

**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, 2011**

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, 2011

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INDEPENDENT AUDITOR'S REVIEW REPORT

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

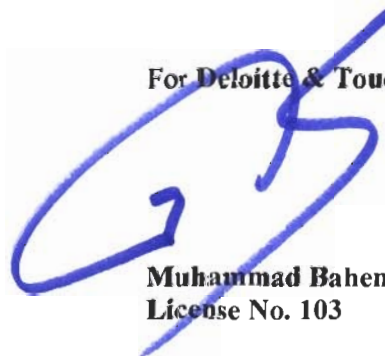
We have reviewed the accompanying interim condensed consolidated financial statements of Qatar Electricity & Water Company Q.S.C. (the "Company") and its subsidiaries and jointly controlled entities (together referred as the "Group"), comprising the interim condensed consolidated statement of financial position as at June 30, 2011, the related interim condensed consolidated statements of income, and comprehensive income, changes in equity and cash flows for the three and six month period then ended, and certain selected notes. The interim condensed consolidated financial statements of the Company for the three and six month period ended at June 30, 2010 were reviewed and the consolidated financial statements as at December 31, 2010 were audited by another auditor, whose reports dated July 21, 2010 and February 14, 2011 respectively, expressed unqualified review and audit 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
August 8, 2011

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

For the six month period ended June 30, 2011

	Notes	For the three month period ended June 30,		For the six month period ended June 30,	
		2011	2010	2011	2010
		QR '000 (Reviewed)	QR '000 (Reviewed)	QR '000 (Reviewed)	QR '000 (Reviewed)
Sales	4	1,201,654	807,712	2,123,747	1,400,391
Cost of sales		(569,560)	(449,850)	(1,048,658)	(807,555)
GROSS PROFIT		632,094	357,862	1,075,089	592,836
EXPENSES					
General and administration expenses		(50,849)	(33,639)	(110,427)	(64,789)
Finance costs		(173,432)	(96,113)	(357,466)	(165,206)
Liquidated damages to KAHRAMAA		--	(61,365)	--	(105,825)
OTHER INCOME					
Interest income		6,619	23,145	21,026	61,645
Dividend income		372	10,208	12,552	11,368
Profit on disposal of property, plant and equipment		62	--	62	--
Share of profits of associates		--	8,963	--	17,414
Deferred income		1,698	1,698	3,396	3,396
Other operating income		306	6,885	614	9,491
Share of liquidated damages of Joint Ventures		--	88,346	--	97,531
Miscellaneous income		35,314	8,700	45,906	11,779
NET PROFIT FOR THE PERIOD		452,184	314,690	690,752	469,640
Net profit attributable to owners of the parent		443,627	314,690	671,764	469,640
Net profit attributable to non- controlling interests		8,557	--	18,988	--
BASIC EARNINGS PER SHARE (Expressed in QR per share)	5	4.44	3.15	6.72	4.7

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 six month period ended June 30, 2011

	For the three month period ended June 30,		For the six month period ended June 30,	
	2011 QR '000 (Reviewed)	2010 QR '000 (Reviewed)	2011 QR '000 (Reviewed)	2010 QR '000 (Reviewed)
NET PROFIT FOR THE PERIOD	452,184	314,690	690,752	469,640
Other comprehensive income/(loss) for the period				
Losses from cash flow hedges of the Company	(26,413)	(63,058)	(10,493)	(80,825)
Share of losses from cash flow hedges of subsidiaries, associates and joint venture companies	(222,939)	(790,826)	(103,235)	(855,379)
Unrealised gain/(loss) on available-for-sale investments	8,225	(30,516)	309	(18,506)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	211,057	(569,710)	577,333	(485,070)

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 June 30, 2011

	Notes	June 30, 2011	December 31, 2010
		QR'000	QR'000
		(Reviewed)	(Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	6	5,400,508	5,974,100
Goodwill		108,798	108,798
Available-for-sale investments		370,801	358,238
Investments in associates		359	--
Finance lease receivables	7	12,099,712	11,699,832
Other non-current assets		17,301	23,815
Total non-current assets		17,997,479	18,164,783
Current assets			
Inventories		289,452	294,583
Finance lease receivables	7	194,776	135,836
Accounts receivable and prepayments		1,149,617	1,454,036
Cash and bank balances		2,185,572	2,074,176
Total current assets		3,819,417	3,958,631
TOTAL ASSETS		21,816,896	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 June 30, 2011

	Notes	June 30, 2011 QR'000 (Reviewed)	December 31, 2010 QR'000 (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		671,764	600,000
Other components of equity		<u>(1,696,480)</u>	<u>(1,579,040)</u>
Equity attributable to owners of the parent		3,717,118	3,762,794
Non-controlling interests		<u>189,831</u>	<u>175,570</u>
Total equity		<u>3,906,949</u>	<u>3,938,364</u>
Non-current liabilities			
Interest-bearing loans and borrowings	8	13,427,412	12,445,717
Other term loans		351,941	351,941
Deferred income		30,563	33,959
Employees' end of service benefits		71,319	64,035
Derivatives	9	<u>1,920,208</u>	<u>1,806,480</u>
Total non-current liabilities		<u>15,801,443</u>	<u>14,702,132</u>
Current liabilities			
Accounts payable and accruals		1,651,927	1,857,107
Interest-bearing loans and borrowings	8	343,813	1,513,047
Other term loans		105,972	105,972
Deferred income		<u>6,792</u>	<u>6,792</u>
Total current liabilities		<u>2,108,504</u>	<u>3,482,918</u>
TOTAL LIABILITIES		<u>17,909,947</u>	<u>18,185,050</u>
TOTAL EQUITY AND LIABILITIES		<u>21,816,896</u>	<u>22,123,414</u>

.....
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 CHANGES IN EQUITY

For the six month period ended June 30, 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	--	--	--	671,764	(117,749)	309	23,009	577,333
Dividends paid for 2010	--	--	--	(600,000)	--	--	(8,748)	(608,748)
Balance at June 30, 2011 (Reviewed)	1,000,000	500,000	3,241,834	671,764	(1,893,938)	197,458	189,831	3,906,949
	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 loss for the period	--	--	--	469,640	(936,204)	(18,506)	--	(485,070)
Dividends paid for 2009	--	--	--	(500,000)	--	--	--	(500,000)
Balance at June 30, 2010 (Reviewed)	1,000,000	500,000	2,707,888	469,640	(2,175,012)	102,104	--	2,604,620

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, 2011

	For the six month period ended June 30,	
	2011	2010
	QR'000	QR'000
	(Reviewed)	(Reviewed)
OPERATING ACTIVITIES		
Net profit for the period	690,752	469,640
Adjustments for:		
Depreciation	252,168	220,084
Profit on disposal of property, plant and equipment	(62)	--
Provision for employees' end of service benefits	8,021	5,317
Provision for inventory obsolescence	9,085	10,055
Finance costs	357,466	165,206
Deferred income recognized	(3,396)	(3,396)
Deferred expense recognized	6,514	--
Interest income	(21,026)	(61,645)
Dividend income	(12,552)	(11,368)
Share of profit from associate companies	--	(17,414)
	<u>1,286,970</u>	<u>776,479</u>
Working capital changes:		
Inventories	(3,954)	8,006
Accounts receivable and prepayments	304,419	(259,758)
Finance lease receivables	183,597	(221,343)
Accounts payable and accruals	<u>(205,180)</u>	<u>114,415</u>
Cash from operations	1,565,852	417,799
Finance costs paid	(357,466)	(165,206)
Employees' end of service benefits paid	<u>(737)</u>	<u>(425)</u>
Net cash from operating activities	<u>1,207,649</u>	<u>252,168</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(321,006)	(810,333)
Dividend received from associate	--	4,556
Interest received	21,026	61,645
Investments in associates	(359)	--
Proceeds from sale of property plant and equipment	75	--
Dividends received	12,552	11,368
Purchase of available for sale investments	<u>(12,254)</u>	<u>(4,808)</u>
Net cash used in investing activities	<u>(299,966)</u>	<u>(737,572)</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, 2011

	For the six month period ended June 30,	
	2011	2010
	QR'000	QR'000
	(Reviewed)	(Reviewed)
FINANCING ACTIVITIES		
Dividends paid	(608,748)	(500,000)
(Repayment of)/proceeds from bank borrowings	(187,539)	1,092,817
Net cash (used in)/from financing activities	(796,287)	592,817
Net increase in cash and cash equivalents	111,396	107,413
Cash and cash equivalents at beginning of period	2,074,176	2,306,962
Cash and cash equivalents at end of period	2,185,572	2,414,375

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 six month period ended June 30, 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 six month period ended June 30, 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>
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 six month period ended June 30, 2011 were authorised for issue by the Board of Directors on July 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 12.5% of the total revenues of the Group for the period ended June 30, 2011 (June 30, 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 six month period ended June 30, 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 six month ended June 30, 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. 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, 2011

4. SALES

	For the three month period ended June 30,		For the six month period ended June 30,	
	2011 QR'000 (Reviewed)	2010 QR'000 (Reviewed)	2011 QR'000 (Reviewed)	2010 QR'000 (Reviewed)
Sales represent revenue generated from the supply of:				
Electricity	579,201	439,681	935,179	724,523
Water	363,937	284,207	687,102	506,399
Lease income from plant leases	258,516	83,824	501,466	169,469
	<u>1,201,654</u>	<u>807,712</u>	<u>2,123,747</u>	<u>1,400,391</u>

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.

5. 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,	
	2011 (Reviewed)	2010 (Reviewed)	2011 (Reviewed)	2010 (Reviewed)
Net profit for the period attributable to owners of the parent (in QR'000)	<u>443,627</u>	<u>314,690</u>	<u>671,764</u>	<u>469,640</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>4.44</u>	<u>3.15</u>	<u>6.72</u>	<u>4.70</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, 2011

6. 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	2,560	1,504	1,144	31,310	--	284,488	321,006
Transfers	--	--	--	--	--	(642,417)	(642,417)
Disposals	--	--	(374)	(11,753)	--	--	(12,127)
At June 30, 2011	8,156,747	28,500	8,271	281,021	140,162	88,170	8,702,871
Depreciation:							
At January 1, 2011	2,874,350	16,593	3,592	135,946	31,828	--	3,062,309
Charge for the period	204,906	1,934	840	40,968	3,520	--	252,168
Relating to disposals	--	--	(361)	(11,753)	--	--	(12,114)
At June 30, 2011	3,079,256	18,527	4,071	165,161	35,348	--	3,302,363
Net carrying amounts:							
At June 30, 2011 (Reviewed)	5,077,491	9,973	4,200	115,860	104,814	88,170	5,400,508
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 six month period ended June 30, 2011

7. 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.

	June 30, 2011	December 31, 2010
	QR'000	QR'000
	(Reviewed)	(Audited)
Finance leases – gross receivable	26,754,179	26,675,565
Unearned finance income	(14,459,691)	(14,839,897)
Net investment in finance leases	12,294,488	11,835,668

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

Current portion	194,776	135,836
Non-current portion	12,099,712	11,699,832
	12,294,488	11,835,668

8. INTEREST-BEARING LOANS AND BORROWINGS

	June 30, 2011	December 31, 2010
	QR'000	QR'000
	(Reviewed)	(Audited)
Loan 1	1,524,483	1,543,947
Loan 2	1,188,518	1,214,172
Loan 3	2,838,189	2,678,716
Loan 4	873,095	890,096
Loan 5	435,602	444,084
Loan 6	1,093,500	1,093,500
Loan 7	4,733,368	4,919,807
Loan 8	1,167,083	1,254,509
	13,853,838	14,038,831
Less: financing arrangement costs	(82,613)	(80,067)
	13,771,225	13,958,764

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

Current portion	343,813	1,513,047
Non-current portion	13,427,412	12,445,717
	13,771,225	13,958,764

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2011

9. DERIVATIVES

	June 30, 2011	December 31, 2010
	QR'000	QR'000
	(Reviewed)	(Audited)
Share in fair value of cash flow hedge of jointly controlled entities	1,581,663	1,458,321
Cash flow hedge of the company and its subsidiaries	338,545	348,159
	<u>1,920,208</u>	<u>1,806,480</u>

10. 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 intercompany adjustments at June 30, 2011 and December 31, 2010 and for the six month period ended June 30, 2011 and June 30, 2010, which are included in the financial statements are as follows:

	June 30, 2011	December 31, 2010
	QR'000	QR'000
	(Reviewed)	(Audited)
Current assets	987,790	298,953
Non-current assets	8,884,387	7,971,710
Current liabilities	(2,225,718)	(1,570,745)
Non-current liabilities	(8,576,301)	(7,613,982)
	<u>(929,842)</u>	<u>(914,064)</u>

For the six month period ended June 30,

	2011	2010
	QR'000	QR'000
	(Reviewed)	(Audited)
Revenues	788,404	376,545
Cost of sales	(344,462)	(190,188)
Administrative expenses	(14,196)	(58,430)
Finance costs	(257,166)	(123,468)
Other income	38,708	90,849
	<u>211,288</u>	<u>95,308</u>
Profit for the period		

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2011

11. COMMITMENTS AND CONTINGENT LIABILITIES

	June 30, 2011	December 31, 2010
	QR'000	QR'000
	(Reviewed)	(Audited)
<i>Commitments:</i>		
Capital commitments (i)	--	31,802
Operating lease commitment (ii)	30,341	10,711
<i>Contingent liabilities:</i>		
Bank guarantees and documentary credits	404,949	226,637

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 June 30, 2011 which amounts to QR Nil (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:

	June 30, 2011	December 31 2010
	QR'000	QR'000
	(Reviewed)	(Audited)
Due in one year	382	382
Due in 2-5 years	1,973	1,908
Due in more than 5 years	8,168	8,421
	10,523	10,711

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2011

12. 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,	
		2011 QR'000 (Reviewed)	2010 QR'000 (Reviewed)	2011 QR'000 (Reviewed)	2010 QR'000 (Reviewed)
<i>Sales:</i>					
Revenue from sale of electricity	KAHRAMAA	579,200	439,681	935,178	724,523
Revenue from sale of water	KAHRAMAA	360,959	280,849	680,602	500,636
	Qatar				
	Petroleum	2,978	3,358	6,500	5,763
Lease income from plant leases	KAHRAMAA	258,517	83,824	501,467	169,469
<i>Cost of sales:</i>					
Cost of gas consumed	Qatar				
	Petroleum	305,002	229,383	520,883	369,779
<i>Other income:</i>					
Interest on bank deposits	Qatar National Bank	3,077	15,290	8,937	36,418

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

	June 30, 2011		December 31, 2010	
	Accounts receivables QR'000 (Reviewed)	Accounts and other payables QR'000 (Reviewed)	Accounts receivables QR'000 (Audited)	Accounts and other payables QR'000 (Audited)
KAHRAMAA	1,102,725	4,662	356,989	62,367
Qatar Petroleum	2,123	298,672	3,474	344,667

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2011

12. 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,	
	2011 QR'000 (Reviewed)	2010 QR'000 (Reviewed)	2011 QR'000 (Reviewed)	2010 QR'000 (Reviewed)
Management remuneration	<u>3,970</u>	<u>2,814</u>	<u>15,056</u>	<u>8,950</u>
Directors' sitting fees	<u>5,423</u>	<u>2,925</u>	<u>8,898</u>	<u>5,850</u>

13. COMPARATIVE FIGURES

Certain amounts in the 2010 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.