings per share</b>					
Basic earnings per share	10	3.48	4.42	6.39	6.69
Basic earnings per share (as previously restated)		-	4.44	-	6.72

# QATAR ELECTRICITY & WATER COMPANY Q.S.C.

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six month period ended June 30, 2012

	For the three month period ended June 30,		For the six month period ended June 30,	
	2012	2011	2012	2011
	QR'000	QR'000	QR'000	QR'000
	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
		(Restated)		(Restated)
<b>Net profit for the period</b>	<b>355,105</b>	<b>450,691</b>	<b>651,616</b>	<b>687,767</b>
<b>Other comprehensive income for the period</b>				
Gain / (loss) from cash flow hedges of the Company and its subsidiaries	21,770	(6,306)	27,214	9,614
Share of loss from cash flow hedges of associates and joint venture companies	(548,964)	(243,046)	(215,232)	(123,342)
Unrealized (loss)/gain on available for sale investments	(18,922)	8,225	(16,918)	309
<b>Other comprehensive income for the period</b>	<b>(546,116)</b>	<b>(241,127)</b>	<b>(204,936)</b>	<b>(113,419)</b>
<b>Total comprehensive (loss) / income for the period</b>	<b>(191,011)</b>	<b>209,564</b>	<b>446,680</b>	<b>574,348</b>
<b>Attributable to:</b>				
Owners of the parent company	(203,945)	196,936	428,677	551,339
Non-controlling interests	12,934	12,628	18,003	23,009
	<b>(191,011)</b>	<b>209,564</b>	<b>446,680</b>	<b>574,348</b>

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 SHAREHOLDERS' EQUITY**

for the six month period ended June 30, 2012

	Attributable to the equity holders of the parent company						Non-controlling interest	Total
	Share capital	Legal reserve	General reserve	Retained earnings	Cash flow hedge reserve	Fair value reserve		
	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	199,367	3,227,683
Total comprehensive income /(loss)	-	-	-	638,824	(193,229)	(16,918)	18,003	446,680
Dividends paid for 2011	-	-	-	(650,000)	-	-	(9,477)	(659,477)
<b>Balance at June 30, 2012 (Reviewed)</b>	<b>1,000,000</b>	<b>500,000</b>	<b>3,241,834</b>	<b>1,290,922</b>	<b>(3,405,499)</b>	<b>179,736</b>	<b>207,893</b>	<b>3,014,886</b>

	Attributable to the equity holders of the parent company						Non-controlling interest	Total
	Share capital	Legal reserve	General reserve	Retained earnings	Cash flow hedge reserve	Fair value reserve		
	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000
Balance at January 1, 2011 (Audited)	1,000,000	500,000	3,241,834	635,447	(1,776,189)	197,149	175,570	3,973,811
Restated)	-	-	-	668,779	(117,749)	309	23,009	574,348
Total comprehensive income /(loss)	-	-	-	(600,000)	-	-	(8,748)	(608,748)
Dividends paid for 2010	-	-	-	-	-	-	-	-
<b>Balance at June 30, 2011 (Reviewed)</b>	<b>1,000,000</b>	<b>500,000</b>	<b>3,241,834</b>	<b>704,226</b>	<b>(1,893,938)</b>	<b>197,458</b>	<b>189,831</b>	<b>3,939,411</b>
Restated)	-	-	-	-	-	-	-	-

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 six month period ended June 30, 2012

	For the six month period ended June 30,	
	2012	2011
	QR'000	QR'000
	(Reviewed)	(Reviewed)
		(Restated)
<b>OPERATING ACTIVITIES</b>		
Net profit for the period	651,616	687,767
<b>Adjustments for:</b>		
Depreciation	242,654	252,168
Amortization of intangible assets	2,985	2,985
Profit on disposal of property, plant and equipment	(110)	(62)
Provision for employees' end of service benefits	4,733	8,021
Provision for slow moving inventories	5,074	9,085
Finance costs	362,157	357,466
Deferred income recognised	(3,396)	(3,396)
Deferred expense recognised	398	6,514
Interest income	(18,250)	(21,026)
Dividend income	(16,981)	(12,552)
	<u>1,230,880</u>	<u>1,286,970</u>
<b>Working capital changes:</b>		
Inventories	(58,100)	(3,954)
Accounts receivable and prepayments	(94,097)	304,419
Finance lease receivables	58,959	183,597
Accounts payable and accruals	(199,521)	(205,180)
<b>Cash from operations</b>	<u>938,121</u>	<u>1,565,852</u>
Finance costs paid	(362,157)	(357,466)
Employees' end of service benefits paid	(2,142)	(737)
<b>Net cash from operating activities</b>	<u>573,822</u>	<u>1,207,649</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(26,608)	(321,006)
Proceeds from sale of property, plant and equipment	249	75
Purchase of available for sale investments	(6,864)	(12,254)
Acquisition of associates	(95,354)	(359)
Interest received	18,250	21,026
Dividends received	16,981	12,552
<b>Net cash used in investing activities</b>	<u>(93,346)</u>	<u>(299,966)</u>

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 six month period ended June 30, 2012

	For the six month period ended June 30,	
	2012 QR'000 (Reviewed)	2011 QR'000 (Reviewed) (Restated)
<b>FINANCING ACTIVITIES</b>		
Dividends paid to owners of the parent company	(650,000)	(600,000)
Repayments of interest bearing loans and borrowings	(157,026)	(187,539)
Dividends paid to non-controlling interest	(9,477)	(8,748)
<b>Net cash used in financing activities</b>	<b>(816,503)</b>	<b>(796,287)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(336,027)</b>	<b>111,396</b>
Cash and cash equivalents at beginning of period	3,022,622	2,074,176
<b>Cash and cash equivalents at end of period</b>	<b>2,686,595</b>	<b>2,185,572</b>

# **QATAR ELECTRICITY & WATER COMPANY Q.S.C.**

## **NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the six month period ended June 30, 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 six month period ended June 30, 2012 comprise the financial information of the Company, its subsidiaries, associates 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:

		<i>Country of incorporation</i>	<i>Percentage of holding</i>
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%
AES Oasis Limited	Associated entity	Caymen Island	38.89%
Phoenix Power Company	Associated entity	Oman	15%
Phoenix Operating Company	Associated entity	Oman	15%

The interim condensed consolidated financial statements of the Group for the six month period ended June 30, 2012 were authorised for issue by the Board of Directors on August 1, 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 12.4% of the total revenues of the Group for the period ended June 30, 2012 (June 30, 2011: 12.5%). 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.

# **QATAR ELECTRICITY & WATER COMPANY Q.S.C.**

## **NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the six month period ended June 30, 2012

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### **3. BASIS OF PREPARATION AND ACCOUNTING POLICIES**

These interim condensed financial statements are prepared in accordance with IAS 34 "Interim Financial Reporting". The accounting policies used in the preparation of these interim condensed 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 Group other than certain presentation changes. These interim condensed financial statements should be read in conjunction with the 2011 annual consolidated financial statements and notes attached thereto.

The interim condensed 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 six month ended June 30, 2012 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2012.

The interim condensed 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 six month period ended June 30, 2012

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### 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.

	<b>June 30, 2012</b>	<b>December 31, 2011</b>
	<b>QR'000</b>	<b>QR'000</b>
	<b>(Reviewed)</b>	<b>(Audited)</b>
Finance leases – gross receivable	<b>25,573,643</b>	26,208,538
Unearned finance income	<b>(13,520,010)</b>	(14,095,946)
Net investment in finance leases	<b>12,053,633</b>	12,112,592

Classified in the interim condensed consolidated statement of financial position as follows:

Current portion	<b>499,560</b>	465,437
Non-current portion	<b>11,554,073</b>	11,647,155

# QATAR ELECTRICITY & WATER COMPANY Q.S.C.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 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
<b>Cost:</b>							
At January 1, 2012 (Audited)	8,179,310	31,076	8,906	223,965	137,744	168,699	8,749,700
Additions	11,864	805	595	705	-	12,639	26,608
Retirements/disposals	-	-	(415)	-	-	-	(415)
<b>At June 30, 2012 (Reviewed)</b>	<b>8,191,174</b>	<b>31,881</b>	<b>9,086</b>	<b>224,670</b>	<b>137,744</b>	<b>181,338</b>	<b>8,775,893</b>
<b>Depreciation:</b>							
At January 1, 2012 (Audited)	3,286,828	20,659	4,576	134,650	38,955	-	3,485,668
Charge for the period	206,728	2,155	812	29,285	3,674	-	242,654
Relating to retirements/disposals	-	-	(276)	-	-	-	(276)
<b>At June 30, 2012 (Reviewed)</b>	<b>3,493,556</b>	<b>22,814</b>	<b>5,112</b>	<b>163,935</b>	<b>42,629</b>	<b>-</b>	<b>3,728,046</b>
<b>Net carrying amounts:</b>							
<b>At June 30, 2012 (Reviewed)</b>	<b>4,697,618</b>	<b>9,067</b>	<b>3,974</b>	<b>60,735</b>	<b>95,115</b>	<b>181,338</b>	<b>5,047,847</b>

*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 six month period ended June 30, 2012

**5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

	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
<b>Cost:</b>							
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
<b>Depreciation:</b>							
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
Related to 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
<b>Net carrying amounts:</b>							
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 six month period ended June 30, 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 and paid QR 7.8 million as on May 24, 2012 as part of purchase consideration for the above mentioned stake.

### 7. INTEREST-BEARING LOANS AND BORROWINGS

	June 30, 2012 QR'000 (Reviewed)	December 31, 2011 QR'000 (Audited)
Loan 1	1,483,773	1,504,430
Loan 2	1,137,956	1,162,817
Loan 3	2,804,564	2,814,844
Loan 4	832,808	852,581
Loan 5	415,502	425,368
Loan 6	1,093,500	1,093,500
Loan 7	4,833,563	4,843,567
Loan 8	1,031,006	1,096,562
	<u>13,632,672</u>	<u>13,793,669</u>
Less: financing arrangement costs	<u>(81,630)</u>	<u>(85,601)</u>
	<u>13,551,042</u>	<u>13,708,068</u>

Classified in the interim condensed consolidated statement of financial position as follows:

Current portion	1,453,533	346,176
Non-current portion	<u>12,097,509</u>	<u>13,361,892</u>
	<u>13,551,042</u>	<u>13,708,068</u>

### 8. DERIVATIVES

	June 30, 2012 QR'000 (Reviewed)	December 31, 2011 QR'000 (Audited)
Share in fair value of cash flow hedge of jointly controlled entities	3,091,927	2,877,908
Cash flow hedge of the company and its subsidiaries	<u>327,567</u>	<u>354,781</u>
	<u>3,419,494</u>	<u>3,232,689</u>

# QATAR ELECTRICITY & WATER COMPANY Q.S.C.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2012

### 9. SALES

	For the three month period ended June 30,		For the six month period ended June 30,	
	2012 QR'000 (Reviewed)	2011 QR'000 (Reviewed)	2012 QR'000 (Reviewed)	2011 QR'000 (Reviewed)
Sales represent revenue generated from the supply of:				
Electricity	572,777	579,201	971,897	935,179
Water	378,572	363,937	732,545	687,102
Lease income from plant leases				
-Q Power Q.S.C.	35,841	36,357	71,682	72,714
-Mesaieed power Company Limited Q.S.C.	68,097	63,977	139,088	127,351
-Ras Girtas Power Company Limited	87,676	103,403	187,268	191,429
-Ras Laffan Power Company Limited Q.S.C.	51,431	54,779	96,382	109,972
	<u>1,194,394</u>	<u>1,201,654</u>	<u>2,198,862</u>	<u>2,123,747</u>

### 10. BASIC EARNINGS PER SHARE

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

	For the three month period ended June 30,		For the six month period ended June 30,	
	2012 (Reviewed)	2011 (Reviewed) (Restated)	2012 (Reviewed)	2011 (Reviewed) (Restated)
Net profit for the period attributable to owners of the parent (in QR'000)	<u>347,978</u>	<u>442,134</u>	<u>638,824</u>	<u>668,779</u>
Weighted average number of shares outstanding during the period (in shares) (in'000s)	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Basic earnings per share (expressed in QR per share)	<u>3.48</u>	<u>4.42</u>	<u>6.39</u>	<u>6.69</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 six month period ended June 30, 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 intercompany adjustments at June 30, 2012 and December 31, 2011 and for the six month period ended June 30, 2012 and June 30, 2011, which are included in the interim condensed consolidated financial statements are as follows:

	<b>June 30, 2012</b>	<b>December 31, 2011</b>
	<b>QR'000</b>	<b>QR'000</b>
	<b>(Reviewed)</b>	<b>(Audited)</b>
Current assets	1,432,559	1,557,855
Non-current assets	8,749,504	8,621,634
Current liabilities	(3,675,785)	(3,605,534)
Non-current liabilities	(8,585,425)	(8,639,741)
	<b>(2,079,147)</b>	<b>(2,065,786)</b>
<b>For the six month period ended June 30,</b>	<b>2012</b>	<b>2011</b>
	<b>QR'000</b>	<b>QR'000</b>
	<b>(Reviewed)</b>	<b>(Reviewed)</b>
Revenues	826,115	788,404
Cost of sales	(365,852)	(344,462)
Administrative expenses	(10,055)	(14,196)
Finance costs	(264,208)	(257,166)
Other income	14,663	38,708
<b>Profit for the period</b>	<b>200,663</b>	<b>211,288</b>

# QATAR ELECTRICITY & WATER COMPANY Q.S.C.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2012

### 12. COMMITMENTS AND CONTINGENT LIABILITIES

	June 30, 2012 QR'000 (Reviewed)	December 31, 2011 QR'000 (Audited)
<i>Commitments:</i>		
Capital commitments (i)	--	6,826
Operating lease commitment (ii)	178,051	190,174
<i>Contingent liabilities:</i>		
Bank guarantees, corporate guarantees and documentary credits	688,920	585,690

*Notes:*

(i) Capital commitments include the following:

The proportionate commitment of the Company in Ras Girtas Power Company Limited Q.S.C. as at June 30, 2012 which amounts to QR NIL (December 31, 2011: QR 6.826 million).

(ii) Operating lease commitment includes:

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 proportionate share in Ras Girtas Power Company Limited Q.S.C. operating lease commitment in accordance with the land lease agreement with Ras Laffan Industrial City, 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:

	June 30, 2012 QR'000 (Reviewed)	December 31, 2011 QR'000 (Audited)
Due in one year	5,748	10,987
Due in 2-5 years	29,750	28,555
Due in more than 5 years	142,553	150,632
	178,051	190,174

# QATAR ELECTRICITY & WATER COMPANY Q.S.C.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 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 June 30,		For the six month period ended June 30,	
		2012	2011	2012	2011
		QR'000	QR'000	QR'000	QR'000
		(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
<i>Sales:</i>					
Revenue from sale of electricity	KAHRAMAA	572,777	579,200	971,897	935,178
Revenue from sale of water	KAHRAMAA	376,672	360,959	726,229	680,602
	Qatar Petroleum	1,901	2,978	6,316	6,500
Lease income from plant leases	KAHRAMAA	243,044	258,517	494,419	501,467
<i>Cost of sales:</i>					
Cost of gas consumed	Qatar Petroleum	337,984	305,002	566,966	520,883
<i>Other income:</i>					
Interest on bank deposits	Qatar National Bank	5,245	3,077	12,541	8,937

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

	June 30, 2012		December 31, 2011	
	Trade receivables	Trade and other payables	Trade receivables	Trade and other payables
	QR'000	QR'000	QR'000	QR'000
	(Reviewed)	(Reviewed)	(Audited)	(Audited)
KAHRAMAA	1,132,318	6,391	1,011,034	5,571
Qatar Petroleum	3,729	348,302	5,932	200,059
Qatar Insurance Company	--	--	--	6,318
Qatar Navigation (Milaha)	--	--	--	23

# QATAR ELECTRICITY & WATER COMPANY Q.S.C.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 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 June 30,		For the six month period ended June 30,	
	2012	2011	2012	2011
	QR'000 (Reviewed)	QR'000 (Reviewed)	QR'000 (Reviewed)	QR'000 (Reviewed)
Management remuneration	6,062	3,970	19,170	15,056
Directors' sitting fees	4,900	5,423	9,800	8,898

### 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.