

**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, 2013**

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, 2013

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INDEPENDENT AUDITOR'S REVIEW REPORT

**To The Shareholders
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 (together referred as the "Group") which comprise the interim condensed consolidated statement of financial position as at March 31, 2013, 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.

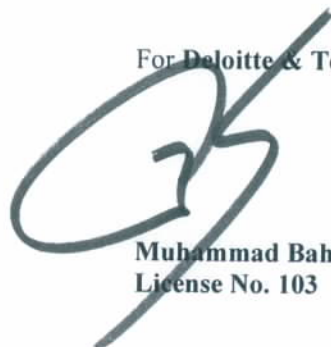
Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim condensed consolidated financial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

**Doha - Qatar
April 24, 2013**

For Deloitte & Touche



**Muhammad Bahemia
License No. 103**

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31, 2013

	Notes	March 31, 2013 QR'000 (Reviewed)	December 31, 2012 QR'000 (Audited) (Restated)	January 1, 2012 QR'000 (Audited) (Restated)
ASSETS				
Current assets				
Bank balances and cash		2,045,716	2,689,515	2,469,468
Accounts receivable and prepayments		689,580	572,448	622,265
Inventories		310,768	368,756	232,739
Finance lease receivables	4	106,114	96,648	112,940
		3,152,178	3,727,367	3,437,412
Assets classified as held for sale	6	29,846	29,846	--
Total current assets		3,182,024	3,757,213	3,437,412
Non-current assets				
Property, plant and equipment	5	4,705,544	4,748,256	5,187,999
Intangible assets		100,000	101,492	107,463
Investment in associates	7	107,403	114,596	932
Subordinated loan receivable from a joint venture		198,424	198,424	243,396
Available-for-sale investments		469,960	424,358	380,335
Investment in joint venture companies	8	223,265	247,196	241,525
Finance lease receivables	4	1,880,943	1,912,934	2,009,583
Other non-current assets		15,569	15,810	16,675
Goodwill		30,813	30,813	30,813
Total non-current assets		7,731,921	7,793,879	8,218,721
Total assets		10,913,945	11,551,092	11,656,133

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, 2013

	Notes	March 31, 2013 QR'000 (Reviewed)	December 31, 2012 QR'000 (Audited) (Restated)	January 1, 2012 QR'000 (Audited) (Restated)
EQUITY AND LIABILITIES				
Current liabilities				
Accounts payable and accruals		554,500	867,459	1,180,359
Interest bearing loans and borrowings	9	1,329,251	1,329,251	231,700
Other term loans		125,972	125,972	125,972
Derivatives	10	272,144	289,468	354,781
Deferred income		6,792	6,792	6,792
Total current liabilities		2,288,659	2,618,942	1,899,604
Non-current liabilities				
Interest bearing loans and borrowings	9	3,395,030	3,394,159	4,725,066
Other term loans		100,000	100,000	225,971
Deferred income		18,678	20,375	27,168
Employees' end of service benefits		38,339	35,445	91,897
Total non-current liabilities		3,552,047	3,549,979	5,070,102
Total liabilities		5,840,706	6,168,921	6,969,706
Equity				
Capital and reserves				
Share capital		1,000,000	1,000,000	1,000,000
Legal reserve		500,000	500,000	500,000
General reserve		3,241,834	3,241,834	3,241,834
Other components of equity		(1,511,936)	(1,727,312)	(1,661,296)
Retained earnings		1,623,186	2,152,247	1,406,522
Equity attributable to owners of the parent		4,853,084	5,166,769	4,487,060
Non-controlling interests		220,155	215,402	199,367
Total equity		5,073,239	5,382,171	4,686,427
Total liabilities and equity		10,913,945	11,551,092	11,656,133

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, 2013

	Notes	For the three month period ended March 31,	
		2013	2012
		QR'000 (Reviewed)	QR'000 (Reviewed) (Restated)
Sales	11	620,663	615,553
Cost of sales		(382,078)	(360,293)
Gross profit		238,585	255,260
General and administrative expenses		(71,581)	(48,255)
Finance costs		(63,326)	(49,107)
Deferred income		1,697	1,698
Interest income		6,546	8,790
Dividend income		21,495	16,655
Miscellaneous income		5,361	4,038
Share of profit of associates		4,928	--
Share of profit of joint ventures		61,996	106,296
Net profit for the period		205,701	295,375
Attributable to:			
Owners of the Company		200,939	289,711
Non-controlling interests		4,762	5,664
Total		205,701	295,375
Basic and diluted earnings per share			
Basic earnings per share	12	2.01	2.90
Basic earnings per share (as previously stated)		--	2.91

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, 2013

	For the three month period ended March 31,	
	2013	2012
	QR'000	QR'000
	(Reviewed)	(Reviewed) (Restated)
Net profit for the period	205,701	295,375
Other comprehensive income for the period		
Gains from cash flow hedges of the Company and its subsidiaries	17,324	5,445
Share of income in other comprehensive income from joint venture companies	159,128	22,280
Share of loss in other comprehensive income from associate companies	(6,687)	(716)
Unrealized gains on available for sale investments	45,602	2,004
Other comprehensive income for the period	215,367	29,013
Total comprehensive income for the period	421,068	324,388
Attributable to:		
Owners of the Company	416,315	319,319
Non-controlling interests	4,753	5,069
	421,068	324,388

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, 2013

	Attributable to the equity holders of the parent						
	Share capital QR'000	Legal reserve QR'000	General reserve QR'000	Retained earnings QR'000	Cash flow		Non-controlling interest QR'000
					hedging reserve QR'000	Fair value reserve QR'000	
Total	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000
Balance at January 1, 2013 (Audited)	1,000,000	500,000	3,241,834	2,152,247	(1,961,126)	233,814	215,402
(Restated)							
Net profit for the period	--	--	--	200,939	--	--	215,402
Other comprehensive income	--	--	--	--	--	--	4,762
Dividends paid for 2012	--	--	--	(730,000)	169,774	45,602	(9)
Balance at March 31, 2013							
(Reviewed)							
	1,000,000	500,000	3,241,834	1,623,186	(1,791,352)	279,416	220,155

	Attributable to the equity holders of the parent						
	Share capital	Cash flow				Non-controlling interest	Total
		Legal reserve	General reserve	Retained earnings	hedge reserve		
	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	1,406,522	(1,857,950)	196,654	4,487,060
(Restated)	--	--	--	289,711	--	--	289,711
Net profit for the period	--	--	--	--	27,604	2,004	29,608
Other comprehensive income	--	--	--	(650,000)	--	--	(650,000)
Dividends paid for 2011	--	--	--	--	--	--	--
Balance at March 31, 2012	1,000,000	500,000	3,241,834	1,046,233	(1,830,346)	198,658	4,156,379
(Reviewed) (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 three month period ended March 31, 2013

	For the three month period ended March 31,	
	2013	2012
	QR'000 (Reviewed)	QR'000 (Reviewed) (Restated)
OPERATING ACTIVITIES		
Net profit for the period	205,701	295,375
Adjustments for:		
Share of profits from associates	(4,928)	--
Share of profits from joint ventures	(61,996)	(106,296)
Depreciation	112,777	120,146
Amortization of intangible asset	1,492	1,493
Provision for employees' end of service benefits	2,968	2,409
Provision for slow moving inventories	6,181	4,564
Finance costs	63,326	49,107
Deferred income recognised	(1,697)	(1,698)
Deferred expense recognised	--	162
Interest income	(6,546)	(8,790)
Adjustment of property, plant and equipment	5,340	--
Dividend income	(21,495)	(16,655)
	<u>301,123</u>	<u>339,817</u>
Working capital changes:		
Inventories	51,807	(549)
Accounts receivable and prepayments	(117,132)	2,456
Finance lease receivables	22,525	26,808
Accounts payable and accruals	(312,959)	(38,783)
Cash (used in) / from operations	<u>(54,636)</u>	<u>329,749</u>
Finance costs paid	(63,326)	(49,107)
Employees' end of service benefits paid	(74)	(938)
Net cash (used in) / from operating activities	<u>(118,036)</u>	<u>279,704</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 three month period ended March 31, 2013

	For the three month period ended March 31,	
	2013	2012
	QR'000 (Reviewed)	QR'000 (Reviewed) (Restated)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(75,409)	(23,878)
Proceeds from sale of property, plant and equipment	4	--
Dividend income received	21,495	16,655
Dividends received from associates	5,434	--
Dividends from joint ventures	245,055	133,043
Net movement in other non-current asset	241	--
Acquisition of associates	--	(90,453)
Interest received	6,546	8,790
Net cash from investing activities	203,366	44,157
FINANCING ACTIVITIES		
Dividends paid to owners of the parent	(730,000)	(650,000)
Repayment of subordinated loan from joint venture	--	44,972
Interest bearing loans and borrowings	871	873
Net cash used in from financing activities	(729,129)	(604,155)
Net decrease in cash and cash equivalents	(643,799)	(280,294)
Cash and cash equivalents at beginning of period	2,689,515	2,469,468
Cash and cash equivalents at end of period	2,045,716	2,189,174

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

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, 2013 comprise the financial information of the Company and its subsidiaries (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%

Also, included in the interim condensed consolidated financial statement, the share of income and other comprehensive income of the following joint venture companies and associates using equity accounting:

		<i>Country of incorporation</i>	<i>Percentage of holding</i>
Q Power Q.S.C.	Joint venture	Qatar	55%
Mesaieed Power Company Limited	Joint venture	Qatar	40%
Ras Girtas Power Company Limited	Joint venture	Qatar	45%
		Caymen	
AES Oasis Limited	Associated entity	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 three month period ended March 31, 2013 were authorised for issue by the Board of Directors on April 24, 2013.

1.1 CHANGE IN ACCOUNTING POLICY

Starting from January 1, 2013, the Company changed its accounting policy for investment in joint venture companies from proportionate consolidation to equity method as required per the new standard of accounting for joint venture IFRS 11 "Joint Arrangement".

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.

For the three month period ended March 31, 2013

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

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 19% of the total revenues of the Group for the period ended March 31, 2013 (March 31, 2012: 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.

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, 2012 except for the adoption of certain revised standards which are effective as of January 1, 2013.

The following new and amended standards have been adopted by the Company in preparation of this interim condensed consolidated financial statement. The new standards had a material impact to the Company that resulted in a restatement of prior periods' balances:

Effective for annual periods beginning on or after January 1, 2013

- IFRS 10* *Consolidated Financial Statements*
- IFRS 11* *Joint Arrangements*
- IFRS 12* *Disclosure of Interests in Other Entities*
- IFRS 13 *Fair Value Measurement*

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, 2013 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2013.

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended March 31, 2013

3. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

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.

4. FINANCE LEASE RECEIVABLES

Finance lease receivables represent the proportionate share of lease receivables from Ras Laffan Power Company Limited Q.S.C. 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, 2013 QR'000 (Reviewed)	December 31, 2012 QR'000 (Audited) (Restated)
Finance leases – gross receivable	3,472,921	3,541,208
Unearned finance income	(1,485,864)	(1,531,626)
Present value of minimum lease payment receivable	1,987,057	2,009,582

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

Current portion	106,114	96,648
Non-current portion	1,880,943	1,912,934

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended March 31, 2013

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, 2013(Audited) (Restated)	8,035,159	24,794	6,522	258,107	50,487	186,519	8,561,588
Additions	--	117	--	--	--	75,292	75,409
Adjustment	(5,340)	--	--	--	--	--	(5,340)
Retirements/disposals	(2,260)	(7)	--	(50,353)	--	--	(52,620)
At March 31, 2013 (Reviewed)	8,027,559	24,904	6,522	207,754	50,487	261,811	8,579,037
Accumulated Depreciation:							
At January 1, 2013(Audited) (Restated)	3,593,542	20,401	3,520	182,403	13,466	--	3,813,332
Charge for the period	101,718	489	320	9,686	564	--	112,777
Relating to retirements/disposals	(2,260)	(3)	--	(50,353)	--	--	(52,616)
At March 31, 2013 (Reviewed)	3,693,000	20,887	3,840	141,736	14,030	--	3,873,493
Net carrying amounts:							
At March 31, 2013 (Reviewed)	4,334,559	4,017	2,682	66,018	36,457	261,811	4,705,544

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended March 31, 2013

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
Cost:							
At January 1, 2012 (Audited)(Restated)	8,167,675	23,960	6,280	223,964	50,487	169,206	8,641,572
Additions	11,770	834	1,368	--	--	63,145	77,117
Transfer/reclassification	(19,501)	--	--	45,832	--	(45,832)	(19,501)
Asset classified as held for sale	(119,332)	--	--	--	--	--	(119,332)
Retirements/disposals	(5,453)	--	(1,124)	(11,689)	--	--	(18,266)
At December 31, 2012 (Audited)	8,035,159	24,794	6,524	258,107	50,487	186,519	8,561,590
(Restated)							
Accumulated Depreciation:							
At January 1, 2012 (Audited)							
(Restated)	3,286,607	17,995	3,388	134,648	10,934	--	3,453,572
Charge for the period	401,093	2,406	1,175	59,444	2,532	--	466,650
Asset classified as held for sale	(89,486)	--	--	--	--	--	(89,486)
Relating to retirements/disposals	(4,672)	--	(1,041)	(11,689)	--	--	(17,402)
At December 31, 2012 (Audited)	3,593,542	20,401	3,522	182,403	13,466	--	3,813,334
(Restated)							
Net carrying amounts:							
At December 31, 2012 (Audited)	4,441,617	4,393	3,002	75,704	37,021	186,519	4,748,256
(Restated)							

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended March 31, 2013

6. ASSET CLASSIFIED AS HELD FOR SALE

The Company intends to dispose Al Wajba Station during 2013 which was acquired by the Company on January 1, 2003 from Kahramaa along with other RAFASAT stations. The Company has discontinued the operations of its Al Wajba power production during 2010 as per the instructions received from the government of State of Qatar. A search is underway for a buyer. No impairment loss was recognised on reclassification of the station as held for sale. The net book value at the beginning of the period is QR. 29 million.

7. INVESTMENT IN ASSOCIATES

The Company has the following investments in associates:

	<i>Country of incorporation</i>	<i>Ownership</i>	March 31, 2013 QR'000 (Reviewed)	December 31, 2012 QR'000 (Restated)
Phoenix Power Company S.A.O.C (i)	Oman	15%	--	--
Phoenix Operation and Maintenance Company LLC (ii)	Oman	15%	345	311
	Cayman			
AES Oasis Ltd (iii)	Islands	38.89%	107,058	114,285
			107,403	114,596

- (i) The business of the Company (still in the start-up stage) is to design, construct, own, operate and maintain a high efficiency gas fired power generation facility with a minimum capacity of 2,000MW to be located at Sur, in the Sultanate of Oman.
- (ii) The business of the Company (still in the start-up stage) is to provide operation and maintenance service to the project company pursuant to the operation and maintenance contract.
- (iii) 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 a payment of QR 104.87 million and the total consideration of the investment amounts to QR 119.02 million. 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.

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended March 31, 2013

8. 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.)

During the period, the Company has changed its accounting treatment of joint ventures from proportionate consolidation to equity method as per the requirements of IFRS 11. The accounting treatment of equity method requires the Company to record its share of net income and other comprehensive income items. In case of having negative investment, the Company shall assess whether it has any legal or constructive obligation. If so, the corresponding liability is recognized; if not, no liability is recognized and retained earnings are adjusted instead as a result of adopting IFRS 11. The following are the joint ventures where the Company has applied IFRS 11:

	<i>Country of incorporation</i>	<i>Ownership</i>	March 31, 2013 QR'000 (Reviewed)	December 31, 2012 QR'000 (Restated)
Q Power Q.S.C.	Qatar	55%	223,265	247,196
Mesaieed Power Company Limited	Qatar	40%	--	--
Ras Girtas Power Company Limited	Qatar	45%	--	--
			<u>223,265</u>	<u>247,196</u>

9. INTEREST-BEARING LOANS AND BORROWINGS

	March 31, 2013 QR'000 (Reviewed)	December 31, 2012 QR'000 (Restated)
Loan 1	1,462,479	1,462,479
Loan 2	812,018	812,018
Loan 3	405,130	405,130
Loan 4	1,093,500	1,093,500
Loan 5	962,471	962,471
	<u>4,735,598</u>	<u>4,735,598</u>
Less: financing arrangement costs	<u>(11,317)</u>	<u>(12,188)</u>
	<u>4,724,281</u>	<u>4,723,410</u>

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

Current portion	1,329,251	1,329,251
Non-current portion	3,395,030	3,394,159
	<u>4,724,281</u>	<u>4,723,410</u>

10. DERIVATIVES

	March 31, 2013 QR'000 (Reviewed)	December 31, 2012 QR'000 (Restated)
Cash flow hedge of the Company and its subsidiaries	<u>272,144</u>	<u>289,468</u>

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended March 31, 2013

11. SALES

	For the three month period ended March 31,	
	2013	2012
	QR'000	QR'000
	(Reviewed)	(Restated)
Sales represent revenue generated from the supply of:		
Electricity	305,125	301,221
Water	275,865	269,381
Lease income from plant leases:		
-Ras Laffan Power Company Limited Q.S.C.	39,673	44,951
	<u>620,663</u>	<u>615,553</u>

12. 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,	
	2013	2012
	(Reviewed)	(Restated)
Profit for the year attributable to owners of the parent (in QR'000)	<u>200,939</u>	<u>289,711</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>2.01</u>	<u>2.90</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.

13. COMMITMENTS AND CONTINGENT LIABILITIES

	March 31, 2013	December 31, 2012
	QR'000	QR'000
	(Reviewed)	(Audited) (Restated)
<i>Commitments:</i>		
Capital commitments (i)	<u>1,305,457</u>	<u>--</u>
<i>Contingent liabilities:</i>		
Bank guarantees, corporate guarantees and documentary credits	<u>514,461</u>	<u>519,450</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended March 31, 2013

13. COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

Notes:

- (i) Capital commitments include:

Capital commitment represent the construction of RAF A2 project to build water plant capable of generating 36 million gallons a day (MIGD).

14. 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,	
		2013	2012
		QR'000	QR'000
		(Reviewed)	(Restated)
<i>Sales:</i>			
Revenue from sale of electricity	KAHRAMAA	269,764	301,221
Revenue from sale of water	KAHRAMAA	243,280	264,966
	Qatar Petroleum	4,538	4,415
Lease income from plant leases	KAHRAMAA	39,673	44,952
<i>Cost of sales:</i>			
Cost of gas consumed	Qatar Petroleum	126,131	114,255
<i>Other income:</i>			
Interest on bank deposits	Qatar National Bank	4,159	7,296

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

	March 31, 2013		December 31, 2012	
	Trade receivables	Trade and other payables	Trade receivables	Trade and other payables
	QR'000	QR'000	QR'000	QR'000
	(Reviewed)	(Reviewed)	(Restated)	(Restated)
KAHRAMAA	388,851	4,860	442,804	4,785
Qatar Petroleum	3,187	104,799	3,160	112,073

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended March 31, 2013

14. 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,	
	2013	2012
	QR'000	QR'000
	(Reviewed)	(Reviewed)
Management remuneration	14,524	13,108
Directors' sitting fees	5,400	5,400

15. PRIOR YEAR ADJUSTMENTS

The consolidated financial statements for the years ended December 31, 2012 and December 31, 2011 have been restated to reflect the new accounting treatment of joint ventures as per IFRS 11. The Company has changed its accounting treatment of joint ventures from proportionate consolidation to equity accounting. The values and effects of such restatements are outlined as follows:

1. December 31, 2011 restatements:

	2011 (as reported)	adjustments	2011 (restated)
	QR'000	QR'000	QR'000
Current assets	4,995,264	(1,514,808)	3,480,456
Non-current assets	17,447,404	(9,228,683)	8,218,721
Current liabilities	5,505,145	(3,562,497)	1,942,648
Non-current liabilities	13,709,840	(8,639,738)	5,070,102
Net assets/equity	3,227,683	1,458,744	4,686,427

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended March 31, 2013

15. PRIOR YEAR ADJUSTMENTS (CONTINUED)*2. December 31, 2012 restatements:*

	2012 (as reported) QR'000	2011 adjustments QR'000	2012 adjustments QR'000	2012 restated QR'000
Current assets	<u>5,331,265</u>	<u>(1,514,808)</u>	<u>(59,244)</u>	<u>3,757,213</u>
Non-current assets	<u>16,928,267</u>	<u>(9,228,683)</u>	<u>94,295</u>	<u>7,793,879</u>
Current liabilities	<u>6,170,901</u>	<u>(3,562,497)</u>	<u>10,538</u>	<u>2,618,942</u>
Non-current liabilities	<u>12,032,748</u>	<u>(8,639,738)</u>	<u>156,969</u>	<u>3,549,979</u>
Net assets/equity	<u>4,055,883</u>	<u>1,458,744</u>	<u>(132,456)</u>	<u>5,382,171</u>