

A journey for a better tomorrow

2011 ANNUAL REPORT



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



The Custodian of the Two Holy Mosques
King Abdullah Bin Abdulaziz Al-Saud



His Royal Highness
Prince Naif Bin Abdulaziz Al-Saud
Crown Prince, Deputy Prime Minister
and Minister of Interior



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Mohammad Abdullah Abunayyan
Chairman



Paddy Padmanathan
President & CEO

Leadership Statement

Our performance during the past year demonstrated that we have matured into a fully operational company capable of developing, constructing and operating green field projects; acquiring and integrating existing operational assets and performing outside our country of origin. At year end, our portfolio of contracted assets comprised 12,000 MW of power generation and 2.32 Mm³/day of desalinated water production facilities including our second asset outside the Kingdom of Saudi Arabia.

Our business development activities grew in volume; range of opportunities and across a greater geographic footprint. Substantial representation has been established across a larger number of regions especially Africa with a focus on the southern and northern regions of Africa. Closer to home we have established a solid base of Business Development in Oman after appointing a General Manager for the Oman Business Unit. In our local market our success

continued with ACWA Power leading a consortium which bid and won the tender launched by the Saudi Electric Company for the Qurayyah IPP. The Power Purchase Agreement was signed on the 21st September 2011 and the Notice to Proceed was issued to the EPC Contractor on the 2nd December 2011.

The Asset Management team was reinforced with the recruitment of respected and knowledgeable professionals. The growth in portfolio derived revenues was due to the strong performance of the facilities combined with the corporate team's support and expertise on resolving billing, commercial, deemed availability issues and capturing financial upsides as opportunities were identified. Our investments achieved remarkable performance during the year with five fully operational assets in Saudi Arabia and one in Oman. We also completed the acquisition of a controlling interest in CEGCO, Jordan during July 2011 and their results are part of

the consolidated financial statements. The year saw the notable turnaround in performance of our project, Bowarege. The operations of Bowarege stabilized and business has continued to achieve sustainable and profitable operations. The overall result was a significant increase in our asset portfolio's revenues. Our third financial year achieved income from main operations of SAR 487.37 M and a net income of SAR 280.18 M.

ACWA Power Barka delivered excellent results during 2011 with availability exceeding 99% for both electricity and water. The plant has completed 10 years without a lost time incident since PCOD. During the year NOMAC Oman was established as a 100% owned subsidiary of ACWA Power and took over the O&M responsibilities of the Barka 1 plant. Rabigh IPP, still under construction, is on schedule to commence as per contracted Initial Commercial Operation on the 1st July 2012 and to achieve Project Commercial Operation at the start of April 2013.

Our Health, Safety and Environment (HSE) management program continued to mature and bed down during 2011. At the start of the year we implemented a revised suite of leading and lagging HSE performance indicators based on international guidelines. Unfortunately there was one fatality which resulted from a fall from height at our facility under construction. We are pleased to be able to report that there were no fines or cases of HSE enforcement action across our portfolio of assets during 2011.

Our corporate responsibility program continues to build on past efforts. Our primary corporate responsibility project for 2011, that will continue into 2012 and 2013, is the establishment of a technical training institute to educate Saudi school leavers and encourage them to take up long-term careers in the power and water sector. Our plans came to fruition during September 2011 when the Higher Institute for Water and Power Technologies (HIWPT) started its first day of training with more than 100 new trainees. This follows nearly two years of preparation as the project was originated in January 2009. ACWA Power was recognized for our corporate responsibility and sustainability track record as a top ten finalist from for the 2011 Saudi Arabian Responsible Competitive Index (SARCI) and winner of the Empowering Local Vendors pillar at the 2011 Saudi Arabian Responsible Competitive Index (SARCI).

ACWA Power's pledge to meet the highest standards of corporate governance is characterized by the commitment of the Board of Directors, the management and employees. Corporate management effort during 2011 was focused on the implementation of formal corporate governance and risk management policies and procedures which are based on Saudi Arabian and international standards with an aim of assisting management in the efficient conduct of business and fulfilling all obligations towards stakeholders. The majority of corporate governance policies have been implemented and the remaining regulations will be completed during 2012 in conjunction with the Board Committees.

Our long-term goals fundamentally remained unchanged with our commitment to expanding our portfolio to achieve a capacity of 30,000 MW of power including at least 1,500 MW of renewable energy and 5 Mm³/day of desalinated water production capacity by the end of 2014. The focus is still on expanding into countries with a stable socio-political fundamentals combined with a record of honoring contracts and tried and tested judicial processes. The majority of the renewable portfolio will come from solar power due to the immense solar resources in the MENA and Southern African regions

Our foundation of three pillars remain strong: Our shareholders with their unwavering commitment to our vision; our experienced staff who continue to innovate and breathe enthusiasm; and our wider group of partners including co-investors, lenders, equipment suppliers, contractors and off takers with whom we are privileged to maintain the closest of relationships to collectively deliver value to our customers who continue to benefit from our commitment to reliably deliver electricity and desalinated water at the lowest tariff.

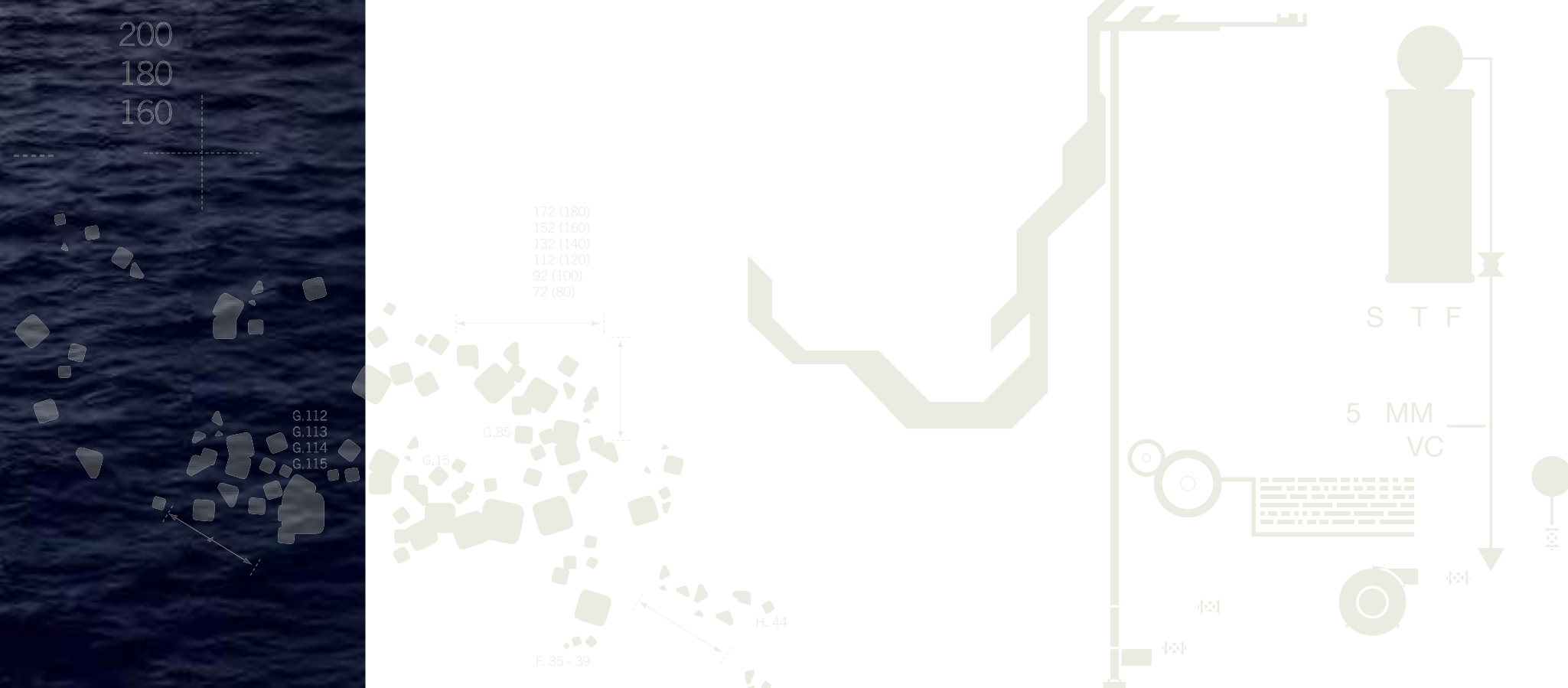


Our Vision

The ingenuity and entrepreneurship of the private sector makes available electricity and desalinated water in a reliable manner to support social development and economic growth of nations.

Our Mission

To provide electricity and desalinated water in a sustainable manner at the lowest possible cost in our target countries.



May water remain 71% of Earth.

March 22 - World Water Day



Shareholders

Abunayyan Group

Established in Riyadh in 1960 with a focus on the water and power sectors, specializing in construction, operation, maintenance and contracting.

Al Muhaidib Group

Formed in 1950 in Dammam with a presence across the MENA region. Concentrates on construction, engineering, manufacturing, food, retail, financial and service industries.

MADA Group

Founded by Al-Rajhi Group as an SPV for strategic investments. A significant Saudi Arabian business conglomerate that has a diversified portfolio including the largest Islamic financial institution in the world.

ACWA Holding

Founded in 2003 as Arabian Company for Water & Power Development. Diversified investments in infrastructure, utilities, manufacturing, mining, development of privately-owned industrial cities, real estate, facilities management and logistics.

Strategic Saudi Investors

Al-Mutlaq Group based in Riyadh since 1960 with a large stake in several sectors including manufacturing, furniture retail, agricultural equipment, automotive components and industrial heat exchangers.

Al-Subaei Group was established in Jeddah in 1934 to provide financial services. Diversified into building materials, real estate, industrial maintenance, textiles, furniture, and the manufacture of prayer carpets.

Omar Kassem Alesayi Group was founded 64 years ago in Jeddah and has interests in real estate, civil engineering, construction, hotels and malls, electronics, clothing, manufacturing and the automotive sector.

Al-Toukhi Commercial Group established in 1970 in Al-Khobar with a focus on oil and gas, construction, architectural and interior design, engineering consultancy, distribution of building materials and pharmaceutical products.

Badad International Company founded in Jeddah 23 years ago with investments in the building materials market, manufacture of plastic products and the fast food and leisure sector.

Al-Quraishi Group was established in Jeddah in 1934 to provide financial services. Diversified into building materials, real estate, industrial maintenance, textiles, furniture, and the manufacture of prayer carpets.



Note: The structure does not describe the legal status of the entities and excludes shareholders with less than a 1% stake in ACWA Power International.

Board of Directors

ACWA Power's Board of Directors comprises seven respected businessmen with vast regional and international experience and solid reputations. The five members from the 2009 Board were joined by Mr. Salah Brahimi and Mr. Izzaddin Idris who took up the positions of Independent Members of the Board in March 2010 and November 2010 respectively.



Mohammad Abdullah Abunayyan,
Chairman

President & CEO of Abdullah Abunayyan Group of Companies, Board member of several large joint stock companies in Saudi Arabia and member of the Advisory Board of the Saudi Supreme Economic Council.



Sulaiman A. K. Al-Muhaidib,
Board Member

Chairman of the Board of A. K. Al-Muhaidib & Sons Group of Companies and Chairman of Savola Group. He is also a Board member of the Saudi British Bank, Al-Toukhi Company for Industry & Trading, Council of Competition Protection and The Centennial Fund.



Ahmed Sulaiman Al-Rajhi,
Board Member

Chairman of the Boards of Al-Arrab Contracting, The Land Holding Company, Injaz Real Estate, Gulf Packaging Industrial and the Chamber of Commerce & Industry - Industrial Committee, Central Province, Saudi Arabia and Board member of Riyadh CSR Committee.



Mohd Izzaddin Idris,
Board Member

Group MD/CEO of UEM Group Berhad, Deputy Chairman of PLUS Expressways Berhad and previously CFO/ Senior VP (Group Finance) of Tenaga Nasional Berhad, Malaysia.



Tariq M. Al-Mutlaq,
Board Member

Managing Partner and Board Member of Almutlaq Group, Chairman of the Board of Shuaa Capital (Saudi Arabia), and Sorouh International, Vice Chairman of the Arabia Insurance Company and Board member of several petrochemical and financial organizations.



Salah Brahimi,
Board Member

President & CEO, GMI, Multiple Board affiliations (WSS, FN); Expert & Advisor, EU PRPs.



Rasheed A. Al-Rasheed,
Board Member

President & CEO of ACWA Holding, Member of the Saudi Organization for Certified Public Accountants, Member of Saudi Economics Organization and Family Business Organization in the Gulf Cooperative Council.

Board of Directors' Report

Dear Shareholders,

The members of the Board of Directors are pleased to present the Board of Directors' Report and Audited Financial Statements of the International Company for Water & Power Projects for the year ended 31st December 2011.

1. General

The International Company for Water and Power Projects (the "Company") is a Saudi joint stock company established pursuant to ministerial resolution number (215) dated 2 Rajab 1429H (corresponding to 5th July 2008) and registered in Riyadh, Kingdom of Saudi Arabia under commercial registration number (1010253392) dated 10 Rajab 1429H (corresponding to 13th July 2008).

The Company and its project companies are engaged in the development, construction, acquisition, leasing, operation and maintenance of power generation, steam production and desalinated water production facilities the sale of electricity and desalinated water, and other related, auxiliary and complimentary businesses activities.

2. Financial Results

For its third fiscal year starting 1st January 2011 and ending 31st December 2011, the Company recorded a noteworthy financial performance resulting from the partial financial close of Qurayyah IPP, a new development and the positive performance of the project companies that own and operate power generation and steam and desalinated water production plants. As a result, the Company has achieved income from main operations of SAR 487.37 M and a net income of SAR 280.18 M.

3. Key Accomplishments

In the areas of development, acquisition, construction and operation noteworthy accomplishments include:

- **Shuqaiq IWPP:** Project Commercial Operation Date (PCOD) was achieved on the 1st May 2011 and plant performance continued to excel by delivering a higher than contracted level of availability and being more fuel efficient than contracted. Throughout the critical summer period, the plant remained 100% available.
- **CEGCO:** On the 17th July 2011, The Company acquired Jordan Dubai Capital's stake in ENARA, Jordan, which holds the controlling share in the Central Electricity Generating Company (CEGCO) and so entered the Jordanian market, second international market. CEGCO owns and operates 7 power plants in Jordan with a total production capacity of 1,700 MW equivalent to 52% of the total installed generation capacity of Jordan.
- **Qurayyah IPP:** The Company participated in the SEC tender for Qurayyah IPP, the largest gas-fired independent power project (IPP) in the world with a production capacity of 3,927 MW which resulted in the Company being first in the tender. Subsequently Hajr Electricity Production Company was established as the project company. The PPA was signed on the 21st September 2011 and the Notice to Proceed was issued on 2nd December 2011. Qurayyah IPP is recognized as a landmark transaction and has won numerous awards including the Middle East IPP Deal of the Year (2011) from Project Finance magazine, (published by Euromoney) and the Best Project Finance Deal in 2011 from Euromoney's Islamic Finance and "Best Power Deal" from EMEA Finance magazine awarded in its annual Project Finance awards.
- **Rabigh IPP:** This project is the first in the Middle East to showcase Chinese technology and is an important part of the strategic and economic relationship between Saudi Arabia and China. It remains on schedule to commence Initial Commercial Operation as per contract on the 1st July 2012 and to achieve Project Commercial Operation on the 1st April 2013.
- **Bowarege:** The Project company that operates two barge mounted sea water desalination plants delivered positive results after the relocation of

the barges from Shuqaiq to Yanbu. The plant has undergone a major transformation and production has increased from an average of 47% of capacity at the Shuqaiq site to 90.4% at the Yanbu site. Bowarege with these first-of-its-kind-in-the-world plants won the prestigious 2011 Saudi Water & Power Forum award for innovation.

- **ACWA Power Barka:** This Project Company, acquired in 2010 and integrated into the Company's portfolio of assets, has continued its exemplar HSE record and has now achieved 9 years of operation without a Lost Time Accident. During 2011, the plant delivered operational excellence with a 99.7% reliability factor for power and 99.9% for water which are the best results achieved in any year since PCOD. ACWA Power Barka was able to agree a contract with OPWP, The off taker for the sale of 15 MW of extra generation capacity it had always possessed for the summer months of 2011 (and 2012) thus generating additional revenue. In 2011 the Company also contracted to supply an additional 2,000 m³ of demineralised water to another IWPP, Barka III, for commissioning, resulting in additional revenue.

A reorganization of the operation and maintenance activity was successfully completed in 2011 by establishing a new O&M Company named “NOMAC Oman” (100% owned by the Company), transferring staff wise out of ACWA Power Barka into the new company under an arm’s length contract to deliver service to the asset owning company. This restructuring has ensured the transfer of risk and the responsibility of operation and maintenance held till then by ACWA Power Barka (Project Co.) to NOMAC Oman, albeit at a cost but with commensurate benefit. This has also enabled ACWA Power to take complete control of the O&M function to ensure optimization of plant operations.

The commendable technical performance of the business during the year and the additional revenue generation opportunities which were captured all resulted in a 13% increase in earnings per share in 2011 compared to 2010. The business distributed an impressive 25% cash dividend during the year which is the highest dividend paid since the contractual tariff reduction in 2008.

- **NOMAC:** This operation and maintenance company, that undertakes the operation of all but two of our assets in Saudi Arabia, has consistently maintained product quality according to specifications. Saudi nationals represent 24% of the total workforce and it is on track working to achieve a 5-year Saudization target of 50%. NOMAC has delivered key improvements intended to ensure its long-term ability to meet contractual obligations, including:

- o Restructuring of the QHSE function and appointment of a dedicated General Manager for Quality Assurance to improve the consistency and implementation of quality systems across sites and to develop an internal capability to conduct technical audits,
- o Continued certification of the integrated management system to the ISO 9001, ISO 14001 and OHSAS 18001 standards, and,
- o Implementation of an enterprise resource management system (SAP) to provide for the systematic management of corrective and preventive maintenance, inventories, permits to work and human resource management.

Other noteworthy achievements include:

- The establishment of **ACWA Power Reinsurance Company Limited (“ACWA Re”)** under the DIFC Companies law No.(3) of 2006 in the DIFC with a Class 2 Captive Insurer licence to insure a part of its own affiliate assets.

- **The financial completion of Marafiq Jubail IWPP** on 7 December 2011 when the Lenders to the project declared the Project Completed.

- **The achievement of 41% Saudization rate at RAWEC** thus placing that company at the “excellent” category in the Nitaqat Program.

- The opening of the Higher Institute for Water and Power Technologies (HIWPT) located in Rabigh with 281 enrolled trainees. This is the Company’s main corporate responsibility project that contributes to the development of Saudi youth. It will also provide the industry with a skilled Saudi workforce for operation and maintenance of the Company’s assets in future years.

The Company is proud to have won several awards transactions in 2011 and gained international recognition by being awarded the Global Sponsor of the Year 2011, by the well-respected “Project Finance International magazine” published by “Thomson Reuters” The Company was also shortlisted as one of the three candidates for the Global Sponsor of the Year award by “Infrastructure Journal”.

4. Board of Directors

The Board is composed of seven directors:

- Mr. Mohammad A. Abunayyan (Chairman)
- Mr. Sulaiman A. K. Al-Muhaidib
- Mr. Ahmed Sulaiman Al-Rajhi
- Mr. Rasheed A. Al-Rasheed
- Mr. Tariq M. Al-Mutlaq
- Mr. Saleh Brahimi
- Dato Mohd Izzaddin Idris.

The BOD held four board meetings during the period from 1st January 2011 to 31st December 2011 to monitor the Company’s progress, policies and procedures. The BOD also reviewed the strategies put forth by the management in developing new projects in the targeted geographical regions. During these meetings the BOD approved budgets to ensure the ongoing operation of the company.

The BOD received a total sum of SAR 20,215,000 as remuneration for their services rendered during the period of 1st January 2011 to 31st December 2011.

5. Audit Committee

The audit committee of the Board is comprised of three members:

- Mr. Khalid Al-Solai (Chairman)
- Mr. Rasheed A. Al-Rasheed
- Dr. Ahmed Al-Meghames

The Audit Committee held four meetings during the period 1st January 2011 to 31st December 2011 during which they reviewed financial policies followed by the Company to affirm conformity to international standards, reviewed effectiveness of internal controls through testing by outsourced internal auditing firm, reviewed internal audit reports and audit findings, in addition to providing the BOD with a clear picture of the Company’s financial position.

The Audit Committee received a total sum of SAR 24,000 as remuneration for their services for the period of 1st January 2011 to 31st December 2011.

6. Risk Management Oversight Committee (RMOC)

The Risk Management Oversight Committee, a committee of the Board with fully delegated powers, was constituted on the 7th August 2011 and performed its functions in accordance with its terms of reference that are approved by the Board. The Committee supported the Board in monitoring the risk environment for the Company and provided direction for risk mitigation actions. The committee consists of four members:

1. Dato Mohd Izzaddin Idris (Chairman)
2. Mr. Khalid M. Al-Solai
3. Mr. Suntharesan Padmanathan
4. Mr. Mrinal Sengupta

The RMOC held one meeting during the period 1st January 2011 to 31st December 2011 at which they approved the Charter of the Committee and reviewed the status of implementation of the Company’s Enterprise Risk Management.

7. Board Investment Committee (BIC)

The Board Investment Committee is a standing Committee of the Board deriving powers under full delegation of authority from the Board of Directors. The primary purpose of the Investment Committee is to consider matters and give directions, rules and approvals on investments in projects, investment guidelines, strategic business plans and related decisions on behalf of the Board of Directors of the Company. The BIC held seven meetings during the period of 1st January 2011 to 31st December 2011. The Comittee consists of five members:

- 1) Mr. Mohammed A. Abunayyan (Chairman)
- 2) Mr. Ahmad S. Al-Rajhi
- 3) Mr. Tariq M. Al-Mutlaq
- 4) Mr. Saleh Brahimi
- 5) Dato Mohd Izzaddin Idris

8. Related Party Transaction Committee (RPTC)

A Related Party Transaction Committee was constituted on 26th February 2011 and performed its functions in accordance with its terms of reference approved by the Board. The Committee supports the Board to review and approve matters and transactions that involve Related Party transactions and conflicts of interest within the Company. Any approval or rejection given by sub-committee of the Board is considered as having been given by the Board. The RPTC held a total of two meetings during the period from 1st January 2011 to 31st December 2011. The committee consists of three members:

1. Dato Izzaddin Idris (Chairman)
2. Mr. Tariq Al-Mutlaq
3. Mr. Saleh Brahimi

9. Acknowledgement

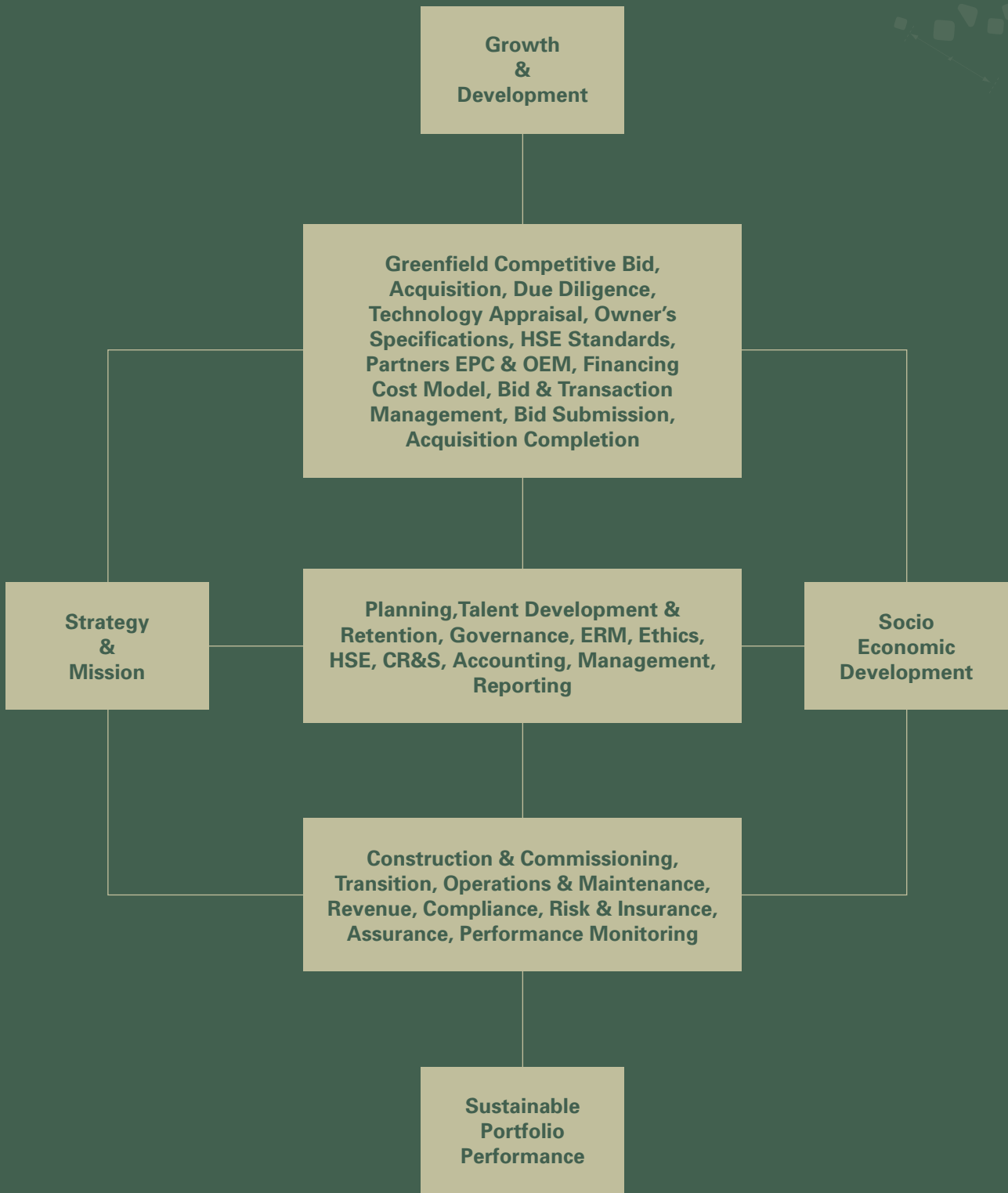
The Board of Directors expresses its gratitude and appreciation to The Custodian of the Two Holy Mosques, His Royal Highness the Crown Prince and to His Excellency the Minister of Water and Electricity, for their continued support of the power and water sector and extend their thanks to all government officials and relevant authorities for their continued cooperation with the Company. We also take this opportunity to thank the management and our employees for their dedication and commitment to position and maintain ACWA Power as a leader in this sector, not only in Saudi Arabia, our home, but also in each and every one of our target geographic regions.

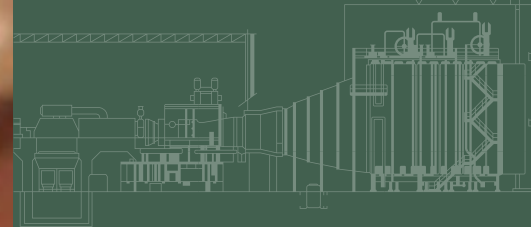
Our Earth is beautiful. Treat it with care.

April 22 - Earth Day



How We Work





Our Business

ACWA Power is an independent water and power developer whose primary business is the production of electricity and desalinated water at the lowest possible cost. ACWA Power has positioned itself as a holding company of subsidiaries, joint ventures and associated companies that own and operate single assets or groups of facilities. Our core activities of business development and asset management are undertaken by teams of international and local professionals with competence in, inter alia, finance, technology, commercial and contract law, construction, operation and management of assets. The company actively controls and assures its interests in its shareholdings through approval of senior staff and representation on the Boards of Directors of our subsidiaries and joint ventures and via our corporate asset management team.

ACWA Power, a Joint Stock Company, was established during 2008 by the acquisition of ACWA Power Projects which had carried out the company's initial development efforts. ACWA Power Projects was founded in 2004 by ACWA Holding (a joint venture between Abdullah Abunayyan Group and A. K. Al-Muhaidib & Sons Group) and the MADA Group for Industrial & Commercial Investment. As per the bylaws and articles of association, ACWA Power's first fiscal year commenced on the date of ministerial resolution, 5th July 2008, and ended on 31st December 2009. This is our third annual report and covers the period from 1st January to 31st December 2011.

ACWA Power's 2011 performance demonstrates the transition of the company into an international

business with a commensurate level of organisational maturity. Business development activities have continued at full pace with the nature and range of prospects expanding both geographically and technologically. The Asset Management team was strengthened by hiring a number of highly experienced and competent professionals. Internal business management processes and systems were augmented with emphasis being given to financial, corporate governance and business development functions.

Our investments achieved remarkable performance during the year with five fully operational assets in Saudi Arabia and one in Oman. We also completed the acquisition of a controlling interest in CEGCO, Jordan on 17th July 2011 and their results are part of the consolidated financial statements. The year saw the notable turnaround in performance of our project, Bowarege, which coincided with the takeover of the operations and maintenance (O&M) of these two barge mounted desalination plant by our O&M company, NOMAC. The operations stabilized and business has continued to achieve sustainable and profitable operations. The overall result was a significant increase in our asset portfolio's revenues.

Greenfield Development and Acquisitions

More than fifteen viable opportunities were explored and several actively pursued during 2011 by our Business Development team. ACWA Power led a team which bid and won the tender launched by the Saudi Electric Company for the Qurayyah IPP. The project is the largest gas-fired independent power project (IPP) in the world with a production capacity of 3,927 MW. The Power Purchase Agreement (PPA) was signed on the 21st September 2011 and the Notice to Proceed (NTP) was issued to the EPC Contractor on the 2nd December 2011. In July this year, ACWA Power concluded a deal that had commenced in 2010 with the acquisition of the controlling interest in CEGCO, the company which owns and operates approximately 52% of the electricity generating capacity of Jordan.

The bids submitted for Az-Zour North in Kuwait, Hasiyan in Dubai and IPP3 and IPP4 in Jordan were not successful and lessons have been learnt through look back reviews. The preliminary indications from bids submitted in the part of 2011, in Morocco, South Africa and Mozambique, are however extremely positive and demonstrate our ability to successfully translate and extend our domestic winning track record into the international arena.



Power from Renewables

ACWA Power started pursuing business opportunities in renewable power generation projects in 2008. During 2011 this initial work provided the launch pad for two significant Solar IPP's; Ouarzazat CSP IPP in Morocco and Bokpoort CSP in South Africa. Early indications in 2012 show that consortiums led by ACWA Power are more than likely to be the preferred contender for both these landmark projects. ACWA Power has committed to 5% of its power capacity being in renewable power by the end of 2014. The majority of this renewable energy portfolio will come from solar power due to the immense solar resources in the MENA and Southern African regions. During 2011, we built a short list of feasible and fundable projects in several of our target markets. In addition to the 50 MW CSP project in South Africa and a 160 MW CSP project in Morocco, the list includes CSP and PV opportunities in Jordan and the Kingdom of Saudi Arabia. We continue to play an integral role in shaping the Saudi Arabian renewable energy sector (a market that is estimated to be in excess of 15 GW in the coming 10 years) by lobbying the authorities and supporting research and development.

Asset Management

The growth in portfolio derived revenues was due to the strong performance of the facilities combined with the corporate team's support and expertise on resolving billing, commercial and deemed availability issues. Technical consultancy was made available to subsidiaries and at site to improve heat rates and overall production efficiencies. Professional resources in the field of Health, Safety and Environment (HSE) were deployed to ensure compliance with national security requirements and to implement our own HSE standards.

Efforts were concentrated on developing and implementing common standards and guidelines for implementation across the group. An Operations and

Maintenance standard based on international best practice was adopted and is used by both operational facilities and development projects to define ACWA Power's minimum standards. The appointment of several new members to Asset Management provided additional expertise and knowledge to the team. The asset management team worked with the senior management team at CEGCO to seamlessly integrate this new acquisition into the company's asset portfolio.

Service Agreements have been concluded with the majority of subsidiaries and facilities that have enabled fair and equitable costs to be recovered for services rendered. Service related revenues are forecast to increase over the next few years as the entire portfolio enters commercial operation with a need for ACWA Power to provide specialist commercial, contractual, tax and HSE services.



Employees and the Executive Management Team

The key contributors to ACWA Power's success are the qualified, entrepreneurial, enthusiastic and highly committed professional teams. The company is structured into six functional areas including Technology, Finance & Risk, Project Legal, Business Development, Asset Management and Corporate Services. The Executive Management team led by the President & CEO, who reports to the Board of Directors, comprises the leaders of each of the functions plus five other key leaders; Corporate Legal, Accounting & Tax, Human Resources, Corporate Responsibility & Sustainability and Corporate Communication.

Corporate Responsibility, Sustainability and HSE

ACWA Power launched its corporate responsibility program in 2008 and has kept it closely aligned with our regional issues and challenges. Our primary project for 2011 was the establishment of a technical training institute to educate Saudi school leavers and

encourage them to take up a long-term careers in the power and water sector. The college opened in September 2011 and as at the end of year had more than 280 trainees in the first year program. ACWA Power was recognized during 2011 for our corporate responsibility and sustainability program with one award, one runner's up and one finalist position. We won the Empowering Local Vendors pillar by the 2011 Saudi Arabian Responsible Competitive Index (SARCI).

Our Health, Safety and Environment (HSE) management program continued to mature and bed down during 2011. At the start of the year we implemented a revised suite of leading and lagging HSE performance indicators based on international guidelines. The overall positive trends and improvements in HSE performance were unfortunately diluted by a fatality during the construction of the Rabigh IPP. On a positive note, we are pleased to be able to report that there were no fines or cases of HSE enforcement action across our portfolio of assets during 2011. Our Riyadh office achieving the milestone of one million man-hours worked without a lost time incident. Barka IWPP continued their outstanding HSE track record and Rabigh IPP achieved more than 20 million man-hours without a lost time incident.



Business Risk Management



Risk management is an inherent and integral part of our business. We manage it through various processes that have been set up to identify and assess the issues and then take action to reduce or mitigate the exposure and limit the potential unfavorable consequences. We are continually refining and improving our risk management strategies to achieve a fine balance between effective control and entrepreneurial spirit. We have implemented an Enterprise Risk Management based on the principles and guidelines of ISO 31000. We are in the process of establishing and extending these principles and guidelines of risk management to our group companies.

Our key risks and opportunities arise from our main functions of development (includes green field and brown field acquisitions) and asset management. An overview of our priority business risks which is aligned with our overall business cycles and model is presented in the following sections.

Development

The identification and limitation of material risks during this first phase of our business cycle leads to a substantial reduction in risks over the whole life of the asset that is commensurate with the benefits. The key risks during this cycle are as follows:

Selection of Contractor and Technology

The selection of a competitive Engineering, Procurement and Construction (EPC) contractor is fundamental to our winning strategy and is considered and evaluated against the right technology that can provide the optimized solution for the plant. To manage and mitigate contractor pricing and construction risk, we partner with competitive, experienced and creditworthy EPC contractors. When selecting the technology for a greenfield project, we go to great lengths to ensure that the chosen technology has an extensive history of operations and commercial service in the region, is suited to the plant and operational specifications supplied by the off-taker and provides on the whole the most viable solution for the transaction.

Funding and Financing Risk

The business, being in a capital intensive industry, requires significant amounts of corporate and project level borrowing or issuance of share capital to fund the equity and debt requirement for investments.

To fund the capital needs in projects, having an underleveraged balance sheet, we have the ability to raise debt or issue corporate notes secured against the available free cash flows from our businesses or access further share capital from the shareholders. At the project level we generally finance our debt needs by raising limited or non-recourse debt thus minimizing the exposure at the corporate level to the amount of equity invested in the project.

We do provide credit support to the project companies in the form of parent company guarantees, letters of credits and/or guarantees arranged from financial institutions to support the requirements of project development or equity contributions in the business (especially where the contribution is in the form of an Equity Bridge Loan). Additionally, when we venture into merchant markets, we may be in some cases required to provide credit support for our trading activities.

Counterparty Risk

We manage our credit exposure to our off-take counterparties by entering into long-term off-take agreements with investment grade off-takers. Furthermore, most of our projects have invoice and termination payments guaranteed with credit support provided by the Ministry of Finance of the country. In relation to borrowings from or deposits with financial institutions, the exposure is limited to global or regional banks with investment grade rating. The management team regularly monitors the credit rating of such institutions.

Availability and Selection of Development Partners

ACWA Power develops projects as a lead or joint lead developer, by partnering with carefully selected strategic and financial partners. These partnerships enable us to share the project risks. Each partner is required to inject cash equity, or support its pro rata EBL with acceptable credit support or arrange a stand by letter of credit to back stop its commitment to inject future equity obligations.

Regulations, Compliance, Legal and Tax Structuring

We are subject to changes in regulations that could affect our business especially with regard to adjustments in taxation policy, competition law, environmental, health and safety legislation and other regulations. Most of the projects are structured to offer protection against a change of law occurring in the country where the project is based, that could adversely affect financial performance. Legal risks arise due to the company's activities and unintended or unexpected consequences from a violation of law, civil

claims arising from litigation or any other disputes. We identify, manage, and monitor legal risks through our strong and experienced team of in-house legal counsels.

We develop tax efficient structures through multiple jurisdictions with the tax assumptions being on local tax regulations when the investments are made in the underlying projects. We continuously manage the risk of the possibility of a change in tax structures by selecting stable and internationally recognized jurisdictions as well as monitoring the changes in local regulations.

Country and Political Risks

The decision to invest in a project is highly dependent on the country and political risk assessment of that country and the region. This risk assessment is carried out by experienced people within the organization with the support of external consultants (where needed). This risk can be minimized but cannot be eliminated through the project's life cycle. Where possible, we try and seek protection under the agreements for such risks. We do realize the importance of good relationships throughout the life of the project with our counterparties and ensure that this remains a key objective for the management and shareholders alike.

Asset Management

Asset Monitoring and Assurance

ACWA Power's long-term sustainability hinges on our effective management of the operational risks and optimizing the income from our power generation and desalinated water production facilities. Therefore, one of our core business strategies is to add value by delivering competitive and reliable operations and maintenance services. Our Asset Management (AM) team monitors and controls ACWA Power's assets with the objective of ensuring asset performance, safeguarding shareholders' interests while meeting budgeted and contractual obligations. Legal and ethical operations are ensured by complying with applicable laws and a commitment to social responsibility. Several facilities are managed by our subsidiary NOMAC, an O&M service provider, and therefore we have a robust assurance, monitoring and control presence to supervise risk management all the way through to the operational level.

We have established a schedule for undertaking technical audits of our O&M and Project Company functions. This provides a regular source of detailed information and highlights improvement areas that are managed with comprehensive improvement action plans. This hands on approach has supported both ACWA Power and NOMAC in monitoring the implementation of improvement programs in a quantitatively and qualitatively manner. The periodic reviews also ensure that ACWA Power retains a balance of control over its commitments and deliverables under long-term O&M Agreements.



Operations and Maintenance

Operational risk, particularly a reduction in availability, efficiency or capacity, is one of the most important issues faced by power and desalination facilities. ACWA Power has mitigated this risk by appointing NOMAC, on the majority of our projects. The O&M service provider has recourse under the O&M agreement and is compensated based on the projected fixed and variable costs which are indexed to domestic and international inflation rates. Cash flow could be negatively affected by a decline due to an increase in maintenance and operational costs arising from higher than projected wear and tear or unplanned outages. To mitigate this risk, we are committed to delivering international standards for O&M services supported by strong and experienced management. ACWA Power and NOMAC have established effective working relationships with the Original Equipment Manufacturers (OEM) across our fleet that enables us to keep abreast of innovation and technical advances and use their expertise for major equipment maintenance and inspections. NOMAC

has further adopted an international best practice O&M standard and established standard operating procedure for each facility to reduce the risk of human failure. The integrated management system has been successfully recertified to three internationally recognized performance and quality standards, namely OHSAS 18001, ISO 9001 and ISO 14001. To further mitigate operational risks NOMAC ensures that its employees have adequate operating knowledge and skills supported by training and structured career growth plans.

ACWA Power and NOMAC place special emphasis on the establishment of KPIs monitored relative to industry benchmarks, technical audits (internal and third party), materials management, maintenance planning, and data processing. An ERP solution using the SAP platform has been implemented alongside the integrated quality assurance functions. Other major programs include operational procedures, plant performance monitoring

and optimization, equipment condition monitoring and training. While the need for preventive maintenance remains, the emphasis is moving towards a predictive maintenance strategy to reduce the requirements for corrective maintenance.

The challenge to recruit experienced and trained technical personnel continues due to a highly competitive market and limited resource base. The establishment of the Higher Institute for Water & Power Technologies (HIWPT), our primary corporate responsibility project, will reduce this bottleneck of attracting local students for our future technical needs and will guarantee the achievement of our long-term Saudi National employment targets.

Health, Safety and Environment

Inadequate HSE practices and management can lead to hazardous conditions, de-motivated staff and reduced economic performance of the plant. To control anticipated HSE risks, we specify stringent HSE management standards based on international standards for all EPC and O&M service providers. We have our own HSE team who undertakes periodic inspections and audits to monitor the HSE management activities and performance. All our projects are designed to comply and operate within the local HSE standards and requirements for air and water emissions, noise levels and soil contamination. All projects are subject to an Environmental and Social Impact Assessment which complies with both local and World Bank regulations.

Detailed HSE programs are implemented at every site and location. These programs focus on behavioral safety, safe working by implementation of PTW/ LOTO procedures using SAP as the CMMS platform, investigation and root cause analysis. Effectiveness of HSE programs is continuously measured and improved through preparing and communicating SMART goals and objectives and monitoring the specific group wide HSE KPIs.

Greenfield, Acquisitions and Restructuring of Assets

Construction and Commissioning

ACWA Power oversees and assists in the appointment of key personnel for the newly formed Project Cos that are established at financial close and before the construction works have started. During construction and commissioning the major issues with progress, quality variations and compliance are closely monitored, advice provided and solutions discussed and followed up till closure. Throughout the construction phase, we ensure that the EPC contracts are structured to transfer the majority of the construction and design risks to the EPC contractor, and include protection against cost overruns, delays or performance shortfalls through liquidated damages. For the commissioning phase, the EPC

contractor is expected to meet the performance targets of power output, availability and efficiency by complying with a comprehensive testing regime conducted before completion and at the time of handover by the EPC contractor to the project company.

Integration of Acquisitions into ACWA Power's Fleet

After firmly establishing the Asset Management philosophy and processes during 2010 the focus moved onto the systematic implementation and consolidation framework across the fleet. Our first steps after acquiring a new asset are to conduct a detailed gap analysis, initiate a transition plan and integrate the new asset into our asset management and monitoring routines. We then retain the best practices and cultures of the latest facility and add relevant international benchmarked organizational tools, technical audits, ERM and continuous improvements into their management approach.

With respect to the CEGCO fleet in Jordan, which has multiple power stations, decades of operational history and practices, we undertook a detailed technical review and implemented a 100-day transition plan. The initial transition plan evolved into several improvement plans of various functions that are delivered medium and long-term goals. Furthermore, the CEGCO senior management team was divided into a Project Team and an O&M team headed by a COO who has responsibility for delivering the improvement plans in an efficient way leading to operational excellence.

We achieved a seamless transition of our Asset in Oman and supported the continuation of knowledge transfer and their best practices, culture and values across our fleet. We restructured the Barka organization by separating out the O&M team to form a new company which assumed the transfer of O&M risks and responsibilities. The recently formed company, NOMAC Oman, is registered in Oman with backstop guarantees from NOMAC, Saudi Arabia.

Changes in Law

Our shareholdings and operations are spread across several regional countries and so are subject to varying government regulations and legal regimes. The risk arising from changes in law and regulations is mitigated by our AM team keeping a watching brief on official announcements and developments and promptly responding to material changes by enacting the provisions of the change of law clauses incorporated in all our framework and agreements.

The suite of environmental regulations that control our operations are liable to change, our power and water purchase agreements cover protections against this type of change in law thus ensuring limited exposure to additional costs arising as a result of new equipment and managerial practices.

Insurance

As we are in a highly capital intensive business, insurance is a vital requirement to protect assets against foreseeable risks. All the projects in our portfolio have comprehensive and detailed industry standard insurance packages throughout the construction and operational phases.

Fuel Supply

Our plants run on fossil-based fuels with most of the plants contracted on a tolling arrangement (wherein the fuel costs and volume risks are borne by the off-taker for the full term of the power purchase agreement). The fuel for the projects is supplied indirectly or directly by creditworthy suppliers and incremental costs of backup fuel are transferred to the off-taker. As per normal industry practices, the facilities are subject to heat rate penalties which are carefully monitored in order to avoid fluctuation in cash flows.

Tariff

Due to the tolling nature of the agreements, all the projects in our portfolio have limited exposure to volumetric or price risk as they realize both capacity and production payments. The capacity payments are structured to meet a project’s capital investments, financing payments, fixed O&M costs and the equity sponsor’s required rate of return. The production revenues are linked to the variable O&M costs that the project incurs. Typically, fixed O&M capacity and production payments are escalated at inflation over the life of the purchase agreement.

ACWA Power will however be exposed to market forces on the determination of electricity and fuel prices and market demand as we invest in merchant markets. In the open merchant markets wholesale prices for electricity are volatile and reflect the fluctuating cost of different fuels. Changes in the availability and cost of fuel on the open market will impact the open market wholesale prices of electricity and in turn our profitability.

Economic and Financial

Our business is subjected to the vagaries of macroeconomic risks, including foreign exchange, inflation, and interest rate risks. The revenues of most of the projects, though received in local currencies (which are pegged to the USD), are indexed either fully or in majority to the exchange rate movement of the USD, thus resulting in protection against volatility of the exchange rate between the two currencies. Due to the dollarized nature of the cash flows, a removal of the peg between the local currency and USD, would minimally affect the financial stability of our portfolio.

The bulk of the O&M revenue of most of our projects is in USD or the relevant local currency and any movements in the USD currency against any other major currencies of the world has a low impact on the stability of cash flows. The fixed and variable revenues of most of the projects are typically divided into two components, namely domestic and international. Both revenue streams are indexed to the inflation rates of the respective countries and are thereby sheltered from exposure to inflation risk.



We model and select an optimal interest rate that results in the highest rate of return. Long-term funding comprises of SAR and USD debt, linked to SAIBOR and LIBOR, respectively. To protect from interest rate volatilities, SAIBOR is 100% hedged on a rolling basis for periods of 5 years and LIBOR is substantially hedged (both using interest rate swaps) for periods replicating the tenor of the USD debt. Therefore, although most of the projects do not have any interest rate exposure currently, our ability to maintain the stable cash flow levels will depend on future SIBOR and LIBOR interest rates.

Organizational Management

Our business is a people business and succeeds on the learning and knowledge gained by our people from transactions we undertake and the management of our businesses. We have organized our management team on a functionally basis to ensure that each of the functional centers of technology, asset management, finance (project and corporate finance, accounting, tax, insurance, risk) and legal develop and retain expertise within their teams to support the main growth engines of business development and acquisitions.

Staffing and Human Resource Risk

We hire and retain the best talent in the industry to steer our way to success. Finding and retaining the right staff is the key difference in winning on competitive bids or in providing operation and maintenance services. The implementation of our strategic plans can be hindered by the loss of key personnel or failure to recruit or retain key personnel. To mitigate this concern, in addition to succession planning, we provide competitive remuneration and bonus schemes. Our entrepreneurial environment results in our employees being constantly challenged to support their learning and on the job development.

Governance and Management Control

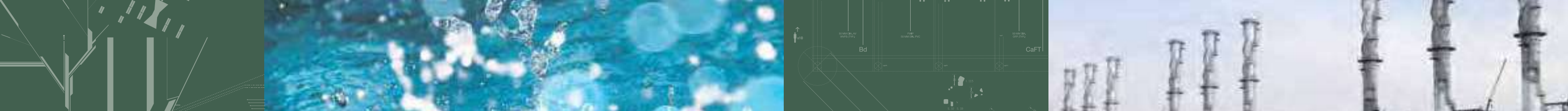
ACWA Power has grown significantly over the last few years and we have established and maintained appropriate governance and management procedures. Our standards are based on local and international requirements and management approaches. We have continued to build and implement financial controls under the internationally accepted framework of Committee of Sponsoring Organizations (COSO) and have advanced during the year to conduct internal audits of various areas. Further details can be found in the section ‘Report on Corporate Governance’.

We have implemented an Enterprise Risk Management solution based on the guidelines and principles of the ISO 31000:2009 standard. A Risk Management Oversight Committee has been established with adequate representation of non-executive directors and independent directors from the Board. The role and responsibility of the Risk Management Oversight Committee is to monitor the risk environment and to provide direction for the activities to mitigate, to an acceptable level, the risks that may adversely affect the company’s ability to achieve its goals. The Committee facilitates continuous improvement of our capabilities around managing our priority risks. In addition, the Committee supports the Board’s efforts to monitor and evaluate, guidelines and policies to govern the process by which risk assessment and management is undertaken.

Either enlightened or lighted.

May 31 - World No Tobacco Day





Financial Highlights

A summary of the Group’s financial performance during the year 2011 is set out below. The results and financial position are presented on a reported basis (as per the consolidated financial statements).

We currently have operational investments with a total capacity of 6,967 MW and 2.3 million m³/day spread over 16 plants and with another 5,131 MW under construction. The majority of the investments are under long-term sales agreements with the fuel

price and supply risk assumed by a creditworthy off-taker. Our investments are presented in the following table with the respective accounting classification.

We undertake a full line-by-line consolidation for all projects in which we exercise full control and do an equity consolidation (one-line consolidation) for the projects where we either have joint control or significant influence.

	Accounting classification	ACWA Power effective ownership	Power Capacity		Water Capacity	
			Total	ACWA Power share	Total	ACWA Power share
			MW	MW	m³ '000	m³ '000
Operational Projects						
Marafiq IWPP	Associate	20.0%	2,743	549	800	160
Rabigh IWSP	Associate	23.9%	360	86	134	32
Shuaibah Expansion IWP	Joint venture	30.0%	-	-	150	45
Shuaibah IWPP	Joint venture	30.0%	900	270	880	264
Shuqaiq IWPP	Joint venture	34.0%	850	289	212	72
Barka 1 IWPP	Subsidiary	41.9%	427	179	91	38
Bowarege	Subsidiary	64.85%	-	-	50	32
(CEGCO Jordan)*	Subsidiary	28.18%	1,687	475	-	-
			6,967	1,848	2,317	643
Projects under construction						
Qurayyah IPP	Associate	17.5%	3,927	687	-	-
Rabigh IPP	Joint venture	40.0%	1,204	482	-	-
			5,131	1,169	-	-
Total			12,098	3,017	2,317	643

* Subsequent to year end 2011, ACWA has acquired an additional effective stake of 12.75% in CEGCO and the new effective holding is 40.93%.

The financial information presented in the consolidated financial statements has been prepared in accordance with all applicable SOCPA standards and in reference to IFRS (where the SOCPA standards had not addressed an accounting issue). For the year 2011, we achieved income from our main

operations of SAR 487 million and a net income of SAR 280 million. The drivers of the net income are services rendered (that includes development fee income), our share of net income from joint ventures and associates and results of operations from our subsidiaries.

Summary of the Group’s financial performance is as follows:

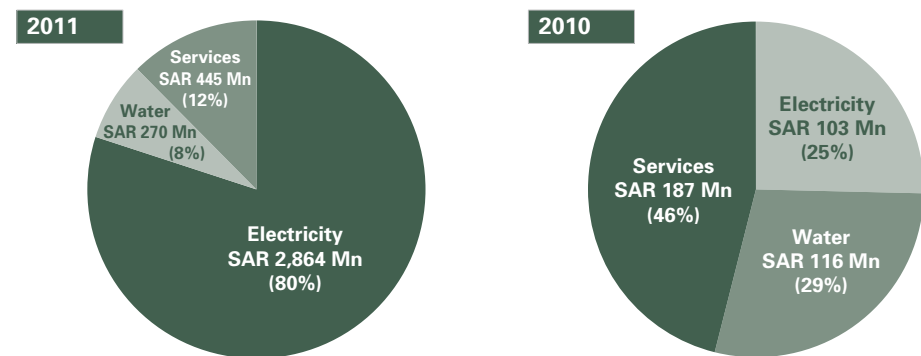
	2011	2010
	SAR million	SAR million
Revenue *	3,579	406
Gross Profit	586	144
Share from net income of joint ventures and associates	104	169
Income from main operations	487	168
Net income	280	110
Net cash from operating activities	260	194
Net cash used in investing activities	(687)	(613)
Net cash from financing activities	552	419

Summary of the Group’s financial position is as follows:

	2011	2010
	SAR million	SAR million
Cash and cash equivalent	473	348
Current assets *	3,769	587
Non-current assets	6,447	5,082
Total liabilities *	6,116	1,735
Total equity	4,100	3,934

* Significant variance relates to CEGCO acquisition completed in 2011. For further details refer to development and acquisition business note below.

Revenue



Revenue is driven by the availability of the power and water facilities and dispatch of electricity and desalinated water by operational facilities, supply of operation and maintenance services and realization of development fees.

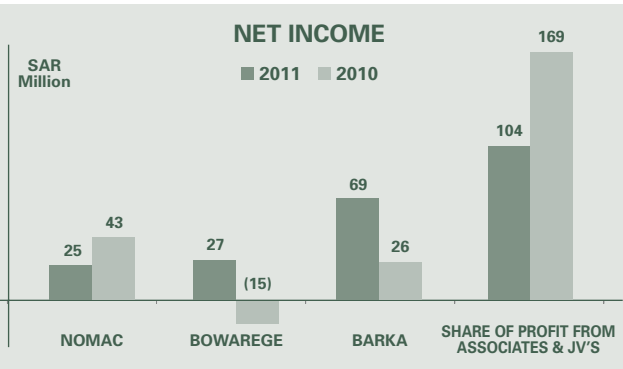
Electricity sales increased significantly during the year driven largely from the acquisition of Central Electricity Generation Company (CEGCO) in 2011 that produces approximately 52% of the electricity requirement of Jordan. The major component of CEGCO’s revenue relates to its recovery on account of fuel costs (approximately SAR 1.5 billion) which is under a pass through arrangement with the offtaker. Additionally, in 2011 a full year of performance was realised from Barka instead of a partial year as in 2010. The increase in services revenue is a factor of development, management and similar service revenues from development and existing businesses.

Development and Acquisitions

In relation to its green field development business, ACWA Power successfully developed a 3,927 MW project in Saudi Arabia, Qurrayah IPP under the program initiated by Saudi Electricity Company (SEC). The project was bid out as a 2,000 MW facility and was subsequently expanded to the final capacity. The facility will be based on gas supplied by SEC and electricity will be supplied under a standard 20 year power purchase agreement. The project achieved financial close subsequent to the year end (in April 2012) and will achieve commercial operational in June 2014.

ACWA Power’s acquisition of the controlling stake CEGCO was in a significant achievement. CEGCO has 9 operational plants in Jordan which are based on gas, steam and wind projects having a capacity of 1,675 MW. CEGCO supplies the electricity under power purchase agreements to the National Electric Power Company (NEPCO), a government owned entity.

Net Income from Businesses



The results of NOMAC, Bowarege, Barka and CEGCO are consolidated into ACWA Power whereas the remaining businesses are recorded under the equity method.

NOMAC’s net income reduction occurred due to major maintenances under the O&M contracts and outages at the plants. The turnaround of Bowarege is attributable to moving the barges from Shuqaiq to Yanbu that lead as well as undertaking technical optimizations to enhanced and more stable a performance of the units. The Barka project continued to deliver outstanding operational results and outperformed its peers in many aspects. Although this year presented the first full year of operations (since acquisition was completed in August 2010), the business was further optimized by moving the operation and maintenance into a fully owned entity of ACWA Power and the sale of an additional 15 MW to the off-taker.

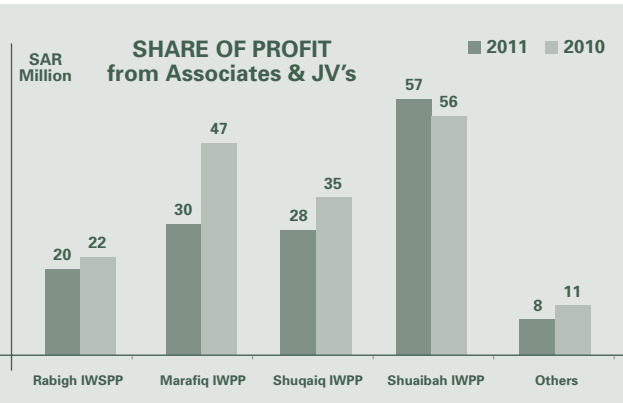
Operating Costs

Operating costs comprise development expenses incurred for projects that have achieved financial close and fixed and variable operation and maintenance costs incurred at the consolidated businesses. Costs for the projects generally comprise chemicals, fuel, salaries and wages, routine and annual plant maintenance, consumables and spares, insurance, development fees, plant depreciation and

amortisation, replacement costs of membranes and other equipment, environmental health and safety expenses, outsourced labour and manpower costs incurred in the operation and maintenance of the asset portfolio.

The significant increase in operating costs relates to fuel costs at CEGCO, which is a pass through arrangement with the off-taker (NEPCO).

Income from Joint Ventures and Associates



The chart represents the performance of significant projects with respect to the Group’s effective holding and does not include consolidation eliminations of SAR 37 million.

During the year, some businesses underwent major maintenance activities and Shuaibah IWPP, was further affected by forced outages. In relation to Marafiq IWPP, the share of profit for the year is significantly lower as a result of one time liquidated damages income realized in 2010 and the operational performance of the project.

Other Costs

Other costs comprise general and administrative expenses and provision or write-off of development cost of discontinued projects. General and administrative expenses are made up of staff costs, office costs, telecommunication and internet, utilities, general repair and maintenance, general insurance, travel and subsistence, legal and professional charges.

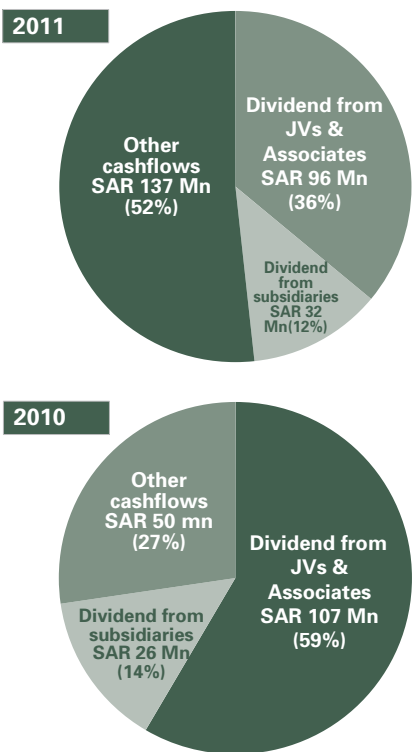
Other Income

Last year’s other income was significantly high which was a results of incidental income generated from the off-taker on moving the barges from SqWEC to Yanbu. Decrease in interest rates globally has also affected the profits on deposits; however some of this has been compensated by an increase in accounting and other services income. Though this includes commission income on equity bridge loan provided to Rabigh IPP, this income is offset under a back to back arrangement with several shareholders.

Financial Costs

Financial charges are largely driven by interest on long-term loans at ACWA Power and its businesses. The commission on letters of credits and guarantees issued by the financial institutions arise from the commitments of ACWA Power in its various investments and development projects. Additionally ACWA Power pays commission to the shareholders that have funded an equity bridge loan for Rabigh IPP (with the commission being fully recovered from Rabigh IPP and reflected under other income).

Cash Distributions and Dividends



ACWA Power receives cash distributions from its businesses in various forms including dividend, management services, technical services, cost under run and adhoc services. During the year the dividends received from our joint ventures and associates totalled SAR 95.5 million and a total of SAR 32 million was received from our subsidiaries.

Debt and Capital Structure

ACWA Power’s capital structure comprises mainly of equity injections from shareholders and medium-term corporate loans. The loans at projects are secured with non-recourse financing with the exception of Bowarege where a portion of the loan is backed by additional corporate guarantees from the shareholders of Bowarege. In 2010, the shareholders funded, directly and indirectly, a loan of SAR 735 million to fund the equity bridge loan of the Rabigh IPP Project.

Growth is not only about population.

July 11 - World Population Day



260
260

B. 3

W. 19

24.4

16

I. 115

10



Strategy for Growth

Growth

During 2011 we re-examined and endorsed our original growth targets from 2009. We can confidently report that we remain on course to expand our portfolio by 2014 to include a suite of plants with an electrical dispatch capacity of 30,000 MW, of which at least 1,500 MW will be from renewable sources, and 5 Mm³/day of desalinated water. We continue to expand operations across a wider geographical footprint beyond our domestic market of the Kingdom of Saudi Arabia. Our pre-requisites for entering new markets remain the same, those being; a stable socio political foundation, strong economic fundamentals, a robust legal framework coupled with a track record of honoring contracts. We place a hire premium on the host country's respect of the value the private sector brings to power generation and desalinated water production and their support of private ownership and operation of critical infrastructure and assets.

The sustained growth in demand for electricity and desalinated water in each and every country in the MENA and Levant regions offers us a stable platform to implement our growth strategy. Our target markets in the near term remain the GCC, Jordan, Egypt, Morocco, Turkey and southern Africa. We have identified opportunities in each of these target countries and are either preparing offers or have commenced development work.

The majority of our current portfolio comprises fully contracted assets with government owned entities as long-term off-takers of the electricity and desalinated water. We are however interested in including a small component of merchant capacity into our portfolio and are progressing a MoU concluded with our Turkish partner to fast-track develop an 800 MW CCGT plant which will be our first merchant facility. We have also commenced development of a 350 MW coal fired power plant for a world-class but privately owned mining company in Mozambique which will be our first coal fired facility.

The rapidly expanding electricity and water market of Saudi Arabia remains our primary focus. Power and desalinated water is produced almost entirely by plants fuelled with non-renewable fuels. The abundance of solar energy and commercially viable wind and geothermal energy has now been recognized and has opening up significant new opportunities for the diversification of the fuel mix and increasing the efficiency of utilization non-renewable resources. Our prominent position in the renewable sector will bear fruit as the country looks to renewable energy to fill at least a part, and possibly a significant portion, of the rapidly growing demand for electricity and power.

Saudi Arabia is the world's third largest per capita consumer of water. It produces one quarter of the desalinated water in the world, which accounts for approximately one quarter of the country's total water demand. The government anticipates this demand will grow on average by 10.7% per annum for the next six years, with total demand for desalinated water projected to be 10 Mm³/day by 2020. While plants co-owned and operated by us currently deliver 2.32 Mm³/day, the state owned desalinated water producer SWCC, still produces approximately 3 Mm³/day. Subject to government approval, the private sector is looking forward to the opportunity to acquire strategic equity interest in this existing capacity.

Stability

Our strategy for growth is anchored on a platform of stable and profitable assets which are performing above and better than target levels. The Asset Management team supports the swift resolution of billing and commercial issues and stabilizing earnings and returns. Emphasis continues to be placed on containing costs within budgets and formalizing standard accounting and reporting practices across the entire fleet of facilities.

ACWA Power has developed and implemented an Enterprise Risk Management (ERM) system whose scope includes our subsidiaries and joint ventures. We have commenced the roll-out of our ERM standards into our subsidiaries specifically focusing on assets under construction (Rabigh IPP), in operation (Shuqaiq IWPP) and the activities of our O&M subsidiary (NOMAC). HSE performance continues to be assured by our HSE team who undertakes periodic inspections and audits. The monthly monitoring and reporting of HSE performance continues and performance is well within targets.

We pride ourselves on the good relationships we have with our stakeholders, supply chain and subsidiaries. Keeping in close communication and contact with our partners is an ongoing objective to ensure we build trust and cooperation. The provision of technical support, consulting services and training events to our extended team and associates will be carried on to maintain and improve standards and share experience.

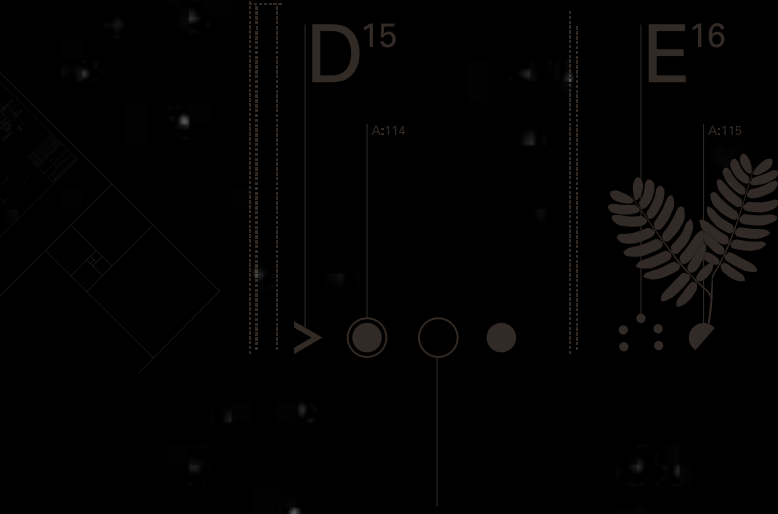
Corporate Governance

ACWA Power had adopted a code of corporate governance in 2009 based on the guidelines suggested by the Saudi Capital Market Authority and further benchmarked to other codes suggested by international bodies or regulatory authorities such as Dubai Investment Financial Centre, the UK Corporate

Governance Code (formerly the Combined Code) and the Securities and Exchange Board of India's Corporate Governance Code. The ACWA Power code entrenches the principles of transparency and fair administration. The governance structure establishes the Board of Directors with adequate independent directors. The Sub-committees of the Board have adequate representation of independent members with independent Chairpersons leading the audit committee, risk management committee, and related party transaction committee. The company has a code of conduct and business ethics policy, which are comprehensive sets of tenets to which all employees are required to comply. Lastly, ACWA Power has a strong control of governance and management over its group of companies.



The fundamentals of good corporate governance has strengthened the confidence among private and family owned conglomerates who are our shareholders so that they have forgone their operational involvement and instead have taken reliance in ACWA Power's management, reporting and governance structures.



Don't let your hope fade away.

June 5 - World Environment Day





Corporate Responsibility and Sustainability

ACWA Power launched its corporate responsibility program in 2008 and has kept it closely aligned with our regional issues and challenges. The focus is to provide leadership and guidance on sector issues and to push best international practices throughout our supply chain all the way through to end users and consumers.

Higher Institute for Power and Water Technologies, Rabigh, Saudi Arabia

Our primary corporate responsibility project for 2011, that will continue into 2012 and 2013, is the establishment of a technical training institute to educate Saudi school leavers and encourage them to take up long-term careers in the power and water sector. Our plans came to fruition on the 24th September 2011 when the Higher Institute for Water and Power Technologies (HIWPT) started its first day of training with more than 100 new trainees. This follows nearly two years of preparation as the project was originated in January 2009 with the blessing of King Abdullah Bin Abdulaziz during a meeting with the Chairman of ACWA Power.

The HIWPT is located in Rabigh and is a not-for-profit college that has been licensed by the Technical Vocational Training Corporation (TVTC). It will provide industry specific vocational training to regional school leavers so that they can join the Saudi Arabian water desalination and power generation sector as skilled and certified operators and technicians. All the trainees have secured employment contracts with guaranteed jobs from their sponsors at the end of the 2½ year program. The Institute’s mission to become self-sustaining is being realized as by the end of December the enrollment had increased to 287 trainees with projections of more than 500 for the second year.

Our corporate responsibility and sustainability program continued to develop during 2011 with initiatives covering end users, employees and across our stakeholders. ACWA Power continued to support sector conferences and academia including:

- International Desalination Association
- Saudi Water & Power Forum

- King Abdullah University for Science and Technology (KAUST) – KAUST Industrial Advisory Board (KIAB) and Center Industry Affiliates Program (CIAP)
- CSR Arabia
- Emirates Environmental Group
- Global Water Intelligence
- Arab Forum for Environment and Development (AFED)

During May, we arrange and sponsored the Arab Forum for Environment and Development’s (AFED) Water Efficiency Workshop which was endorsed and hosted with the Ministry of Water and Electricity. The 5-day intensive water efficiency workshop took place in Riyadh and discussed strategies for achieving systemic water efficiency gains in both public and private sector organizations.



Awards

ACWA Power was recognized during 2011 for our corporate responsibility and sustainability program with one award and twice as a finalist as follows:

- Winner of the Empowering Local Vendors pillar at the 2011 Saudi Arabian Responsible Competitive Index (SARCI).
- Top ten finalist in the 2011 Saudi Arabian Responsible Competitive Index (SARCI). This is the fourth year that we have been acknowledged by the Saudi Arabian General Investment Authority, the King Khalid Foundation and the global research institute Accountability for our corporate responsibility and sustainability activities and leadership role.
- Arabia CSR Network’s Arabia CSR Awards 2011 shortlisted ACWA Power as one of the top 5 finalists in the Medium category and noted “Your company’s holistic view on sustainability together with a thorough understanding of CSR and sustainability policies, processes and goals, has made your application one of the strongest entries received, resulting in it being shortlisted by our expert panel of judges.”



Renewables

The majority of the MENA region falls across the ‘sun belt’ which has the most energy-intensive sunlight on the globe (between 1460-3000 KWh/m²/year). Solar energy generation using photovoltaic (PV) technology is being used in remote sites for water pumping, telecommunications and lighting. The largest PV program is in Morocco, and includes 160,000 solar domestic installations in about 8% of rural households with a total installed capacity of 16 MW. The current installed capacity of grid connected solar power is still insignificant. Less than 3 MW of PV is operational in Saudi Arabia, and 10 MW in the UAE. There is no operational concentrating solar power (CSP), but several projects are currently at different stages of development and construction.

ACWA Power is a serious player in the solar power generation arena and the first regional developer to be involved in mega renewable energy projects. In 2009 ACWA Power set a strategic business objective of having 5% of its energy portfolio being delivered by 2014. The majority of the 5% will come from solar power, a decision that is driven by ACWA Power’s target markets immense solar resources. In response, ACWA Power has invested significant time and money to understand the solar power business and build in-house capabilities.

Currently, ACWA Power is involved in developing several solar power projects across its target markets. Those projects include a 50 MW CSP project in South Africa, a 160 MW CSP project in Morocco, several CSP and PV opportunities in Jordan and the UAE. In addition, ACWA Power continues to play an integral role in shaping the Saudi market for renewable energy, a market that is estimated to be around 15,000 MW over the upcoming 10 years.

Health, Safety and Environmental Performance



Our Health, Safety and Environment (HSE) management program continued to mature and bed down during 2011. At the start of the year we implemented a revised suite of leading and lagging HSE performance indicators based on international guidelines. A target was set for each performance indicator based on European and industry sector good practices and broken down for each of our three types of locations, namely offices, operational production facilities and new projects under construction. The targets and performance data are presented over on the next page as an overall group summary. Traffic light colour coding has been applied to indicate targets that have been missed due to poor performance (red), targets missed but performance is on track (amber) and targets that have been achieved (green).

The overall positive trends and improvements in HSE performance were unfortunately diluted by a fatality during the construction of the Rabigh IPP. A subcontractor’s supplier’s representative tragically fell during an inspection and succumbed in hospital due to his injuries. The incident investigation demonstrated that a range of safe practices and training had been provided but these barriers had been breached and the system did not fail to safety. Changes to the safe practices and systems have been implemented to avoid reoccurrence.

There were two reportable dangerous occurrences and 28 reportable health and safety incidents - 14 on our operational sites and 14 at the construction site. The construction site’s reportable injury rate (RIR) of 0.14 was significantly better than the UK and European construction sector’s of 0.30 (incidents per 200,000 hours worked). The operational facilities’ reportable injury rate of 1.21 was higher (and hence more accident prone) than the sector benchmark of 0.25. The majority of accidents arose from a few facilities that will be the focus of attention during 2012.

On a positive note, we are pleased to be able to report that there were no fines or cases of HSE enforcement action across our portfolio of assets during 2011. The considerable effort of all our employees, managers and HSE team in supporting our commitments to HSE is demonstrated by the volume of HSE related committee meetings, inductions, toolbox talks, awareness and training sessions. This resulted in our Riyadh office achieving the milestone of one million man-hours worked without a lost time incident. Barka IWPP continued thier outstanding HSE track record and Rabigh IPP achieved more than 20 million man-hours without a lost time incident.

There were several other notable HSE projects and achievements during 2011 including:

- NOMAC’s Integrated Management System (IMS)

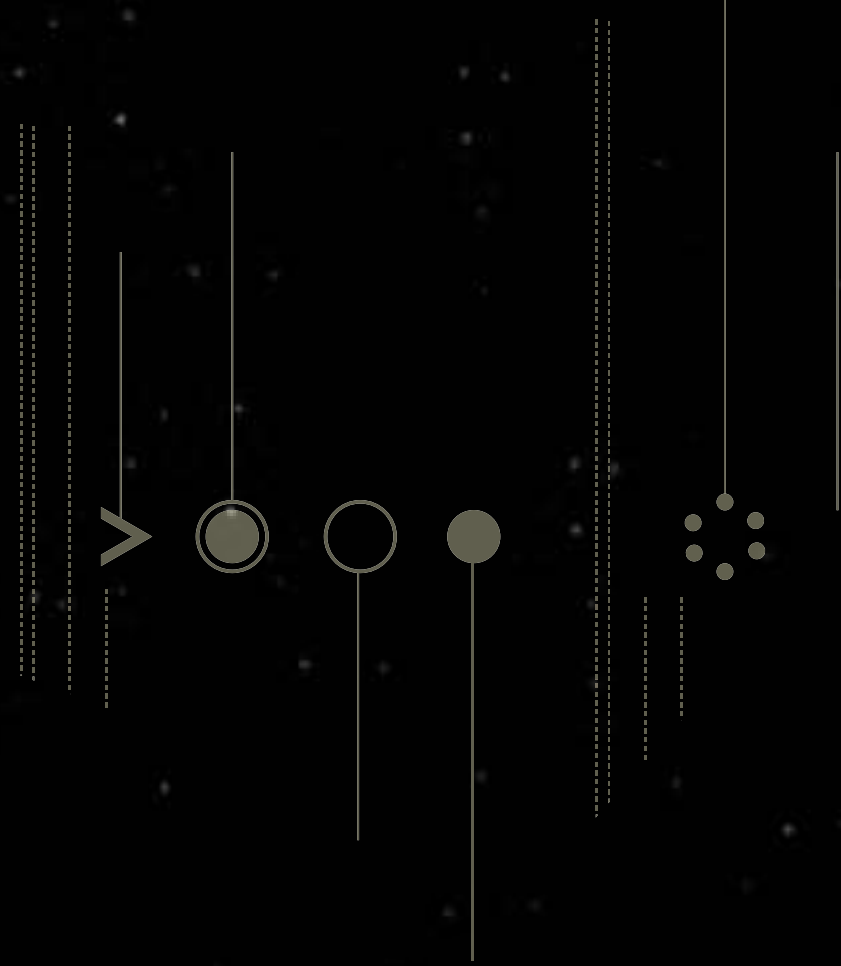
- was recertified by an external accreditation agency to the ISO 14001 environmental management, ISO 9001 quality management and OHSAS 18001 health & safety management standards. This means that the majority of our portfolio is still operating with externally certified management systems.
- ACWA Power Barka continued to maintain an outstanding safety record and completed over 9 years of operations without a lost time accident which is more than 1.2 million hours or 3,500 days of safe working.
- An illustrated “Safe Construction” booklet was developed and more than 6,600 copies were distributed to our offices, subsidiaries, joint ventures and conference attendees. Booklets have been provide to our vocational training Institute, HIWPT, as a technical and language learning tool. The 24 page booklet was translated into English, Arabic, Urdu and Chinese and is a first in the Saudi construction sector.

	2011 HSE Performance Targets (per location)			HSE Performance (per location type)			Group HSE Performance
Location Type	Office	Production Facility	Construction Site	Offices	Production Facilities	Construction Sites	Total
No. of sites by type				9	10	1	20
Personnel							
Number of people	-	-	-	419	1,632	8080	10,131
Hours worked	-	-	-	501,574	2,320,909	20,027,079	22,849,562
Hours worked without reportable injury	250,000	1,000,000	1,000,000	1	2	1	4
Health & Safety							
Fatalities	0	0	0	0	0	1	1
Reportable Injuries	0	0	0	0	14	0	14
Occupational Diseases	0	0	0	0	0	0	0
Dangerous Occurrences	0	0	0	0	1	0	1
Minor & 1st aid injuries	0	0	0	5	11	0	16
Environmental							
Environmental incidents	0	0	0	0	0	0	0
HSE Performance							
HSE Near misses				10	843	851	1,704
Reportable Injury Rate	0.19	0.25	0.3	0	1.21	0.01	0.13
Reportable Incidents	0	0	0	0	15	1	16
Reportable Incidents rate	0.20	1.00	1.00	0	1.29	0.01	0.14
HSE Notices	0	0	0	0	0	0	0
HSE penalties and fines (USD)	0	0	0	0	0	0	0
HSE Management							
HSE Committee meetings	4	12	12	15	74	140	229
HSE induction sessions	4	12	12	36	626	913	1,575
HSE toolbox talks and awareness sessions	4	52	52	81	1,199	2,053	3,333
HSE training sessions	4	12	12	52	228	328	608
HSE Tours	12	52	52	54	774	1,396	2 224
HSE Inspections	12	52	52	27	190	298	515
HSE Audits	1	1	1	4	31	51	86
HSE Emergency Tests, Drills & Practices	1	2	2	5	27	29	61

Notes:

- HSE data excludes Rabigh IWSP and Marafiq –Jubail IWPP as ACWA Power does not have a controlling or lead share in these project.
- CEGCO data is for August – December 2011, as ownership was transferred on 18th July 2011.





One world. One heart. One cause.

September 29 - World Heart Day



Project Companies and Subsidiaries





ACWA Power Barka 1 IWPP

Barka 1 is the first IWPP developed as part of the privatization program of the Sultanate of Oman. The plant began commercial operations in June 2003 and a majority stake was acquired by ACWA Power in August 2010. The facility contributes 12% of the electricity and 17% of the desalinated water in Oman.

ACWA Power Barka continued to maintain an outstanding safety record and completed over 9 years of operations without a lost time accident which is more than 1.2 million man-hours or 3,500 days of safe working.

During 2011, the plant delivered operational excellence with a 99.7% reliability factor for power and 99.9% for water which are the best results achieved since PCOD.

ACWA Power Barka concluded an agreement with OPWP, the national off-taker, to supply an additional 15 MW of extra generation capacity it had always possessed for the summer months of 2011 (and 2012) thus generating additional revenue. In 2011 the company also contracted to supply an additional 2,000 m³ of demineralised water to an adjacent IWPP, Barka III, for commissioning, resulting in further generation of additional revenue.

Location	60 km north of Muscat, Oman
Services supplied to	Muscat
Fuel	Natural Gas
Power	427 MW
Configuration	Combined Cycle (Gas and Steam)
Desalinated Water	91,000 m³/day
Desalination process	Multi-Stage Flash (MSF)
Project Cost	SAR 1,556 M, USD 415 M
Commercial Operational Date	Q2 2003
Acquisition Date	18th August 2010
ACWA Power Share	41.9%
Contract Type & Term	PWPA-BOO 15 years
Operator	NOMAC Oman



Rabigh IWSPPP

Rabigh IWSPPP is owned and operated by the Rabigh Arabian Water and Electricity Company (RAWEC); a Joint Venture between Marubeni Corp, JGC Corporation, ACWA Power, Itochu Corporation and Petro Rabigh. The project was constructed under an EPC contract by Mitsubishi Heavy Industries and consists of a conventional thermal power with five 118 MW steam turbines, nine 470 t/hr steam generators, three wet limestone Flue Gas Desulphurization (FGD) units and sixteen 504 m³/hr Reverse Osmosis (RO) trains. Reliability and availability has significantly beaten forecasts from the start of production at PCOD in June 2008 until 2010.

The FGD system uses a limestone forced oxidation system which incorporates air injection to produce oxidised gypsum resulting in sulphur emissions decreasing from approximately 2,200 to 72 ppm. During full load, the facility consumes 600 ton/day of locally sourced limestone and produces 1,200 tons of gypsum that is sold to the adjacent Arabian Cement Company for cement production.

RAWEC having achieved a Saudization rate of 41% is placed in the “excellent” category in the Nitaqat Program.

Location	Rabigh, Western Saudi Arabia
Services supplied to	Petro Rabigh Petrochemical complex
Fuel	Heavy Fuel Oil
Power	360 MW
Configuration	Steam Turbines
Desalinated Water	134,000 m³/day
Desalination process	Reverse Osmosis (RO)
Steam	29,520 ton/day
Project Cost	SAR 4,315 M, USD 1,151 M
Commercial Operational Date	Q2 2008
ACWA Power Share	23.9%
Contract Type & Term	WECA-BOOT 25 years
Operator	RAWEC (Owner Operator)



Bowarege

This facility is the world’s only fulltime commercially operational self-contained desalination plants that are mounted on transportable barges which enables them to be moved at short notice to locations that have an urgent seasonal need or water deficiency.

Bowarege is a joint venture between ACWA Power and Raka Saudia Power and Water. The offtaker for the 50,000 m³/day is the Saline Water Conversion Corporation (SWCC). Operation & Maintenance is undertaken by NOMAC with a staff compliment of 88. The barges are currently moored in Yanbu on the Red Sea providing desalinated water to the towns of Yanbu and Medina. The facilities have previously supply services to Shuaibah and Jizan in 2008 and 2009 respectively.

After the re-location of the Barges from Shuqaiq to Yanbu site, the plant underwent a major transformation and production was increased from an average 47% at Shuqaiq to 90.36 % at the Yanbu site.

The two barges had supplied more than 22 Mm³ of water after they were brought to Yanbu. The two have produced more than 42 Mm³ of water since they began operation in 2008.

Bowarege won the prestigious Saudi Water & Power Forum’s award for innovation in 2011.

Location	Yanbu, 250 km north of Jeddah, Western Saudi Arabia
Services supplied to	Yanbu and Medina
Energy Supply	Electricity from diesel generators
Desalinated Water	2 x 25,000 m³/day
Desalination process	Reverse Osmosis (RO)
Project Cost	SAR 370 M, USD 110 M
Commercial Operational Date	Q2 2008
ACWA Power Share	64.85%
Contract Type & Term	WPA-BOO 3 years
Operator	NOMAC



Shuaibah Expansion IWP

The Shuaibah Expansion Project was delivered in response to the Saudi Government’s need for a fast-track solution. The challenge was to provide an additional 150,000 m³/day of desalinated water to meet the accelerating demand in Jeddah. The project is located on reclaimed land adjacent to the Shuaibah IWPP and both plants use a common water discharge channel. The facility uses reverse osmosis technology with 2 passes (sea water and brine) and energy recovery equipment and systems.

The Annual Net Dependable Capacity Test (NDCT) was successfully carried out on the 4th December 2011.

Location	120 km south of Jeddah, Western Saudi Arabia
Services supplied to	Jeddah
Energy supply	Electricity
Desalinated Water	150,000 m³/day
Desalination process	Reverse Osmosis (RO)
Project Cost	SAR 874 M, USD 233 M
Commercial Operational Date	Q4 2009
ACWA Power Share	30%
Contract Type & Term	WPA-BOO 20 years
Operator	NOMAC



Shuaibah IWPP

The Shuaibah IWPP was the first IWPP developed following the Saudi government’s decision to open the market to private investment. The facility delivers water and electricity to a wide region including the cities of Makkah, Jeddah, Taif and Al-Baha.

The facility’s capacity was admirably demonstrated during 2011 with 7,452 GWh of electricity and 289.12 Mm³ being exported. Summer power demand was met with an average power capacity factor above 100%. The facility also demonstrated excellent summer availabilities of 99% and 99.3% for power and water respectively.

Fuel utilization efficiency remained excellent throughout the year and the plant recorded lower actual fuel energy input compared to projected fuel energy input.

Location	120 km south of Jeddah, Western Saudi Arabia
Services supplied to	Jeddah
Fuel	Arabian Light Crude
Power	900 MW
Configuration	Steam Turbines
Desalinated Water	880,000 m³/day
Desalination process	Multi-Stage Flash (MSF)
Project Cost	SAR 9,188 M, USD 2,450 M
Commercial Operational Date	Q1 2010
ACWA Power Share	30%
Contract Type & Term	PWPA-BOO 20 years
Operator	NOMAC



Marafiq IWPP

Marafiq IWPP is the world’s largest power and desalination plant, located in Jubail industry city in the Eastern Province of Saudi Arabia.

The Project consists of 16 units of gas fired GE turbines with a net capacity of 2,700 MW and 27 desalination units manufactured by SIDEM, producing 800,000 m³/day of desalinated water. The plant is split into 4 operational blocks of two different designs. Three of the four blocks are power and desalination blocks, each of which comprises 3 gas turbines operating in a combined cycle with a single back-pressure steam turbine. Steam from the turbine exhaust is used to feed the desalination process. The fourth block is a ‘power only’ block and comprises three gas turbines operating in combined cycle with a reheat condensing steam turbine. The project was constructed by a consortium of EPC Contractors consisting of GE, HHI and SIDEM.

During 2011, the lenders declared the project completion date which was a major milestone for the Marafiq IWPP.

Marafiq IWPP is an excellent example of a successful public private partnership, where internationally respected water and power developers, GDF Suez and ACWA Power, combined with public utilities, Marafiq and Saudi Electricity Company (SEC) and Saudi Saline Water Conversion Corporation (SWCC), to make this project a reality.

Location	Jubail, North eastern Saudi Arabia
Services supplied to	Jubail Industrial City
Fuel	Heavy Fuel Oil
Power	2,743 MW
Configuration	Combined Cycle (Gas + Steam)
Desalinated Water	800,000 m³/day
Desalination process	Multi-Effect Desalination (MED)
Project Cost	SAR 12,600 M, USD 3,360 M
Commercial Operational Date	Q3 2010
ACWA Power Share	20%
Contract Type & Term	PWPA-BOOT 20 years
Operator	JOML (Joint venture of IPR-GDF Suez and NOMAC)



Shuqaiq IWPP

Shuqaiq Water and Electricity Co. (SqWEC) owns and operates the Shuqaiq IWPP. It is the second phase of the Shuqaiq complex that produces water and power for the Assir region and city of Jizan. This green field project included the design, construction and commissioning of three 340 MW oil fired power units combined with Reverse Osmosis desalination and potabilisation facilities. Shuqaiq IWPP provides a net electrical output of 850 MW in combination with a total capacity of 212,000 m³/day of desalinated water.

Shuqaiq IWPP achieved PCOD on the 1st May 2011 and plant performance continued to excel in terms of delivering better than contracted availability and heat rates. Throughout the summer period, the availabilities of both power and water was maintained at 100% which is a remarkable achievement.

Location	140 km north of Jizan, Southern Saudi Arabia
Services supplied to	Assir Region, Jizan
Fuel	Arabian Heavy Crude
Power	850 MW
Configuration	Steam Turbines
Desalinated Water	212,000 m ³ /day
Desalination process	Reverse Osmosis (RO)
Project Cost	SAR 6,866 M, USD 831 M
Commercial Operational Date	Q4 2010
ACWA Power Share	34%
Contract Type & Term	PWPA-BOO 20 years
Operator	NOMAC



Rabigh IPP

The Rabigh IPP is under construction on the Red Sea coast at Rabigh, 160 km north of Jeddah. The engineering, procurement and construction contract is a joint venture between two Chinese companies; SEPCO III Electric Power Construction Corporation and Dongfang Electric Corporation.

The Rabigh IPP Project is a landmark project in the Middle East showcasing Chinese technology and an important integral part of the strategic and economic relationship between Saudi Arabia and China. Overall progress remains ahead of the plan, with a positive variance of 0.6% at the end of December 2011. Initial Commercial Operation Date is set for 1st July 2012 and the final PCOD is 1st April 2013. The O&M contractor (ROMCO) has been involved since the early stages of construction through to commissioning and have completed a formal site training program delivered by the EPC Contractor.

The project achieved more than 20 million man hours without lost time accident (LTA) up to late December 2011. This has been achieved through implementing regular training based on the company's adopted policy of "Safety First".

Location	Rabigh, Western Saudi Arabia
Services supplied to	Petro Rabigh Petrochemical Complex
Fuel	Heavy Fuel Oil
Power	1,204 MW
Configuration	Steam Turbines
Project Cost	SAR 9,397 M, USD 2,506 M
Commercial Operational Date	Forecast Q2 2013
ACWA Power Share	40%
Contract Type & Term	PPA-BOO 20 years
Operator	ROMCO (Joint venture of KWEPCO and NOMAC)



Qurayyah IPP

Qurayyah IPP, a greenfield project, is being developed on a BOO (build, own, operate) basis located on the eastern coast of Saudi Arabia with a net generation capacity of 3,927 MW. The design production capacity will make it once completed the largest IPP combined cycle gas-fired power plant in the world.

The Qurayyah IPP comprises six identical groups of equipment, delivering a net output of 654.5 MW. Each group comprises 2 Gas Turbines (GT), 2 Heat Recovery Steam Generators (HRSG) and 1 steam turbine. The Qurayyah IPP Plant is designed and will be constructed to comply with all applicable environmental laws, guidelines, regulations and standards as per World Bank, IFC and Saudi Presidency of Meteorology and Environment. The design has incorporated best in class efficiency measures that will result in a fuel efficiency of more than 52% and carbon emissions of less than 390 gCo₂/Kwh. The PPA was signed on the 21st September 2011 and the NTP was issued on 2nd December 2011.

Qurayyah IPP was recognized as a landmark transaction and won numerous awards including the Middle East IPP Deal of the Year (2011) from Project Finance magazine, published by Euromoney and the Best Project Finance Deal in 2011, from Euromoney's Islamic Finance and "Best Power Deal" from EMEA Finance Magazine in its annual Project Finance awards.

Location	Eastern Province – KSA
Services supplied to	Eastern Province - KSA
Fuel	Natural Gas
Power	3,927 MW
Configuration	Combined cycle (Gas & Steam)
Project Cost	USD 2.85 billion
Commercial Operational Date	Q2 2014
ACWA Power share	17.5%
Contract Type & Term	BOO (20 years) PPA
EPC Contractor	Samsung C&T/ Siemens Major Subcontractor
Operator	NOMAC 100% (Nominated Subcontractor: Siemens LTSA)



CEGCO

During 2011, ACWA Power acquired a 65% controlling stake in ENARA Energy Investments PSC ("Enara") that in turn owns 51 % of Central Electricity Generation Company (CEGCO) of Jordan.

CEGCO is Jordan's main power generator and is the second international market for ACWA Power, after Oman. CEGCO owns and operates a portfolio

of facilities comprising of 9 operational plants which are powered by gas, fuel oil and wind. The total production capacity is 1,700 MW which is equivalent to 52% of the country's current electricity consumption. CEGCO supplies the electricity under power purchase agreements to the National Electric Power Company (NEPCO), a government owned entity.

Facility	Power (MW)	Configuration	Commercial Operational Date	Contract Type and Term
Hussein Thermal	363	Steam turbines	1978 (Units 1,2,3) 1980 (Units 4,5) 1981 (Unit 6) 1984 (Unit 7)	BOO; PPA till 2013 (Units 1,2,3, 6) 2012 (Units 4,5) 2015 (Unit 7)
Aqaba Thermal	656	Steam turbines and (recovery hydro turbines)	1985 (Units 1,2) 1996 (Units 3,4,5)	BOO; PPA till 2019 (Units 1,2) 2030 (Units 3,4,5)
Risha Gas	150	Gas turbines	1989 (Units 1,2) 1994 (Units 3,4) 2005 (Unit 5)	BOO; PPA till 2019 (Units 1,2) 2030 (Units 3,4,5)
Rehab Gas Turbine	357	Combined cycle gas turbines	1994 (Unit 1) 1995 (Unit 2) 2005 (CCGT)	BOO; PPA till 2014 (Units 1) 2019 (Units 2) 2021 (CCGT)
Marka	80	Gas turbines	1978 (Units 1,2) 1980 (Units 3,4)	BOO; PPA till 2013 (All units)
Amman South	60	Gas turbines	1984 (Unit 1) 1995 (Unit 2)	BOO; PPA till 2013 (Units 1) 2016 (Units 2)
Karak	20	Gas turbines	1982	BOO; PPA till 2013
Ibrahimiya Wind	0.32	Wind turbines	1984	BOO; Energy Sale without PPA
Hofa wind	1.125	Wind turbines	1986	BOO; Energy Sale without PPA



NOMAC

NOMAC delivers operational and maintenance (O&M) services of all but one of ACWA Power’s assets in Saudi Arabia. NOMAC operates 8 plants generating about 10,000 MW of power and 2.2 Mm³/day of desalinated water. Saudi nationals represent 24% of the total workforce with a 5-year Saudization target of 50%.

NOMAC’s philosophy is to operate and maintain all facilities according to their designs and to the highest standards and practices. NOMAC was able to meet these commitments across the group by actively participating in the commissioning and acceptance of new plant, preparing tailored on the job training programs for newly-recruited nationals, designing refresher courses for all staff and supporting the entire workforce with specialist services from the Head Office in Jeddah.

The management and technical teams maintain continual contact with original equipment manufacturers in order to keep up-to-date with technical information, innovation and transfer of knowledge. Preference is given to local suppliers to support and develop regional supply chains.

NOMAC has delivered several key improvements to ensure long-term success and to meet contractual obligations including:

- Restructured the QHSE function and appointing a dedicated General Manager for Quality Assurance to improve the implementation of quality systems consistently across sites and provide an internal ability to conduct technical audits.
- Implementation of an Integrated Management System;

- Certification under ISO 9001, ISO 14001 and OSHA 18001 quality standards; and,
- Implementation of an enterprise resource management system (SAP) to provide for the systematic management of corrective and preventive maintenance, inventories, permit to work and human resource management.

Location	Jeddah Head Office, Western Saudi Arabia
Services supplied to	Power and Desalination facilities across GCC
Established	2005
ACWA Power Share	65%
Operation & Maintenance Contracts	• Bowarege Desalination Barges • Shuaibah IWPP • Shuaibah IWP • Shuqaiq IWPP • Rabigh IPP (mobilization phase) • Marafiq IWPP • Qurayyah IPP • Barka IWPP
Personnel	537



Clean hands, cleaner world.

October 15 - Global Hand Washing Day





Corporate Governance

Our Governance Philosophy:

ACWA Power is committed to adhering the highest standards of corporate governance, leading on best practices. These values are reflected in the leadership, management and day to day operations of our Board of Directors, our management and employees.

The aim of our Code of Corporate Governance is to assist management in the efficient conduct of business and fulfilling all obligations towards stakeholders. The Code is applicable to directors, management, employees and professionals employed by the Company. It forms part of our employment contracts and govern’ the actions of everyone who works at ACWA Power. The Code, among others, addresses the following issues:

- 1. Corporate governance system
- 2. Board Regulations
- 3. Regulations for committees of the Board
- 4. Disclosure requirement in reports
- 5. Internal Control, Internal Audit and Risk Management regulations
- 6. Conflict of interest policy
- 7. Code of conduct and ethics policy
- 8. Whistleblower policy
- 9. Dividend policy
- 10. Commitment Policy

While most of the above have been implemented, the majority of policies have been implemented. Remaining regulations will be completed during 2012 in conjunction with the Board Committees.

Director	Category	Board Meetings held and attended during 2011				AGM
		26 th Feb.	25 th May	07 th Aug.	17 th Dec.	
Mr. Mohammed Abdullah Abunayyan	Executive Chairman	✓	✓	✓	✓	✓
Mr. Sulaiman A. Al-Muhaidib	Non-Executive Director	✓	✓	✓	✓	#
Mr. Ahmed Al-Rajhi	Non-Executive Director	✓	✓	✓	✓	✓
Mr. Rasheed Al-Rasheed	Non-Executive Director	✓	✓	✓	✓	✓
Mr. Tariq M. Al-Mutlaq	Non-Executive Director	✓	✓	✓	✓	#
Mr. Saleh C. Brahimi	Independent Director	✓	✓	✓	✓	#
Dato Mohd. Izzaddin Idris	Independent Director	✓	✓	✓	✓	#

Legend: (✓) Present; (–) Apologies; (#) Proxy

Board of Directors

The Board has seven directors of which four are non-executive directors, two are independent directors and the Chairman has an executive function.

The Board of Directors provide a rich experience of corporate governance, operations and maintenance, finance, business development and institution building. Their experience is complimented by their academic and professional qualifications in the field of administration, management, finance and engineering.

Four meetings of the Board of Directors were held during the year 2011. These meetings were convened by issuing proper notices along with agendas and relevant working papers. The meetings were presided over by the Chairman of the Board and the minutes of the meetings were appropriately recorded, circulated and approved.

ACWA Power held its Annual General Meeting (AGM) of shareholders on 30th April 2011 for the year ended 31st December 2010. The AGM along with its normal business items approved an amendment of rules of the Audit Committee and took a decision to appoint Dato’ Mohd Izzaddin Idris as an Independent Member of the Board.

The following table presents the composition and category of directors and their attendance at the board meetings and the AGM:

Audit Committee

An Audit Committee was constituted by the Board and performed its functions in accordance with its terms of reference and in compliance with the approved rules of the Audit Committee and the CMA standards. The internal audit function has been outsourced to one of the leading multi-national audit firms.

The Audit Committee consists of three members and the Chairman is an independent member of the Committee. All the members have the required knowledge and experience of accounting standards and commercial law that enabled them to perform their functions and duties.

The Committee supports the Board in fulfilling its oversight and review function. The Committee reviews ACWA Power’s adherence to policies, procedures, practices and compliance with laws and regulations. The Committee ensures that financial statements are prepared in accordance with the accounting standards of the Kingdom of Saudi Arabia. During the year, the Committee also reviewed internal audit reports issued on the following areas:

- 1. Information Technology
- 2. Finance & Accounts

Details of meetings held during the year and attendance by the members is as follows:

Member	Category	Audit Committee Meetings held and attended during 2011			
		20 th Feb.	11 th May	06 th Aug.	04 th Dec.
Mr. Khalid M. Al-Solai	Chairman, Independent	✓	✓	✓	✓
Mr. Rasheed Al-Rasheed	Member (Non-Executive Director)	✓	✓	✓	✓
Dr. Ahmed Al-Meghamas	Independent Member	✓	–	✓	–

Legend: (✓) Present; (–) Apologies

The Audit Committee heard the views of the external auditors before forwarding the annual accounts for the year 2011 for approval to the Board of Directors.

Investment Committee

The Investment Committee is a standing Committee of the Board deriving powers under full delegation of responsibility from the Board of Directors. The Investment Committee consists of five members appointed by the Board. The primary purpose of the

Investment Committee is to consider and give directions, rules and approvals on the matters relating to approving investments in projects, investment guidelines, strategic business plans and related decisions on behalf of the Board of Directors of the Company.

Details of meetings held during the year and attendance by the members is as follows:

Name of Member	Category	Investment Committee Meetings held and attended during 2011						
		14 th Mar.	20 th Apr.	24 th May	11 th Jul.	20 th Sep.	31 st Oct.	30 th Nov.
Mr. Mohammed Abdullah Abunayyan	Executive Chairman	✓	✓	✓	✓	✓	✓	✓
Mr. Tariq M. Al-Mutlaq	Member (Non Executive Director)	✓	✓	✓	–	✓	✓	✓
Mr. Ahmad S. Al-Rajhi	Member (Non Executive Director)	✓	✓	✓	–	✓	✓	✓
Mr. Saleh C. Brahimi	Member (Independent Director)	✓	✓	✓	✓	✓	✓	✓
Dato’ Mohd. Izzaddin Idris (appointed on 26.2.2011)	Member (Independent Director)	✓	–	✓	✓	X	–	#

Legend: (✓) Present; (–) Apologies; (X) Partly Attended; (#) Proxy

Nomination and Remuneration Committee

The Governance Code stipulates the composition, main tasks and requirements of a Nomination and Remuneration Committee of the Board to address nominations and remuneration of the Directors and management. It will be chaired by an Independent Member of the Board and constituted during 2012. The main duties will be recommending the

appointment of members to the Board, review of the Board structure, ensuring independence of the Board, proposing remuneration and review of succession planning of executive management, and reviewing and approving the employee share based plan, policies and related provisions.

Related Party Transactions Committee

A Related Party Transaction Committee was constituted by the Board on 26th February 2011 and was performed its functions in accordance with its terms of reference drawn approved by the Board. The Committee reviewed and approved matters and transactions that involve related party transactions

and conflict of interest. Any approval or rejection given by the sub-committee of the Board is considered as having been given by the Board themselves. The committee consists of three members with the Chairman being an independent member of the Committee.

Member	Category	Related Party Transaction Committee Meetings held and attended during 2011	
		07 th Aug.	17 th Dec.
Dato’ Mohd. Izzaddin Idris	Chairman (Independent Director)	✓	✓
Mr. Saleh C. Brahimi	Member (Independent Director)	✓	✓
Mr. Tariq M. Al-Mutlaq	Member (Non-Executive Director)	✓	✓

Legend: (✓) Present; (–) Apologies

Risk Management Oversight Committee

A Risk Management Oversight Committee, a fully delegated committee of the Board, was constituted on the 7th August 2011 and performed its functions in accordance with its terms of reference. The Committee supported the Board by monitoring the

risk environment and provided direction for activities to mitigate, to an acceptable level, the risks that could have adversely affected the company’s ability to achieve its goals. The committee consists of four members and the Chairman is an independent member.

Member	Category	Risk Management Oversight Committee Meetings held and attended during 2011
		17 th Dec.
Dato’ Mohd. Izzaddin Idris	Chairman (Independent Director)	✓
Mr. Khalid M. Al-Solai	Independent Member	✓
Mr. Suntharesan Padmanathan	Member (President & CEO)	✓
Mr. Mrinal Kanti Sengupta	Member (VP Assets Management)	✓

Legend: (✓) Present; (–) Apologies

Remuneration of Directors and Audit Committee Members

Each member of the Board and Board Committee is remuneration and attendance fees paid to directors and entitled to a fee for each meeting attended. Details of audit committee members are given below:

	Category	Remuneration (SAR)	Attendance Fees (SAR)
Board of Directors			
Mr. Mohammed Abdullah Abunayyan*	Executive Chairman	20 Million	–
Mr. Sulaiman A. Al-Muhaidib	Non-Executive Director	–	–
Mr. Ahmed Al-Rajhi*	Non-Executive Director	–	–
Mr. Rasheed Al-Rasheed*	Non-Executive Director	–	–
Mr. Tariq M. Al-Mutlaq*	Non-Executive Director	–	–
Mr. Saleh C. Brahimi*	Independent Director	200,000	15,000
Dato’ Mohd. Izzaddin Idris*	Independent Director	–	–
Committees of the Board			
Mr. Khalid Al-Solai	Chairman, Audit Committee	–	15,000
Mr. Ahmed Al-Meghames	Member, Audit Committee	–	9,000

*Directors of the Board also representing as members of the Board Committees

The remuneration paid to the officers of ACWA Power’s was commensurate with the role, responsibilities and skills required for the position based on a well laid down policy and process for determining remuneration linked with performance.

Regulatory Penalties

No penalties were imposed during the year by any Statutory Authority of the country where any of ACWA Power’s offices are located.

Communication to Shareholders

ACWA Power communicated effectively with our shareholders during the year using all available means of communication. Quarterly financial statements reviewed by the audit committee and approved by the Board were distributed to the shareholders.

Professional Profile of External Auditor

Ernst & Young is an established big four accounting firm having a permanent office in Saudi Arabia. Ernst & Young - Riyadh, is the principal office that manages the audits for ACWA Power and most of its subsidiaries, joint ventures and associates. Total fees i. e., audit fees, fees for Zakat filings, tax advices and other services payable to the external auditor during the year were SAR 650,652.



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