

**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, 2011**

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, 2011

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INDEPENDENT AUDITOR'S REVIEW REPORT

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

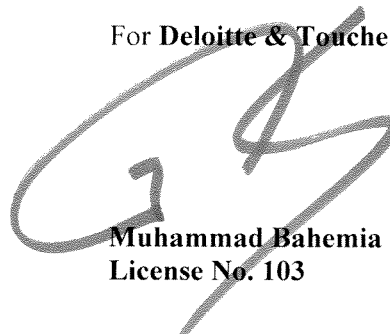
We have reviewed the accompanying interim condensed consolidated financial statements of Qatar Electricity & Water Company Q.S.C. (the "Company"), comprising the interim condensed consolidated statement of financial position as at March 31, 2011, and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three month period then ended, and certain selected notes. The interim condensed consolidated financial statements of the Company as at March 31, 2010 were reviewed and the consolidated financial statements as at December 31, 2010 were audited by another auditor, whose reports dated April 19, 2010 and February 14, 2011 respectively, expressed an unqualified reviewed and audited opinions on those statements.

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 20, 2011

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

For the three month period ended March 31, 2011

	Notes	For the three month period ended March 31,	
		2011	2010
		QR '000 (Reviewed)	QR '000 (Reviewed)
Sales	4	922,093	592,679
Cost of sales		(479,098)	(357,705)
GROSS PROFIT		442,995	234,974
EXPENSES			
General and administration expenses		(59,578)	(31,150)
Finance costs		(184,034)	(69,093)
Liquidated damages to KAHRAMAA	5	--	(44,460)
OTHER INCOME			
Interest income		14,407	38,500
Dividend income		12,180	1,160
Share of profits of associates		--	8,451
Deferred income	11	1,698	1,698
Other operating income		1,968	2,606
Share of liquidated damages of Mesaieed Power Company Limited		--	9,185
Miscellaneous income		8,932	3,079
NET PROFIT FOR THE PERIOD		238,568	154,950
Net income attributable to shareholders		228,137	154,950
Net income attributable to non-controlling interests		10,431	--
BASIC EARNINGS PER SHARE			
(Expressed in QR per share)	6	<u>2.28</u>	<u>1.55</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 COMPREHENSIVE INCOME

For the three month period ended March 31, 2011

	For the three month period ended March 31,	
	<u>2011</u>	<u>2010</u>
	<u>QR '000</u>	<u>QR '000</u>
	<u>(Reviewed)</u>	<u>(Reviewed)</u>
Profit for the period	238,568	154,950
Other comprehensive income/(loss) for the period		
Gains/(losses) from cash flow hedges of the Company	15,920	(17,767)
Share of gains/(losses) from cash flow hedges of subsidiaries, associates and joint venture companies	119,704	(64,553)
Unrealised (loss)/ gain on available-for-sale investments	<u>(7,916)</u>	<u>12,010</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>366,276</u>	<u>84,640</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 FINANCIAL POSITION**

As at March 31, 2011

	Notes	March 31, 2011	December 31, 2010
		QR'000	QR'000
		(Reviewed)	(Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	7	5,888,263	5,974,100
Goodwill		108,798	108,798
Available-for-sale investments		350,322	358,238
Finance lease receivables	8	11,746,038	11,699,832
Other non-current assets		17,615	23,815
Total non-current assets		18,111,036	18,164,783
Current assets			
Inventories		282,613	294,583
Finance lease receivables	8	137,228	135,836
Accounts receivable and prepayments		874,087	1,454,036
Cash and bank balances		2,179,946	2,074,176
Total current assets		3,473,874	3,958,631
TOTAL ASSETS		21,584,910	22,123,414

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, 2011

	Notes	March 31, 2011	December 31, 2010
		QR'000	QR'000
		(Reviewed)	(Audited)
EQUITY AND LIABILITIES			
Equity			
Share capital		1,000,000	1,000,000
Legal reserve		500,000	500,000
General reserve		3,241,834	3,241,834
Retained earnings		228,137	600,000
Other components of equity		<u>(1,451,282)</u>	<u>(1,579,040)</u>
Equity attributable to owners of the parent		3,518,689	3,762,794
Non-controlling interests		185,951	175,570
Total equity		<u>3,704,640</u>	<u>3,938,364</u>
Non-current liabilities			
Interest-bearing loans and borrowings	9	12,485,479	12,445,717
Other term loans		351,941	351,941
Deferred income	11	32,261	33,959
Employees' end of service benefits		69,429	64,035
Total non-current liabilities		<u>12,939,110</u>	<u>12,895,652</u>
Current liabilities			
Accounts payable and accruals		1,662,614	1,857,107
Interest-bearing loans and borrowings	9	1,494,926	1,513,047
Other term loans		105,972	105,972
Derivatives	10	1,670,856	1,806,480
Deferred income	11	6,792	6,792
Total current liabilities		<u>4,941,160</u>	<u>5,289,398</u>
TOTAL LIABILITIES		<u>17,880,270</u>	<u>18,185,050</u>
TOTAL EQUITY AND LIABILITIES		<u>21,584,910</u>	<u>22,123,414</u>

The interim condensed consolidated financial statements were approved by the Board of Directors on April 20, 2011 and signed on its behalf by:

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

.....
Hamad Rashid Al-Mohannadi
Board Member

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, 2011

	Share capital QR'000	Legal reserve QR'000	General reserve QR'000	Retained earnings QR'000	Cash flow hedge reserve QR'000	Fair value reserve QR'000	Non-controlling interest QR'000	Total QR'000
Balance at January 1, 2011 (Audited)	1,000,000	500,000	3,241,834	600,000	(1,776,189)	197,149	175,570	3,938,364
Total comprehensive income for the period	--	--	--	228,137	135,674	(7,916)	10,381	366,276
Dividends paid for 2010	--	--	--	(600,000)	--	--	--	(600,000)
Balance at March 31, 2011 (Reviewed)	1,000,000	500,000	3,241,834	228,137	(1,640,515)	189,233	185,951	3,704,640
	Share capital QR'000	Legal reserve QR'000	General reserve QR'000	Retained earnings QR'000	Cash flow hedge reserve QR'000	Fair value reserve QR'000	Non-Controlling Interest QR'000	Total QR'000
Balance at January 1, 2010 (Audited)	1,000,000	500,000	2,707,888	500,000	(1,238,808)	120,610	--	3,589,690
Total comprehensive income for the period	--	--	--	154,950	(82,320)	12,010	--	84,640
Dividends paid for 2009	--	--	--	(500,000)	--	--	--	(500,000)
Balance at March 31, 2010 (Reviewed)	1,000,000	500,000	2,707,888	154,950	(1,321,128)	132,620	--	3,174,330

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, 2011

	For the three month period ended March 31,	
	2011 QR'000 (Reviewed)	2010 QR'000 (Reviewed)
OPERATING ACTIVITIES		
Net profit for the period	238,568	154,950
Adjustments for:		
Depreciation	125,953	104,945
Provision for employees' end of service benefits	5,892	3,609
Provision for inventory obsolescence	4,542	4,542
Finance costs	184,034	69,093
Deferred income recognised	(1,698)	(1,698)
Deferred expense recognised	6,200	--
Interest income	(7,195)	(27,480)
Dividend income	(12,180)	(1,160)
Share of profit from associate companies	--	(8,451)
	544,116	298,350
Working capital changes:		
Inventories	7,428	15,822
Accounts receivable and prepayments	579,949	12,136
Finance lease receivables	(47,598)	(29,571)
Accounts payable and accruals	(194,493)	46,196
Cash from operations	889,402	342,933
Finance costs paid	(184,034)	(69,093)
Employees' end of service benefits paid	(498)	(219)
Net cash from operating activities	704,870	273,621
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(40,116)	(656,265)
Interest received	7,195	27,480
Dividends received	12,180	1,160
Net cash (used in) investing activities	(20,741)	(627,625)
FINANCING ACTIVITIES		
Dividends paid	(600,000)	(500,000)
Drawdown of bank borrowings	21,641	501,889
Net cash (used in)/from financing activities	(578,359)	1,889
Net increase/ (Decrease) in cash and cash equivalents	105,770	(352,115)
Cash and cash equivalents at beginning of period	2,074,176	2,306,962
Cash and cash equivalents at end of period	2,179,946	1,954,847

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, 2011

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, 2011 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:

		<i>Country of incorporation</i>	<i>Percentage of holding</i>
AES 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, 2011 were authorised for issue by the Board of Directors on April 20, 2011.

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 18% of the total revenues of the Company for the period ended March 31, 2011 (March 31, 2010: 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.

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended March 31, 2011

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 financial statements for the year ended December 31, 2010 except for the adoption of certain revised standards which are effective as of January 1, 2011. 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 financial statements should be read in conjunction with the 2010 annual 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 three month ended March 31, 2011 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2011.

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. An adjustment is made to the annual financial statements to reflect the guaranteed revenue. However, 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 Dukhan desalination plant are accounted for in accordance with the Water Purchase Agreement signed with Qatar Petroleum. As per the agreement an adjustment is to be made to the annual revenue in the annual financial statements to reflect the guaranteed revenue.

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, 2011

4. SALES

	For the three month period ended March 31,	
	2011	2010
	QR'000	QR'000
	(Reviewed)	(Reviewed)
Sales represent revenue generated from the supply of:		
Electricity	355,978	284,842
Water	323,165	222,192
Lease income from plant leases	242,950	85,645
	<u>922,093</u>	<u>592,679</u>

5. LIQUIDATED DAMAGES TO KAHRAMAA

	For the three month period ended March 31,	
	2011	2010
	QR'000	QR'000
	(Reviewed)	(Reviewed)
Liquidated damages paid to KAHRAMAA (i)	--	35,235
Share of liquidated damages of Mesaieed Power Company Limited (ii)	--	9,225
	<u>--</u>	<u>44,460</u>

Notes:

- (i) The liquidated damages paid to KAHRAMAA arise from RAF A1 project for failing to commence the production on scheduled commencement date which resulted in the delay of supply of water.
- (ii) The share of liquidated damages of Mesaieed Power Company Limited arises from failure of the joint venture company to achieve the target power dates resulting in the delay of supply of electricity.

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended March 31, 2011

6. 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,	
	<u>2011</u>	<u>2010</u>
	<u>(Reviewed)</u>	<u>(Reviewed)</u>
Profit for the year attributable to owners of the parent (in QR'000)	<u>228,137</u>	<u>154,950</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>2.28</u>	<u>1.55</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, 2011

7. 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, 2011	8,154,187	26,996	7,501	261,464	140,162	446,099	9,036,409
Additions	2,178	823	571	31,310	(513)	5,747	40,116
Retirements/disposals	--	--	(215)	--	--	--	(215)
At March 31, 2011	8,156,365	27,819	7,857	292,774	139,649	451,846	9,076,310
Depreciation:							
At January 1, 2011	2,874,350	16,593	3,592	135,946	31,828	--	3,062,309
Charge for the period	102,442	985	432	20,495	1,599	--	125,953
Relating to retirements/disposals	--	--	(215)	--	--	--	(215)
At March 31, 2011	2,976,792	17,578	3,809	156,441	33,427	--	3,188,047
Net carrying amounts:							
At March 31, 2011 (Reviewed)	5,179,573	10,241	4,048	136,333	106,222	451,846	5,888,263
At December 31, 2010 (Audited)	5,279,837	10,403	3,909	125,518	108,334	446,099	5,974,100

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. Management believes it can recover the full carrying value of the facility and thus no impairment loss has been provided in these 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, 2011

8. FINANCE LEASE RECEIVABLES

Finance lease receivables represent the proportionate share of lease receivables from Q Power Q.S.C. and Mesaieed Power Company Limited Q.S.C and also include lease receivables from Ras Laffan Power Company Limited Q.S.C. The jointly controlled entities and the subsidiary 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, 2011 QR'000 (Reviewed)	December 31, 2010 QR'000 (Audited)
Finance leases – gross receivable	26,543,555	26,675,565
Unearned finance income	(14,660,289)	(14,839,897)
Net investment in finance leases	11,883,266	11,835,668

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

Current portion	137,228	135,836
Non-current portion	11,746,038	11,699,832
	11,883,266	11,835,668

9. INTEREST-BEARING LOANS AND BORROWINGS

	March 31, 2011 QR'000 (Reviewed)	December 31, 2010 QR'000 (Audited)
Loan 1	1,543,947	1,543,947
Loan 2	1,214,172	1,214,172
Loan 3	2,907,188	2,678,716
Loan 4	890,096	890,096
Loan 5	444,084	444,084
Loan 6	1,093,500	1,093,500
Loan 7	4,733,368	4,919,807
Loan 8	1,232,639	1,254,509
	14,058,994	14,038,831
Less: financing arrangement costs	(78,589)	(80,067)
	13,980,405	13,958,764

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

Current portion	1,494,926	1,513,047
Non-current portion	12,485,479	12,445,717
	13,980,405	13,958,764

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended March 31, 2011

10. DERIVATIVES

	March 31, 2011	December 31, 2010
	QR'000	QR'000
	(Reviewed)	(Audited)
Share in fair value of cash flow hedge of jointly controlled entities	1,338,617	1,458,321
Cash flow hedge of the company and its subsidiaries	332,239	348,159
	<u>1,670,856</u>	<u>1,806,480</u>

11. DEFERRED INCOME

	March 31, 2011	December 31, 2010
	QR'000	QR'000
	(Reviewed)	(Audited)
Balance at beginning of period/year	40,751	47,543
Income recognised during the period/year	(1,698)	(6,792)
Balance at end of period/year	<u>39,053</u>	<u>40,751</u>
Classified in the statement of interim condensed consolidated financial position as follows:		
Current portion	6,792	6,792
Non-current portion	<u>32,261</u>	<u>33,959</u>
	<u>39,053</u>	<u>40,751</u>

Note:

- (i) Deferred income represents the fair value of spare parts received/receivable from Alstom Power in respect of the settlement agreement of the RAF B contract between KAHRAMAA and Alstom Power. This deferred income is gradually amortised and credited to the interim condensed consolidated statement of income on a straight-line basis over the remaining estimated useful life of RAF B plant.

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended March 31, 2011

12. 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 Group'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, 2011 and December 31, 2010 and for the three month period and the year then ended, respectively, which are included in the financial statements are as follows:

	March 31, 2011	December 31, 2010
	QR'000	QR'000
	(Reviewed)	(Audited)
Current assets	1,000,886	298,953
Non-current assets	10,268,133	7,971,710
Current liabilities	(2,064,864)	(1,570,745)
Non-current liabilities	(8,886,642)	(7,613,982)
	317,513	(914,064)
For the three month period ended March 31,		
Revenues	369,210	165,565
Cost of sales	(156,748)	(73,635)
Administrative expenses	(1,244)	(9,055)
Tax	(3,464)	--
Finance costs	(133,727)	(50,660)
Profit for the period	74,027	32,215

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended March 31, 2011

13. SEGMENT INFORMATION

The Group primarily operates integrated plants for the generation of electricity and desalination water in the State of Qatar. The water desalination process is completely dependent upon electricity generation. Electricity and water processes are interrelated and are subject to similar risks and returns. Production is sold to two customers. The management has determined that the Group is considered to have a single operating segment.

14. COMMITMENTS AND CONTINGENT LIABILITIES

	<u>March 31, 2011</u> QR'000 (Reviewed)	<u>December 31, 2010</u> QR'000 (Audited)
<i>Commitments:</i>		
Capital commitments (i)	<u>19,155</u>	<u>31,802</u>
Operating lease commitment (ii)	<u>41,188</u>	<u>10,711</u>
<i>Contingent liabilities:</i>		
Bank guarantees and documentary credits	<u>286,392</u>	<u>226,637</u>

Notes:

(i) Capital commitments include the following:

(a) The proportionate commitment of the Company in Ras Girtas Power Company Limited Q.S.C. as at March 31, 2011 which amounts to QR 19.16 million (December 31, 2010: QR 31.80 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 future lease commitments are as follows:

	<u>2011</u> QR'000 (Reviewed)	<u>2010</u> QR'000 (Reviewed)
Due in one year	<u>382</u>	382
Due in 2-5 years	<u>1,940</u>	2,290
Due in more than 5 years	<u>8,295</u>	12,280
	<u>10,617</u>	<u>14,952</u>

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended March 31, 2011

15. 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,	
		<u>2011</u>	<u>2010</u>
		QR'000	QR'000
		(Reviewed)	(Reviewed)
<i>Sales:</i>			
Revenue from sale of electricity	KAHRAMAA	355,978	284,842
Revenue from sale of water	KAHRAMAA	319,643	218,770
	Qatar Petroleum	3,522	3,422
Lease income from plant leases	KAHRAMAA	242,950	85,645
<i>Cost of sales:</i>			
Cost of gas consumed	Qatar Petroleum	215,881	140,396
<i>Other income:</i>			
Interest on bank deposits	Qatar National Bank	5,860	16,980

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

	<u>March 31, 2011</u>		<u>December 31, 2010</u>	
	<u>Trade</u>	<u>Trade and</u>	<u>Trade</u>	<u>Trade and</u>
	<u>receivables</u>	<u>other</u>	<u>receivables</u>	<u>other payables</u>
	<u>QR'000</u>	<u>QR'000</u>	<u>QR'000</u>	<u>QR'000</u>
	<u>(Reviewed)</u>	<u>(Reviewed)</u>	<u>(Audited)</u>	<u>(Audited)</u>
KAHRAMAA	<u>333,098</u>	<u>31,927</u>	<u>356,989</u>	<u>62,367</u>
Qatar Petroleum	<u>3,294</u>	<u>292,419</u>	<u>3,474</u>	<u>344,667</u>

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended March 31, 2011

15. 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,	
	<u>2011</u>	<u>2010</u>
	<u>QR'000</u>	<u>QR'000</u>
	<u>(Reviewed)</u>	<u>(Reviewed)</u>
Management remuneration	<u>11,086</u>	<u>8,466</u>
Directors' sitting fees	<u>4,375</u>	<u>2,925</u>

16. 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. Such reclassifications do not have an impact on the previously reported profit for the period or retained earnings.