

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

**FOR THE THREE-MONTH PERIOD ENDED
31 MARCH 2015**

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2015

INDEX	Page(s)
Independent auditors' report on review of condensed consolidated interim financial statements	1
Condensed consolidated interim financial statements	
Condensed consolidated statement of financial position	2-3
Condensed consolidated statement of profit or loss	4
Condensed consolidated statement of profit or loss and other comprehensive income	5
Condensed consolidated statement of changes in equity	6
Condensed consolidated statement of cash flows	7 - 8
Notes to the condensed consolidated interim financial statements	9 - 20



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Independent auditors' report on review of condensed consolidated interim financial information
To the Board of Directors of Qatar Electricity & Water Company Q.S.C.

Introduction

We have reviewed the accompanying condensed consolidated interim financial information of Qatar Electricity & Water Company Q.S.C. (the "Company"), which comprise;

- condensed consolidated statement of financial position as at 31 March 2015;
- condensed consolidated statement of profit or loss for the three month period ended 31 March 2015;
- condensed consolidated statement of profit or loss and other comprehensive income for the three month ended 31 March 2015;
- condensed consolidated statement of changes in equity for the three month ended 31 March 2015;
- condensed consolidated statement of cash flows for the three month ended 31 March 2015 and;
- notes to the condensed consolidated interim financial statements.

The Company's Board of Directors is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34 "*Interim Financial Reporting*". Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410 "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as of 31 March 2015 is not prepared, in all material respects, in accordance with IAS 34 "*Interim Financial Reporting*".

21 April 2015
Doha
State of Qatar.

Gopal Balasubramaniam
KPMG
Qatar Auditor's Registry Number 251

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2015

In thousands of Qatari Riyals

	Note	31 March 2015 (Reviewed)	31 December 2014 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	6	5,298,995	5,328,387
Intangible assets and goodwill		118,873	120,365
Investments in associates	7	238,793	279,678
Investments in joint ventures	8	2,520,102	2,567,039
Available-for-sale financial assets		419,463	485,368
Finance lease receivables	9	1,601,922	1,637,081
Other non-current assets		23,309	23,731
		<u>10,221,457</u>	<u>10,441,649</u>
Current assets			
Inventories		182,967	194,988
Trade and other receivables		579,176	551,946
Finance lease receivables	9	141,218	137,969
Cash and cash equivalents		1,294,137	1,622,315
		<u>2,197,498</u>	<u>2,507,218</u>
Total assets		<u>12,418,955</u>	<u>12,948,867</u>

The condensed consolidated statement of financial position continues on the next page.

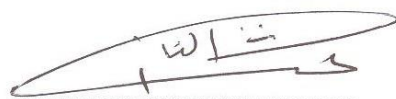
QATAR ELECTRICITY & WATER COMPANY Q.S.C.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 March 2015

In thousands of Qatari Riyals

	Note	31 March 2015 (Reviewed)	31 December 2014 (Audited)
EQUITY AND LIABILITIES			
Equity			
Capital and reserves			
Share capital	10	1,100,000	1,100,000
Legal reserve		550,000	550,000
General reserve		3,241,834	3,241,834
Hedging reserve		(1,855,274)	(1,825,125)
Fair value reserve		250,272	316,177
Retained earnings		2,919,856	3,398,727
Equity attributable to owners of the Company		6,206,688	6,781,613
Non-controlling interests		252,564	242,923
Total equity		6,459,252	7,024,536
Non-current liabilities			
Bank loans	11	3,779,071	3,674,236
Deferred income		5,094	6,791
Employees' end of service benefits		46,489	44,250
		3,830,654	3,725,277
Current liabilities			
Bank loans	11	1,392,552	1,425,358
Trade and other payables		554,360	596,138
Interest rate swaps for hedging	12	175,345	170,766
Deferred income		6,792	6,792
		2,129,049	2,199,054
Total liabilities		5,959,703	5,924,331
Total equity and liabilities		12,418,955	12,948,867



Mr. Issa Bin Shahin Al-Ghanim
Vice Chairman



Mr. Fahad Bin Hamad Al-Mohannadi
Managing Director

The notes on pages 9 to 20 are an integral part of this condensed consolidated interim financial statements.

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three-month period ended 31 March 2015

In thousands of Qatari Riyals

	Note	For the three-month period ended 31 March	
		2015 (Reviewed)	2014 (Reviewed) <i>restated</i>
Continuing operations			
Revenue	13	667,155	642,762
Cost of sales		<u>(365,515)</u>	<u>(394,724)</u>
Gross profit		301,640	248,038
Other income		25,725	37,459
General and administrative expenses		<u>(44,710)</u>	<u>(50,277)</u>
Operating profit		282,655	235,220
Finance costs, net		(19,245)	(20,427)
Share of (loss) / profit of associates		(5,658)	5,254
Share of profit of joint ventures		<u>98,018</u>	<u>84,515</u>
Profit from continuing operations		<u>355,770</u>	<u>304,562</u>
Profit from discontinued operation:			
Profit from discontinued operation	14	<u>--</u>	<u>2,983</u>
Profit for the period		<u>355,770</u>	<u>307,545</u>
Attributable to:			
Owners of the Company		346,129	299,027
Non-controlling interests		<u>9,641</u>	<u>8,518</u>
Total		<u>355,770</u>	<u>307,545</u>
Earnings per share-continuing operations			
Basic and diluted earnings per share (expressed in QR)	15	<u>3.15</u>	<u>2.69</u>
Earnings per share – discontinuing operations			
Basic and diluted earnings per share (expressed in QR)	15	<u>--</u>	<u>0.03</u>

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three-month period ended 31 March 2015

In thousands of Qatari Riyals

	Note	For the three-month period ended 31 March 2015 <i>(Reviewed)</i>	2014 <i>(Reviewed)</i>
Profit for the period		355,770	307,545
Other comprehensive income:			
<i>Items that are or may be reclassified to profit or loss</i>			
<i>Share of other comprehensive income:</i>			
Share of effective portion of changes in fair value on interest rate swaps for hedging of the:			
-associates;		(32,976)	(60)
-joint ventures		7,406	(19,502)
Effective portion of changes in fair value on interest rate swaps for hedging of the Company		(4,579)	1,916
		(30,149)	(17,646)
Net change in fair value on available-for-sale financial assets of the Company		(65,905)	44,107
Other comprehensive income for the period		(96,054)	26,461
Total comprehensive income for the period		259,716	334,006
Attributable to:			
Owners of the Company		250,075	325,488
Non-controlling interests		9,641	8,518
		259,716	334,006

The notes on pages 9 to 20 are an integral part of this condensed consolidated interim financial statements.

QATAR ELECTRICITY & WATER COMPANY Q.S.C.
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the three-month period ended 31 March 2015
In thousands of Qatari Riyals

	Attributable to owners of the Company							Non-controlling interests	Total equity
	Share capital (Note 10)	Legal reserve	General reserve	Hedging reserve	Fair value reserve	Retained earnings	Total		
Balance at 1 January 2014	1,000,000	500,000	3,241,834	(1,687,525)	284,955	2,771,540	6,110,804	229,746	6,340,550
<i>Total comprehensive income:</i>									
Profit for the period	--	--	--	--	--	299,027	299,027	8,518	307,545
Other comprehensive income	--	--	--	(17,646)	44,107	--	26,461	--	26,461
	1,000,000	500,000	3,241,834	(1,705,171)	329,062	3,070,567	6,436,292	238,264	6,674,556
<i>Transactions with owners of the Company:</i>									
Issue of bonus shares	100,000	--	--	--	--	(100,000)	--	--	--
Dividends relating to the year 2013 (Note 10)	--	--	--	--	--	(750,000)	(750,000)	--	(750,000)
	100,000	--	--	--	--	(850,000)	(750,000)	--	(750,000)
Balance at 31 March 2014 (Reviewed)	1,100,000	500,000	3,241,834	(1,705,171)	329,062	2,220,567	5,686,292	238,264	5,924,556
Balance at 1 January 2015	1,100,000	550,000	3,241,834	(1,825,125)	316,177	3,398,727	6,781,613	242,923	7,024,536
<i>Total comprehensive income:</i>									
Profit for the period	--	--	--	--	--	346,129	346,129	9,641	355,770
Other comprehensive income	--	--	--	(30,149)	(65,905)	--	(96,054)	--	(96,054)
<i>Transactions with owners of the Company:</i>									
Dividends relating to the year 2014 (Note 10)	--	--	--	--	--	(825,000)	(825,000)	--	(825,000)
	--	--	--	--	--	(825,000)	(825,000)	--	(825,000)
Balance at 31 March 2015 (Reviewed)	1,100,000	550,000	3,241,834	(1,855,274)	250,272	2,919,856	6,206,688	252,564	6,459,252

The notes on pages 9 to 20 are an integral part of this condensed consolidated interim financial statements.

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the three-month period ended 31 March 2015

In thousands of Qatari Riyals

	Note	For the three-month period ended 31 March 2015 (Reviewed)	2014 (Reviewed)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit		355,770	307,545
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	6	103,901	112,506
Share of (loss) / profits of associates		5,658	(5,254)
Share of profits of joint ventures		(98,018)	(84,515)
Provision for employees' end of service benefits		2,812	2,686
Deferred income		(1,698)	(1,696)
Dividend income from available-for-sale financial assets		(18,022)	(24,468)
Amortization of intangible asset		1,493	1,492
Provision for slow moving inventories		4,597	2,829
Amortization of non-current assets		422	--
Interest income		(4,792)	(4,998)
Interest expense		20,786	25,425
Bank charges		3,251	--
		<u>376,160</u>	<u>331,552</u>
<i>Changes in:</i>			
- Trade and other receivables		(27,230)	(250,799)
- Inventories		7,424	86,622
- Finance lease receivables		31,910	31,991
- Trade and other payables		(41,778)	(137,736)
- Cash generated from operating activities		<u>346,486</u>	<u>61,630</u>
- Employees' end of service benefits paid		(574)	(144)
Net cash from operating activities		<u>345,912</u>	<u>61,486</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	6	(74,509)	(165,706)
Dividends received from associates		4,909	6,287
Dividends received from joint ventures		152,362	237,690
Addition to investment in associates		(2,655)	--
Net movement in other non-current asset		--	414
Dividends from available-for-sale financial assets		18,025	24,468
Interest received		4,792	4,998
Net cash from investing activities		<u>102,924</u>	<u>108,151</u>

The condensed consolidated statement of cash flows continues on the next page.

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the three-month period ended 31 March 2015

In thousands of Qatari Riyals

	Note	For the three-month period ended 31 March 2015 <i>(Reviewed)</i>	2014 <i>(Reviewed)</i>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to the Company's shareholders	10	(825,000)	(750,000)
Dividends paid to non-controlling interests			--
Repayment of subordinated loan from joint venture		--	16,711
Net movements in interest bearing loans and borrowings		72,031	192,706
Interest paid		(20,786)	(25,425)
Bank charges		(3,251)	--
Net cash used in financing activities		(777,006)	(566,008)
Net decrease in cash and cash equivalents		(328,170)	(396,371)
Cash and cash equivalents at beginning of period		1,622,307	1,725,570
Cash and cash equivalents at end of period		1,294,137	1,329,199

The notes on pages 9 to 20 are an integral part of this condensed consolidated interim financial statements.

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2015

1. REPORTING ENTITY

Qatar Electricity & Water Company Q.S.C. (the "Company") is incorporated in accordance with the provisions of the Qatar Commercial Companies Law No. 5 of 2002 as a Qatari Shareholding Company, and was registered at the Ministry of Economy and Commerce of the State of Qatar with Commercial Registration number 14275 dated 16 March 1992. The Company's registered office is at QIMCO Building, West Bay Corniche Road, Doha, State of Qatar. The Company's shares are listed on the Qatar Stock Exchange since 3 May 1998.

The Company's condensed consolidated financial statements comprises the Company and its subsidiaries (collectively referred as the "Group" and individually as the "Group entities").

The principal activity of the Group, which has not changed from the previous period, is the generation of electricity and production of desalinated water.

The structure of the Group is as follows:

Subsidiaries

<i>Name</i>	<i>Principal activity</i>	<i>Country of incorporation</i>	<i>Share holding</i>
Ras Laffan Operating Company W.L.L.	Generation of electricity & production of desalinated water	Qatar	100%
Ras Laffan Power Company Q.S.C.	Generation of electricity & production of desalinated water	Qatar	80%

Joint ventures

<i>Name</i>	<i>Principal activity</i>	<i>Country of incorporation</i>	<i>Percentage of holding</i>
Q Power Q.S.C.	Generation of electricity & production of desalinated water	Qatar	55%
Mesaieed Power Company Limited	Generation of electricity & production of desalinated water	Qatar	40%
Ras Girtas Power Company Q.S.C.	Generation of electricity & production of desalinated water	Qatar	45%
Nebras Power Q.S.C.	Invest in electricity and desalinated water projects outside the State of Qatar	Qatar	60%

Associates

<i>Name</i>	<i>Principal activity</i>	<i>Country of incorporation</i>	<i>Percentage of holding</i>
AES Oasis Limited	Generation of Electricity	Cayman Island	38.89%
Phoenix Power Company	Generation of Electricity	Oman	15%
Phoenix Operating Company	Operation & Maintenance Services for Phoenix Power Co.	Oman	15%

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2015

2. BASIS OF ACCOUNTING

This condensed consolidated interim financial statements have been prepared in accordance with IAS 34 “*Interim Financial Reporting*”. It does not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2014.

This condensed consolidated interim financial statements were authorised for issue by the Company’s Board of Directors on xx April 2015.

3. USE OF JUDGMENTS AND ESTIMATES

In preparing this condensed consolidated interim financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2014.

a) Measurement of fair values

When measuring the fair value of an asset or liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: Quoted market price (unadjusted) in active markets for an identical assets or liabilities
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs)

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumption made in measuring fair values is included in Note 17- Fair values of financial instruments.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2015

4. SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied in this condensed consolidated interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2014.

Changes in accounting policies

The Group has adopted the following amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2015. The adoption of these amendments had no significant impact on the condensed consolidated interim financial statements.

- *Defined benefit plans: Employee Contributions (Amendments to IAS 19)*
- *Annual improvements to IFRSs 2010-2012 Cycle - various standards*
- *Annual improvements to IFRSs 2011-2013 Cycle - various standards*

5. SEGMENTAL INFORMATION

The Group primarily operates integrated plants for the generation of electricity and production of desalination of water in the State of Qatar. The water desalination process is completely dependent upon electricity generation. The electricity and desalinated water processes are interrelated and are subject to similar risks and returns. The Company also sells both its products to only two customers, KAHRAMA and Qatar Petroleum, in the State of Qatar. Consequently, the Group is considered to have a single business and a single geographical segment.

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2015

In thousands of Qatari Riyals

6. PROPERTY, PLANT AND EQUIPMENT

	Production facilities	Furniture, fixtures and office equipment	Motor vehicles	“C” inspection costs	Capital spares	Capital work in progress (1)	Total
Cost							
At 1 January 2014 (Audited)	8,031,378	25,541	6,555	292,365	50,487	860,412	9,266,738
Additions	646	913	1,040	96,123	--	628,320	727,042
Disposals	--	(4)	(790)	(75,619)	--	--	(76,413)
At 31 December 2014 / 1 January 2015	8,032,024	26,450	6,805	312,869	50,487	1,488,732	9,917,367
Additions	45	282	--	1,720	--	72,462	74,509
Disposals	--	--	--	(13,311)	--	--	(13,311)
At 31 March 2015 (Reviewed)	8,032,069	26,732	6,805	301,278	50,487	1,561,194	9,978,565
Accumulated depreciation							
At 1 January 2014 (Audited)	3,991,656	22,167	4,781	177,775	15,817	--	4,212,196
Depreciation	394,985	1,596	1,162	52,794	2,528	--	453,065
Disposals	--	(1)	(661)	(75,619)	--	--	(76,281)
At 31 December 2014 / 1 January 2015	4,386,641	23,762	5,282	154,950	18,345	--	4,588,980
Depreciation	90,228	368	219	12,471	615	--	103,901
Disposals	--	--	--	(13,311)	--	--	(13,311)
At 31 March 2015 (Reviewed)	4,476,869	24,130	5,501	154,110	18,960	--	4,679,570
Carrying amounts							
At 31 December 2014 (Audited)	3,645,383	2,688	1,523	157,919	32,142	1,488,732	5,328,387
At 31 March 2015 (Reviewed)	3,555,200	2,602	1,304	147,168	31,527	1,561,194	5,298,995

(1) Capital work in progress mainly comprises a project under progress in relation to the construction of new offices for the Company in Lusail, Doha, Qatar.

QATAR ELECTRICITY & WATER COMPANY Q.S.C.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****For the three-month period ended 31 March 2015***In thousands of Qatari Riyals***7. INVESTMENTS IN ASSOCIATES**

The Company has the following investments in associates:

	<i>Country of incorporation</i>	<i>Ownership</i>	31 March 2015 (Reviewed)	31 December 2014 (Audited)
Phoenix Power Company S.A.O.C. (1)	Oman	15%	125,842	166,603
Phoenix Operation and Maintenance Company L.L.C. (2)	Oman	15%	1,454	852
	Cayman			
AES Oasis Ltd (3)	Islands	38.89%	111,497	112,223
			238,793	279,678

(1) The business of the Company is to design, construct, own, operate and maintain a high efficiency gas fired power generation facility with a minimum capacity of 2,000 MW to be located at Sur in the Sultanate of Oman.

(2) The business of the Company is to provide operation and maintenance service to the project company pursuant to the operation and maintenance contract.

(3) On 8 February 2012 the Company entered into an agreement with IDB Infrastructure Fund L.P. a company incorporated in the Kingdom of Bahrain, to purchase 38.89% of shares in AES Oasis Ltd, a Company incorporated in Cayman Islands. AES Oasis Ltd is the 60% owner of AES Jordan Holding Co., a Company incorporated in Cayman Islands, which is a joint venture with Mitsui & Co Ltd of Japan which owns and operates a 370MW combined cycle gas fired power in Almanakher of Jordan.

8. INVESTMENTS IN JOINT VENTURES

The Group has the following investments in joint ventures:

	<i>Country of incorporation</i>	<i>Ownership</i>	31 March 2015 (Reviewed)	31 December 2014 (Audited)
Q Power Q.S.C.	Qatar	55%	317,595	367,287
Mesaieed Power Company Limited (1)	Qatar	40%	--	--
Ras Girtas Power Company Limited (1)	Qatar	45%	--	--
Nebras Power Q.S.C.	Qatar	60%	2,202,507	2,199,752
			2,520,102	2,567,039

Except for Nebras Power Q.S.C., the other joint venture companies are engaged in the generation of electricity and production of desalinated water. Nebras Power Q.S.C. is established to invest in power and water projects outside the State of Qatar.

(1) The carrying values of the investments have been reduced to zero due to the recognition of losses upto the cost of the investments made in the joint ventures.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2015

In thousands of Qatari Riyals

9. FINANCE LEASE RECEIVABLES

Finance lease receivables represent the share of lease receivables from Ras Laffan Power Company Limited Q.S.C. The subsidiary adopted IFRIC 4: *Determining whether an arrangement contains a lease* in accounting for their self-constructed production facilities. The discount rate used by the subsidiary ranged between 7.50% to 9.99% per annum. The finance lease receivables at the end of the reporting period are neither past due nor impaired.

	31 March 2015 (Reviewed)	31 December 2014 (Audited)
Finance leases - gross receivable	2,882,025	2,954,356
Unearned finance income	(1,138,885)	(1,179,306)
Present value of minimum lease payments receivable	<u>1,743,140</u>	<u>1,775,050</u>

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

Current portion	<u>141,218</u>	<u>137,969</u>
Non-current portion	<u>1,601,922</u>	<u>1,637,081</u>

10. SHARE CAPITAL

	31 March 2015 (Reviewed)	31 December 2014 (Audited)
<i>Authorized, issued and fully paid:</i>		
110,000,000 ordinary shares with nominal value of QR 10 each	<u>1,100,000</u>	<u>1,100,000</u>

	31 March 2015		31 December 2014	
	<i>Number of shares in '000'</i>	<i>QR '000'</i>	<i>Number of shares in '000'</i>	<i>QR '000'</i>
At 1 January	110,000	1,100,000	100,000	1,000,000
Issue of bonus shares	--	--	10,000	100,000
At the 31 December	<u>110,000</u>	<u>1,100,000</u>	<u>110,000</u>	<u>1,100,000</u>

(1) Cash dividend paid

During the period, the Company declared and paid a cash dividend of QR 7.5 per share totalling to QR 825,000 thousand (2014 - QR 7.5 per share totalling to QR 750,000 thousand).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2015

In thousands of Qatari Riyals

11. BANK LOANS

	31 March 2015 (Reviewed)	31 December 2014 (Audited)
Loan (i)	1,349,689	1,349,689
Loan (ii)	730,336	730,336
Loan (iii)	364,377	364,377
Loan (iv)	602,302	635,108
Loan (v)	136,688	125,753
Loan (vi)	931,676	838,260
Loan (vii)	1,093,500	1,093,500
	<u>5,208,568</u>	<u>5,137,023</u>
Less: Financing arrangement costs	<u>(36,945)</u>	<u>(37,429)</u>
	<u>5,171,623</u>	<u>5,099,594</u>

Classified in the consolidated statement of financial position as follows:

	31 March 2015 (Reviewed)	31 December 2014 (Audited)
Current portion	1,392,552	1,425,358
Non-current portion	<u>3,779,071</u>	<u>3,674,236</u>
	<u>5,171,623</u>	<u>5,099,594</u>

12. INTEREST RATE SWAPS FOR HEDGING

	31 March 2015 (Reviewed)	31 December 2014 (Audited)
At beginning of the period	170,766	168,907
Change in fair value transferred to other comprehensive income	4,579	1,859
At end of the period	<u>175,345</u>	<u>170,766</u>

13. REVENUE

	For the three-month period ended 31 March	
	2015 (Reviewed)	2014 (Audited) <i>restated</i>
<i>Sales represent the revenue generated from the supply of:</i>		
Electricity	317,633	313,668
Desalinated water	307,350	287,230
<i>Lease income from plant lease:</i>		
Ras Laffan Power Company Limited Q.S.C.	<u>42,172</u>	<u>41,864</u>
	<u>667,155</u>	<u>642,762</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2015

In thousands of Qatari Riyals

14. ASSET HELD FOR SALE AND DISCONTINUED OPERATIONS

The Company discontinued its operations in Al Saliyah and Doha South Super, included in RAF A SAT stations. The carrying value of these stations at the reporting date was QR Nil as they were both fully depreciated in earlier years (2014: QR Nil). The Company has requested potential buyers who have already submitted their bids for Al Wajbah station, that was discontinued in year 2010 and fully impaired during 2014, to provide a quotation that includes Al Saliyah and Doha South Super as well.

The Al Saliya and Doha South Super stations were not classified as held for sale or as discontinued operations in the audited consolidated financial statements with yearend 31 December 2014 since the terms of contract with KAHRAMAA expired on 31 December 2014. The comparative condensed consolidated statement of profit or loss and OCI has been therefore restated to show the discontinued operation separately from the continuing operations.

	<i>Note</i>	For the three-month period ended 31 March	
		2015 <i>(Reviewed)</i>	2014 <i>(Reviewed) - restated</i>
Revenue		--	15,393
Cost of sales		--	(12,026)
General and administrative expenses		--	(384)
Profit or loss for the period		--	2,983
Basic and diluted earnings per share (expressed in QR per share)	15	--	0.03

15. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share is arrived by dividing the profit attributable to the owners of the Company for the period by the weighted average number of ordinary shares outstanding during the period.

	For the three-month period ended 31 March					
	2015			2014 <i>restated</i>		
	Continuing operation	Discontinued operation	Total	Continuing operation	Discontinued operation	Total
Profit for the period attributable to owners of the Company	346,129	--	346,129	296,044	2,983	299,027
Weighted average number of shares outstanding during the period (in shares) (1)	110,000	--	110,000	110,000	110,000	110,000
Basic and diluted earnings per share (expressed in QR per share)	3.15	--	3.15	2.69	0.03	2.72

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2015

In thousands of Qatari Riyals

15. EARNINGS PER SHARE (CONTINUED)

(1) The weighted average number of shares has been calculated as follows:

	For the three-month period ended 31 March	
	2015 (Reviewed)	2014 (Reviewed)
Issued ordinary shares at beginning of the period	110,000	100,000
Effect of bonus shares issued	--	10,000
Weighted average number of shares at end of the period	<u>110,000</u>	<u>110,000</u>

16. COMMITMENTS AND CONTINGENT LIABILITIES

	31 March 2015 (Reviewed)	31 December 2014 (Audited)
<i>Commitments:</i>		
Capital commitments	<u>234,675</u>	<u>272,586</u>
<i>Contingent liabilities:</i>		
Bank guarantees, corporate guarantees and documentary credits	<u>268,431</u>	<u>275,811</u>

17. RELATED PARTY DISCLOSURES

Related parties represent associated companies, major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

Related party transactions

Transactions with related parties included in the condensed consolidated income statement are as follows:

		For the three-month period ended 31 March	
		2015 (Reviewed)	2014 (Reviewed)
<i>Sales:</i>	<i>Related parties</i>		
Revenue from sale of electricity	KAHRAMAA	317,633	329,062
Revenue from sale of desalinated water	KAHRAMAA	304,178	283,910
	Qatar Petroleum	3,172	3,320
Lease income from plant lease	KAHRAMAA	<u>42,172</u>	<u>41,864</u>
<i>Cost of sales:</i>			
Cost of gas consumed/take or pay gas	Qatar Petroleum	<u>169,505</u>	<u>168,944</u>
<i>Other income:</i>			
Interest on bank deposits	Qatar National Bank	<u>4,363</u>	<u>3,141</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2015

*In thousands of Qatari Riyals***17. RELATED PARTY DISCLOSURES (CONTINUED)**

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

	31 March 2015		31 December 2014	
	Trade receivables (Reviewed)	Trade payables and accrued expenses (Reviewed)	Trade receivables (Audited)	Trade payables and accrued expenses (Audited)
KAHRAMAA	529,025	2,743	437,102	3,393
Qatar Petroleum	7,389	86,094	2,668	123,241
	<u>536,414</u>	<u>88,837</u>	<u>439,770</u>	<u>126,634</u>

Compensation of key management personnel

The remuneration of the Board of Directors and members of key management during the period are as follows:

	For the three-month period ended 31 March	
	2015 (Reviewed)	2014 (Reviewed)
Total remuneration	<u>5,797</u>	<u>8,182</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months period ended 31 March 2015

In thousands of Qatari Riyals

18. FAIR VALUES OF FINANCIAL INSTRUMENTS

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments carried at fair value. It does not include fair value hierarchy information for financial assets and financial liabilities not measured at fair value as the carrying amount is a reasonable approximation of fair value.

	Carrying amount				Fair value				
	Derivative hedging instruments	Loans and receivables	Available for sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
31 March 2015									
<i>Financial assets measured at fair value</i>									
Equity securities	--	--	419,463	--	419,463	419,463	--	--	419,463
<i>Financial assets not measured at fair value</i>									
Trade and other receivables	--	579,176	--	--	579,176	--	--	--	--
Cash and cash equivalents	--	1,294,137	--	--	1,294,137	--	--	--	--
	--	1,873,313	--	--	1,873,313	--	--	--	--
<i>Financial liabilities measured at fair value</i>									
Interest rate swaps used for hedging	175,345	--	--	--	175,345	--	175,345	--	175,345
<i>Financial liabilities not measured at fair value</i>									
Interest bearing loans and borrowings	--	--	--	5,171,623	5,171,623	--	--	--	--
Trade payables	--	--	--	131,054	131,054	--	--	--	--
	--	--	--	5,302,677	5,302,677	--	--	--	--

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended 31 March 2015

In thousands of Qatari Riyals

18. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

	Carrying amount				Fair value				
	Derivative hedging instruments	Loans and receivables	Available for sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
31 December 2014									
<i>Financial assets measured at fair value</i>									
Equity securities	--	--	485,368		485,368	485,368	--	--	485,368
<i>Financial assets not measured at fair value</i>									
Trade and other receivables	--	551,946	--		551,946	--	--	--	--
Cash and cash equivalents	--	1,622,315	--		1,622,315	--	--	--	--
	--	2,174,261	--		2,174,261	--	--	--	--
<i>Financial liabilities measured at fair value</i>									
Interest rate swaps used for hedging	170,766	--	--		170,766	--	170,766	--	170,766
<i>Financial liabilities not measured at fair value</i>									
Interest bearing loans and borrowings	--	--	--	5,099,594	5,099,594	--	--	--	--
Trade payables	--	--	--	168,213	168,213	--	--	--	--
	--	--	--	5,267,807	5,267,807	--	--	--	--

Independent auditors report on review of condensed consolidated interim financial statements on page 1.