

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

**INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S
REVIEW REPORT FOR
THE NINE MONTH PERIOD ENDED
SEPTEMBER 30, 2012**

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

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

For the nine month period ended September 30, 2012

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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 September 30, 2012, and the related interim condensed consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the three and nine 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
October 17, 2012**

For Deloitte & Touche

**Muhammad Bahemia
License No. 103**

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at September 30, 2012

	Notes	September 30, 2012 QR'000 (Reviewed)	December 31, 2011 QR'000 (Audited)
ASSETS			
Current assets			
Bank balances and cash		3,297,431	3,022,622
Accounts receivable and prepayments		1,136,837	1,244,362
Inventories		396,430	305,887
Finance lease receivables	4	507,032	465,437
Total current assets		5,337,730	5,038,308
Non-current assets			
Property, plant and equipment	5	4,933,467	5,264,032
Intangible assets		102,985	107,462
Investment in associates	6	95,067	932
Available-for-sale investments		402,929	380,335
Finance lease receivables	4	11,500,522	11,647,155
Other non-current assets		16,041	16,675
Goodwill		30,813	30,813
Total non-current assets		17,081,824	17,447,404
Total assets		22,419,554	22,485,712

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

QATAR ELECTRICITY & WATER COMPANY Q.S.C.


INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at September 30, 2012

	Notes	September 30, 2012 QR'000 (Reviewed)	December 31, 2011 QR'000 (Audited)
EQUITY AND LIABILITIES			
Current liabilities			
Accounts payable and accruals		1,713,276	1,836,560
Interest bearing loans and borrowings	7	1,471,197	346,176
Other term loans		125,972	125,972
Derivatives	8	3,411,686	3,232,689
Deferred income		6,792	6,792
Total current liabilities		6,728,923	5,548,189
Non-current liabilities			
Interest bearing loans and borrowings	7	12,063,556	13,361,892
Other term loans		105,971	225,971
Deferred income		22,073	27,167
Employees' end of service benefits		98,347	94,810
Total non-current liabilities		12,289,947	13,709,840
Total liabilities		19,018,870	19,258,029
Equity			
Capital and reserves			
Share capital		1,000,000	1,000,000
Legal reserve		500,000	500,000
General reserve		3,241,834	3,241,834
Other components of equity		(3,184,880)	(3,015,616)
Retained earnings		1,631,887	1,302,098
Equity attributable to owners of the parent company		3,188,841	3,028,316
Non-controlling interests		211,843	199,367
Total equity		3,400,684	3,227,683
Total liabilities and equity		22,419,554	22,485,712



 Issa Bin Shaheen Al-Ghanim
 Vice Chairman



 Sh. Hamad Bin Jabor Al Thani
 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 INCOME

For the nine month period ended September 30, 2012

	Notes	For the three month period ended September 30,		For the nine month period ended September 30,	
		2012	2011	2012	2011
		QR'000	QR'000	QR'000	QR'000
		(Reviewed)	(Reviewed) (Restated)	(Reviewed)	(Reviewed) (Restated)
Sales	9	1,244,623	1,219,524	3,443,485	3,343,271
Cost of sales		<u>(689,587)</u>	<u>(637,934)</u>	<u>(1,827,717)</u>	<u>(1,686,593)</u>
Gross profit		555,036	581,590	1,615,768	1,656,678
General and administrative expenses		(50,641)	(50,030)	(158,879)	(163,442)
Finance costs		(182,158)	(181,709)	(544,315)	(539,175)
Interest income		9,974	5,269	28,224	16,953
Dividend income		-	-	16,981	12,553
Deferred income		1,698	1,698	5,094	5,094
Miscellaneous income		6,106	21,572	28,215	68,154
Share of interest income of joint venture companies		1,638	1,903	5,241	11,245
Share of profit of an associate company		<u>3,688</u>	<u>-</u>	<u>628</u>	<u>-</u>
Net profit for the period		<u>345,341</u>	<u>380,293</u>	<u>996,957</u>	<u>1,068,060</u>
Attributable to:					
Owners of the parent		340,965	373,322	979,789	1,042,101
Non-controlling interests		<u>4,376</u>	<u>6,971</u>	<u>17,168</u>	<u>25,959</u>
Total		<u>345,341</u>	<u>380,293</u>	<u>996,957</u>	<u>1,068,060</u>
Basic and diluted earnings per share					
Basic earnings per share	10	<u>3.41</u>	<u>3.73</u>	<u>9.80</u>	<u>10.42</u>
Basic earnings per share (as previously reported)		<u>-</u>	<u>3.75</u>	<u>-</u>	<u>10.47</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 nine month period ended September 30, 2012

	For the three month period ended September 30,		For the nine month period ended September 30,	
	2012	2011	2012	2011
	QR'000	QR'000	QR'000	QR'000
	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
		(Restated)		(Restated)
Net profit for the period	345,341	380,293	996,957	1,068,060
Other comprehensive income for the period				
(Loss)/gain from cash flow hedges of the Company and its subsidiaries	(4,830)	(65,064)	22,384	(55,450)
Share of gain/(loss) from cash flow hedges of associates and joint venture companies	12,637	(526,432)	(202,593)	(649,774)
Unrealized (loss)/gain on available for sale investments	32,648	(22,128)	15,730	(21,819)
Other comprehensive income for the period	40,455	(613,624)	(164,479)	(727,043)
Total comprehensive income for the period	385,796	(233,331)	832,478	341,017
Attributable to:				
Owners of the parent company	381,846	(239,013)	810,525	312,326
Non-controlling interests	3,950	5,682	21,953	28,691
	385,796	(233,331)	832,478	341,017

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 nine month period ended September 30, 2012

	Attributable to the equity holders of the parent company						
	Share capital	Legal reserve	General reserve	Retained earnings	Cash flow		Non-controlling interest
					hedging reserve	Fair value reserve	
	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	Total
	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
Total comprehensive income/(loss)	-	-	-	979,789	(184,994)	15,730	21,953
Dividends paid for 2011	-	-	-	(650,000)	-	-	(9,477)
Balance at September 30, 2012 (Reviewed)	1,000,000	500,000	3,241,834	1,631,887	(3,397,264)	212,384	211,843
							3,400,684

	Attributable to the equity holders of the parent company						
	Cash flow				Non-controlling interest		
	Share capital	Legal reserve	General reserve	Retained earnings	hedge reserve	Fair value reserve	Total
	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
(Restated)							3,973,811
Total comprehensive income /(loss)	-	-	-	1,042,101	(707,956)	(21,819)	28,691
Dividends paid for 2010	-	-	-	(600,000)	-	-	(8,748)
Balance at September 30, 2011	1,000,000	500,000	3,241,834	1,077,548	(2,484,145)	175,330	195,513
(Reviewed) (Restated)							3,706,080

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 nine month period ended September 30, 2012

	For the nine month period ended September 30,	
	2012	2011
	QR'000	QR'000
	(Reviewed)	(Reviewed)
		(Restated)
OPERATING ACTIVITIES		
Net profit for the period	996,957	1,068,060
Adjustments for:		
Depreciation	364,218	379,977
Amortization of intangible assets	4,477	4,477
Profit on disposal of property, plant and equipment	(128)	(171)
Provision for employees' end of service benefits	5,322	11,569
Provision for slow moving inventories	9,835	13,626
Finance costs	544,315	539,175
Deferred income recognised	(5,094)	(5,094)
Deferred expense recognised	634	6,827
Interest income	(28,224)	(16,953)
Dividend income	(16,981)	(12,553)
	<u>1,875,331</u>	<u>1,988,940</u>
Working capital changes:		
Inventories	(100,378)	(13,867)
Accounts receivable and prepayments	107,525	186,166
Finance lease receivables	105,038	8,799
Accounts payable and accruals	(123,284)	(737)
Cash from operations	<u>1,864,232</u>	<u>2,169,301</u>
Finance costs paid	(544,315)	(539,175)
Employees' end of service benefits paid	(1,785)	(1,773)
Net cash from operating activities	<u>1,318,132</u>	<u>1,628,353</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(33,842)	(219,506)
Proceeds from sale of property, plant and equipment	317	351
Purchase of available for sale investments	(6,864)	(13,507)
Acquisition of associates	(95,348)	(32,917)
Interest received	28,224	16,953
Dividends received	16,981	12,553
Net cash used in investing activities	<u>(90,532)</u>	<u>(236,073)</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 nine month period ended September 30, 2012

	For the nine month period ended September 30,	
	2012	2011
	QR'000 (Reviewed)	QR'000 (Reviewed) (Restated)
FINANCING ACTIVITIES		
Dividends paid to owners of the parent company	(650,000)	(600,000)
Repayments of interest bearing loans, borrowings and other term loans	(293,314)	(192,425)
Dividends paid to non-controlling interest	(9,477)	(8,748)
Net cash used in financing activities	(952,791)	(801,173)
Net increase in cash and cash equivalents	274,809	591,107
Cash and cash equivalents at beginning of period	3,022,622	2,074,176
Cash and cash equivalents at end of period	3,297,431	2,665,283

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 nine month period ended September 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 nine month period ended September 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 nine month period ended September 30, 2012 were authorised for issue by the Board of Directors on October 17, 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 12.55% of the total revenues of the Group for the period ended September 30, 2012 (September 30, 2011: 12.69%). 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 financial statements are prepared in accordance with IAS 34 "Interim Financial Reporting". The accounting policies used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements for the year ended December 31, 2011 except for the adoption of certain revised standards which are effective as of January 1, 2012. Adoption of these standards did not have any effect on the financial position or performance of the Group other than certain presentation changes. These interim condensed consolidated financial statements should be read in conjunction with the 2011 annual consolidated financial statements and notes attached thereto.

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards. In addition, results for the nine month ended September 30, 2012 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2012.

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

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

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

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

Sales from Dukhan desalination plant are accounted for in accordance with the Water Purchase Agreement signed with Qatar Petroleum. Adjustments are made on monthly basis to the 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 nine month period ended September 30, 2012

4. FINANCE LEASE RECEIVABLES

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

	September 30, 2012	December 31, 2011
	QR'000	QR'000
	(Reviewed)	(Audited)
Finance leases – gross receivable	25,275,556	26,208,538
Unearned finance income	(13,268,002)	(14,095,946)
Net investment in finance leases	<u>12,007,554</u>	<u>12,112,592</u>

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

Current portion	<u>507,032</u>	<u>465,437</u>
Non-current portion	<u>11,500,522</u>	<u>11,647,155</u>

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 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
Cost:							
At January 1, 2012 (Audited)	8,179,310	31,076	8,906	223,965	137,744	168,699	8,749,700
Additions	12,425	1,114	1,315	705	1,065	17,218	33,842
Retirements/disposals	-	-	(513)	-	-	-	(513)
At September 30, 2012 (Reviewed)	8,191,735	32,190	9,708	224,670	138,809	185,917	8,783,029
Depreciation:							
At January 1, 2012 (Audited)	3,286,828	20,659	4,576	134,650	38,955	-	3,485,668
Charge for the period	309,762	3,157	1,265	44,047	5,987	-	364,218
Relating to retirements/disposals	-	-	(324)	-	-	-	(324)
At September 30, 2012 (Reviewed)	3,596,590	23,816	5,517	178,697	44,942	-	3,849,562
Net carrying amounts:							
At September 30, 2012 (Reviewed)	4,595,145	8,374	4,191	45,973	93,867	185,917	4,933,467

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 nine month period ended September 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
Cost:							
At January 1, 2011	8,154,187	26,996	7,501	261,464	140,162	446,099	9,036,409
Additions	5,622	4,086	2,255	-	-	445,249	457,212
Transfers/reclassifications	19,501	-	-	44,279	(2,418)	(63,780)	(2,418)
Transfer to finance lease receivables	-	-	-	-	-	(658,869)	(658,869)
Retirements/disposals	-	(6)	(850)	(81,778)	-	-	(82,634)
At December 31, 2011	8,179,310	31,076	8,906	223,965	137,744	168,699	8,749,700
Depreciation:							
At January 1, 2011	2,874,350	16,593	3,592	135,946	31,828	-	3,062,309
Charge for the year	412,478	4,068	1,650	80,482	7,127	-	505,805
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
Net carrying amounts:							
At December 31, 2011 (Audited)	4,892,482	10,417	4,330	89,315	98,789	168,699	5,264,032

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 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

	September 30, 2012 QR'000 (Reviewed)	December 31, 2011 QR'000 (Audited)
Loan 1	1,483,773	1,504,430
Loan 2	1,138,353	1,162,817
Loan 3	2,791,965	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	4,827,926	4,843,567
Loan 8	1,031,006	1,096,562
	<u>13,614,833</u>	<u>13,793,669</u>
Less: financing arrangement costs	<u>(80,080)</u>	<u>(85,601)</u>
	<u>13,534,753</u>	<u>13,708,068</u>

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

Current portion	1,471,197	346,176
Non-current portion	<u>12,063,556</u>	<u>13,361,892</u>
	<u>13,534,753</u>	<u>13,708,068</u>

8. DERIVATIVES

	September 30, 2012 QR'000 (Reviewed)	December 31, 2011 QR'000 (Audited)
Share in fair value of cash flow hedge of jointly controlled entities	3,079,289	2,877,908
Cash flow hedge of the company and its subsidiaries	<u>332,397</u>	<u>354,781</u>
	<u>3,411,686</u>	<u>3,232,689</u>

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2012

9. SALES

	For the three month period ended September 30,		For the nine month period ended September 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	608,883	590,815	1,580,780	1,525,994
Water	381,315	373,337	1,113,860	1,060,439
Lease income from plant leases				
-Q Power Q.S.C.	35,968	36,492	107,650	109,206
-Mesaieed power Company Limited Q.S.C.	69,376	68,277	208,464	195,628
-Ras Girtas Power Company Limited	99,121	98,543	286,389	289,972
-Ras Laffan Power Company Limited Q.S.C.	49,960	52,060	146,342	162,032
	<u>1,244,623</u>	<u>1,219,524</u>	<u>3,443,485</u>	<u>3,343,271</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 September 30,		For the nine month period ended September 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>340,965</u>	<u>373,322</u>	<u>979,789</u>	<u>1,042,101</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>3.41</u>	<u>3.73</u>	<u>9.80</u>	<u>10.42</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 nine month period ended September 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 September 30, 2012 and December 31, 2011 and for the nine month period ended September 30, 2012 and September 30, 2011, which are included in the interim condensed consolidated financial statements are as follows:

	September 30, 2012	December 31, 2011
	QR'000 (Reviewed)	QR'000 (Audited)
Current assets	1,528,661	1,557,855
Non-current assets	8,754,634	8,621,634
Current liabilities	(3,710,633)	(3,605,534)
Non-current liabilities	(8,550,858)	(8,639,741)
	<u>(1,978,196)</u>	<u>(2,065,786)</u>
For the nine month period ended September 30,	2012	2011
	QR'000 (Reviewed)	QR'000 (Reviewed)
Revenues	1,300,099	1,243,796
Cost of sales	(615,581)	(579,177)
Administrative expenses	(16,488)	(18,335)
Finance costs	(398,339)	(389,105)
Other income	19,282	57,305
Profit for the period	<u>288,973</u>	<u>314,484</u>

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2012

12. COMMITMENTS AND CONTINGENT LIABILITIES

	September 30, 2012 QR'000 (Reviewed)	December 31, 2011 QR'000 (Audited)
<i>Commitments:</i>		
Capital commitments (i)	—	6,826
Operating lease commitment (ii)	174,457	190,174
<i>Contingent liabilities:</i>		
Bank guarantees, corporate guarantees and documentary credits	665,710	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 September 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:

	September 30, 2012 QR'000 (Reviewed)	December 31, 2011 QR'000 (Audited)
Due in one year	5,651	10,987
Due in 2-5 years	27,188	28,555
Due in more than 5 years	141,618	150,632
	174,457	190,174

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 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 September 30,		For the nine month period ended September 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	608,871	772,845	1,580,768	1,708,024
Revenue from sale of water	KAHRAMAA	378,425	188,071	1,104,654	868,673
	Qatar Petroleum	2,890	3,236	9,206	9,736
Lease income from plant leases	KAHRAMAA	254,426	255,372	748,845	756,838
<i>Cost of sales:</i>					
Cost of gas consumed	Qatar Petroleum	394,200	353,698	961,166	870,524
<i>Other income:</i>					
Interest on bank deposits	Qatar National Bank	6,359	3,914	18,900	12,851

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

		September 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		1,030,918	5,419	1,011,034	5,571
Qatar Petroleum		5,116	342,229	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 nine month period ended September 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 September 30,		For the nine month period ended September 30,	
	2012	2011	2012	2011
	QR'000	QR'000	QR'000	QR'000
	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
Management remuneration	5,080	5,213	24,250	22,041
Directors' sitting fees	4,900	4,375	14,700	13,125

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.