

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

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**FOR THE SIX-MONTH PERIOD ENDED  
30 JUNE 2016**

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

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**For the six-month period ended 30 June 2016**

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## **Independent auditors' report on review of condensed consolidated interim financial statements**

To the Board of Directors of Qatar Electricity & Water Company Q.S.C.

### **Introduction**

We have reviewed the accompanying condensed consolidated statement of financial position of Qatar Electricity & Water Company Q.S.C. (the "Company") as at 30 June 2016, the condensed consolidated statements of profit or loss and other comprehensive income for the three-month and six-month periods, changes in equity and cash flows for the six-month period then ended, and notes to the interim financial statements (the "condensed consolidated interim financial statements"). The Board of Directors of the Company is responsible for the preparation and presentation of this condensed consolidated interim financial statements in accordance with IAS 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed consolidated interim financial statements 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 statements 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 statements as at 30 June 2016 are not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting".

13 July 2016  
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 30 June 2016**

*In thousands of Qatari Riyals*

	<b>Note</b>	<b>30 June 2016 (Reviewed)</b>	31 December 2015 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	5,892,203	5,713,911
Investment property	7	174,901	174,901
Intangible assets and goodwill		111,410	114,395
Investments in joint ventures	8	2,604,331	2,626,834
Available-for-sale financial assets		367,119	344,435
Finance lease receivables	9	1,431,789	1,490,605
Other assets		20,881	21,871
		<u>10,602,634</u>	<u>10,486,952</u>
<b>Current assets</b>			
Inventories		286,841	177,895
Trade and other receivables		765,371	887,988
Finance lease receivables	9	134,975	146,477
Cash and cash equivalents		1,429,579	1,750,798
		<u>2,616,766</u>	<u>2,963,158</u>
<b>Total assets</b>		<u><b>13,219,400</b></u>	<u><b>13,450,110</b></u>

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

The notes on pages 9 to 18 are an integral part of these condensed consolidated interim financial statements.

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


**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)**

As at 30 June 2016

*In thousands of Qatari Riyals*

	Note	30 June 2016 <i>(Reviewed)</i>	31 December 2015 <i>(Audited)</i>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<b>Capital and reserves</b>			
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		(1,818,499)	(1,759,479)
Fair value reserve		147,644	175,244
Retained earnings		4,004,843	4,038,710
<b>Equity attributable to owners of the Company</b>		<b>7,225,822</b>	<b>7,346,309</b>
<b>Non-controlling interests</b>		<b>257,278</b>	<b>256,048</b>
<b>Total equity</b>		<b>7,483,100</b>	<b>7,602,357</b>
<b>Non-current liabilities</b>			
Bank loans	11	3,769,994	3,790,797
Interest rate swaps for hedging	12	36,461	20,010
Provision for employees' end of service benefits		52,455	48,931
		<u>3,858,910</u>	<u>3,859,738</u>
<b>Current liabilities</b>			
Bank loans	11	1,210,456	1,124,412
Interest rate swaps for hedging	12	107,329	107,329
Deferred income		3,396	6,792
Trade and other payables		556,209	749,482
		<u>1,877,390</u>	<u>1,988,015</u>
<b>Total liabilities</b>		<b>5,736,300</b>	<b>5,847,753</b>
<b>Total equity and liabilities</b>		<b>13,219,400</b>	<b>13,450,110</b>

These condensed consolidated interim financial statements were approved by the Company's Board of Directors and signed on its behalf by the following on 13 July 2016:

  
 .....  
 Mr. Issa Bin Shahin Al-Ghanim  
 Vice Chairman

  
 .....  
 Mr. Fahad Bin Hamad Al Mohannadi  
 Managing Director

The notes on pages 9 to 18 are an integral part of these condensed consolidated interim financial statements.

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

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

**For the three-month and six-month periods ended 30 June 2016**

*In thousands of Qatari Riyals*

	Note	For the three-month period ended 30 June		For the six-month period ended 30 June	
		2016 <i>(Reviewed)</i>	2015 <i>(Reviewed)</i>	2016 <i>(Reviewed)</i>	2015 <i>(Reviewed)</i>
Revenue	13	798,659	753,011	1,516,629	1,420,166
Cost of sales		(421,105)	(417,359)	(815,728)	(782,874)
<b>Gross profit</b>		<b>377,554</b>	<b>335,652</b>	<b>700,901</b>	<b>637,292</b>
Other income		46,945	5,048	80,005	30,772
General and administrative expenses		(43,768)	(44,268)	(93,029)	(88,978)
<b>Operating profit</b>		<b>380,731</b>	<b>296,432</b>	<b>687,877</b>	<b>579,086</b>
Finance costs, net		(32,849)	(20,263)	(65,160)	(39,508)
Share of profit of associates		-	11,485	-	5,828
Share of profit of joint ventures		104,590	112,759	185,821	210,777
<b>Profit for the period</b>		<b>452,472</b>	<b>400,413</b>	<b>808,538</b>	<b>756,183</b>
<b>Other comprehensive income:</b>					
<i>Items that are or may be reclassified to profit or loss:</i>					
Associates - Share of effective portion of changes in fair value on interest rate swaps for hedging		-	47,230	-	14,254
Joint ventures - Share of effective portion of changes in fair value on interest rate swaps for hedging		(49,460)	(33,212)	(42,569)	(25,805)
Effective portion of changes in fair value on interest rate swaps for hedging of the Company		(1,695)	25,596	(16,451)	21,017
Net change in fair value on available-for-sale financial assets of the Company		(24,139)	1,533	(27,600)	(64,372)
<b>Other comprehensive income for the period</b>		<b>(75,294)</b>	<b>41,147</b>	<b>(86,620)</b>	<b>(54,906)</b>
<b>Total comprehensive income</b>		<b>377,178</b>	<b>441,560</b>	<b>721,918</b>	<b>701,277</b>

**The condensed consolidated statement of profit or loss and other comprehensive income continues on the next page.**

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

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)**

**For the three-month and six-month periods ended 30 June 2016**

*In thousands of Qatari Riyals*

	Note	For the three-month period ended 30 June		For the six-month period ended 30 June	
		2016 <i>(Reviewed)</i>	2015 <i>(Reviewed)</i>	2016 <i>(Reviewed)</i>	2015 <i>(Reviewed)</i>
<b>Profit attributable to:</b>					
Owners of the Company		443,827	391,022	791,270	737,151
Non-controlling interests		8,645	9,391	17,268	19,032
		<b>452,472</b>	<b>400,413</b>	<b>808,538</b>	<b>756,183</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		368,533	432,169	704,650	682,245
Non-controlling interests		8,645	9,391	17,268	19,032
		<b>377,178</b>	<b>441,560</b>	<b>721,918</b>	<b>701,277</b>
<b>Earnings per share:</b>					
Basic and diluted earnings per share (Qatari Riyals)	14	<b>4.03</b>	3.55	<b>7.19</b>	6.70

The notes on pages 9 to 18 are an integral part of these condensed consolidated interim financial statements.

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

**For the six-month period ended 30 June 2016**

*In thousands of Qatari Riyals*

	Attributable to owners of the Company						Total	Non-controlling interests	Total equity
	Share capital (Note 10)	Legal reserve	General Reserve	Hedging Reserve	Fair value reserve	Retained earnings			
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	--	--	--	--	--	737,151	737,151	19,032	756,183
Other comprehensive income	--	--	--	9,466	(64,372)	--	(54,906)	--	(54,906)
	--	--	--	9,466	(64,372)	737,151	682,245	19,032	701,277
<i>Transactions with owners of the Company:</i>									
Dividends relating to year 2014 (Note 10 )	--	--	--	--	--	(825,000)	(825,000)	(9,477)	(834,477)
Balance at 30 June 2015 (Reviewed)	1,100,000	550,000	3,241,834	(1,815,659)	251,805	3,310,878	6,638,858	252,478	6,891,336
<b>Balance at 1 January 2016</b>	<b>1,100,000</b>	<b>550,000</b>	<b>3,241,834</b>	<b>(1,759,479)</b>	<b>175,244</b>	<b>4,038,710</b>	<b>7,346,309</b>	<b>256,048</b>	<b>7,602,357</b>
<i>Total comprehensive income:</i>									
Profit for the period	--	--	--	--	--	791,270	791,270	17,268	808,538
Other comprehensive income	--	--	--	(59,020)	(27,600)	-	(86,620)	-	(86,620)
	--	--	--	(59,020)	(27,600)	791,270	704,650	17,268	721,918
<i>Transactions with owners of the Company:</i>									
Dividends relating to year 2015 (Note 10 )	--	--	--	--	--	(825,000)	(825,000)	(16,038)	(841,038)
<i>Other movements in equity:</i>									
Contribution to social and sports support fund	--	--	--	--	--	(137)	(137)	--	(137)
<b>Balance at 30 June 2016 (Reviewed)</b>	<b>1,100,000</b>	<b>550,000</b>	<b>3,241,834</b>	<b>(1,818,499)</b>	<b>147,644</b>	<b>4,004,843</b>	<b>7,225,822</b>	<b>257,278</b>	<b>7,483,100</b>

The notes on pages 9 to 18 are an integral part of these condensed consolidated interim financial statements.



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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

**For the six-month period ended 30 June 2016**

*In thousands of Qatari Riyals*

	Note	For the six-month period ended 30 June	
		2016 (Reviewed)	2015 (Reviewed)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit		808,538	756,183
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment		206,444	210,958
Profit on sale of asset held for sale		(14,268)	--
Share of profits of associates		--	(5,828)
Share of profits of joint ventures		(185,821)	(210,777)
Provision for employees' end of service benefits		3,524	3,660
Deferred income		(3,396)	(3,395)
Dividend income from available-for-sale financial assets		(11,940)	(18,022)
Amortization of intangible asset		2,985	1,493
Provision for slow moving inventories		9,526	9,193
Amortization of non-current assets		990	887
Loss on disposal of associate investment		--	934
Interest income		(15,164)	(9,405)
Interest expense		78,308	48,913
		<u>879,726</u>	<u>784,794</u>
<i>Changes in:</i>			
- Trade and other receivables		122,617	(75,276)
- Inventories		(118,472)	371
- Finance lease receivables		70,318	63,820
- Trade and other payables		(193,273)	31,250
Cash generated from operating activities		<u>760,916</u>	<u>(75,276)</u>
Employees' end of service benefits paid		--	371
<b>Net cash from operating activities</b>		<u><b>760,916</b></u>	<u><b>63,820</b></u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment	6	(384,735)	(469,150)
Dividends received from associates		--	4,906
Dividends received from joint ventures		165,618	173,684
Disposal of associate investment		--	(934)
Addition to investment in associates		--	76,782
Investment in available-for-sale financial assets		(50,284)	--
Investment in joint venture		--	(2,187)
Proceeds from disposal of asset held for sale		14,268	--
Dividends from available-for-sale financial assets		11,940	18,023
Interest received		15,164	9,405
<b>Net cash used investing activities</b>		<u><b>(228,029)</b></u>	<u><b>(189,471)</b></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 six-month period ended 30 June 2016**

*In thousands of Qatari Riyals*

	Note	For the six-month period ended 30 June	
		2016 <i>(Reviewed)</i>	2015 <i>(Reviewed)</i>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid to the Company's shareholders	10	(825,000)	(825,000)
Dividends paid to non-controlling interests		(16,038)	(9,477)
Net movements in interest bearing loans and borrowings		65,241	69,406
Interest paid		(78,308)	(48,913)
<b>Net cash used in financing activities</b>		<b>(854,105)</b>	<b>(813,984)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(321,218)</b>	<b>(198,965)</b>
Cash and cash equivalents at beginning of period		1,750,797	1,622,315
<b>Cash and cash equivalents at end of period</b>		<b>1,429,579</b>	<b>1,423,350</b>

The notes on pages 9 to 18 are an integral part of these condensed consolidated interim financial statements.

# QATAR ELECTRICITY & WATER COMPANY Q.S.C.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period ended 30 June 2016

### 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. 11 of 2015 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 20 February 1992. The Company is domiciled in the State of Qatar, where it also has its principal place of business. Its registered office is at Al-Markhiya Street, Madinah Khalifah North Area, and P.O. Box 22046, Doha, Qatar. The Company’s shares are listed on the Qatar Stock Exchange since 3 May 1998.

The Company’s condensed consolidated interim financial statements comprises the Company and its subsidiaries (collectively referred as the “Group”).

The principal activities of the Group, which have not changed from the previous period, are the production of electricity and desalinated water for supplying them to the state owned “Qatar General Electricity and Water Corporation (“KAHRAMAA”).

The subsidiaries of the Company are the following:

<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%

The Group has the following joint ventures:

<i>Name</i>	<i>Principal activity</i>	<i>Country of incorporation</i>	<i>Percentage of holding</i>
Qatar Power Q.S.C.	Generation of electricity & production of desalinated water	Qatar	55%
Mesaieed Power Company Q.S.C.	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.	Investments in electricity and desalinated water projects outside the State of Qatar	Qatar	60%
Umm Al Houl Power Q.S.C.	Generation of electricity & production of desalinated water	Qatar	60%

## **2. BASIS OF ACCOUNTING**

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 “Interim Financial Reporting”, and should be read in conjunction with the Company’s last annual consolidated financial statements as at and for the year ended 31 December 2015 (the “last annual consolidated financial statements”). They do 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 financial statements.

These condensed consolidated interim financial statements were authorised for issue by the Company’s Board of Directors on 13 July 2016.

## **3. USE OF JUDGMENTS AND ESTIMATES**

In preparing the 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 2015.

### **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 18 - Fair values of financial instruments.

**For the six-month period ended 30 June 2016**

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#### **4. SIGNIFICANT ACCOUNTING POLICIES**

Except as described below, the accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Company's consolidated financial statements as at and for the year ended 31 December 2015.

##### **Changes in accounting policies**

During the current period, the Group adopted the below amendments and improvements to the International Financial Reporting Standards that are effective for annual periods beginning on 1 January 2016:

- *Amendments to IAS 1 on Disclosure Initiative*
- *Amendments to IAS 16 and IAS 38 on clarification of acceptable methods of depreciation and amortization*
- *Amendments to IAS 16 and IAS 41 on Agriculture: Bearer plants*
- *Amendments to IAS 27 on equity method in Separate Financial Statements*
- *Amendments to IFRS 11 on accounting for acquisitions of interests in Joint Ventures*
- *Amendments to IFRS 10, IFRS 12 and IAS 28 on investment entities applying the consolidation exception*
- *IFRS 14 "Regulatory Deferral Accounts"*
- *Annual improvements to IFRSs 2012-2014 cycle*

The adoption of the above amendments and improvements had no significant impact on the condensed consolidated interim financial statements.

#### **5. SEGMENTAL INFORMATION**

The Group primarily operates integrated plants for the generation of electricity and production of desalinated 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, KAHRAMAA and Qatar Petroleum, in the State of Qatar. Consequently, the Group is considered to have a single business segment and a single geographical segment.

# QATAR ELECTRICITY & WATER COMPANY Q.S.C.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period ended 30 June 2016

*In thousands of Qatari Riyals*

### 6. PROPERTY, PLANT AND EQUIPMENT

#### Acquisitions

During the six-month period ended 30 June 2016, the Group acquired assets with a cost of QR 384,735 thousand (six-month period ended 30 June 2015: QR 469,150 thousand).

#### Disposals

During the six-month period ended 30 June 2016, the Group disposed assets with a cost of QR 27,983 thousand for QR Nil with carrying value of QR Nil. (six-month period ended 30 June 2015: the Group disposed assets with a cost of QR 55,605 thousand for QR Nil with carrying value of QR Nil).

#### Capital commitments

During the six-month period ended 30 June 2016, the Group entered into a contract to construct property, plant and equipment of QR 443,272 thousand (six-month period ended 30 June 2015: QR 78,122 thousand). The completion of property, plant and equipment under construction is expected in March 2017.

### 7. INVESTMENT PROPERTY

	<b>30 June 2016 (Reviewed)</b>	31 December 2015 (Audited)
At the beginning of the period / year	174,901	--
Transfer from property, plant and equipment (1)	--	174,901
At 31 December	<u><b>174,901</b></u>	<u>174,901</u>

- (1) Investment property comprises a land in Lusail purchased from Qatar Diar Real Estate Company Q.S.C. Based on an internal valuation exercise, the fair value of the investment property as at 31 December 2015 is QR 457 million. Management is of the view that the fair value as at 30 June 2016 is not significantly different from the fair value determined as at 31 December 2015.

### 8. INVESTMENTS IN JOINT VENTURES

The Group has the following investments in joint ventures:

	<i>Country of incorporation</i>	<i>Ownership</i>	<b>30 June 2016 (Reviewed)</b>	31 December 2015 (Audited)
Qatar Power Q.S.C.	Qatar	55%	335,603	376,343
Mesaieed Power Company Q.S.C. (1)	Qatar	40%	--	--
Ras Girtas Power Company Q.S.C. (1)	Qatar	45%	--	--
Nebras Power Q.S.C.	Qatar	60%	2,268,728	2,248,304
Umm Al Houl Power Q.S.C. (2)	Qatar	60%	--	2,187
			<u><b>2,604,331</b></u>	<u>2,626,834</u>

- (1) The carrying values of these investments have been reduced to zero as a result of the share of the Group's losses in these joint ventures recognised in previous years.

- (2) Umm Al Houl Power Q.S.C. is expected to be operational during the year 2018.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**For the six-month period ended 30 June 2016**

*In thousands of Qatari Riyals*

**9. FINANCE LEASE RECEIVABLES**

Finance lease receivables represent the share of lease receivables from Ras Laffan Power Company Q.S.C. The subsidiary adopted IFRIC 4: *Determining whether an arrangement contains a lease* which became effective from 1 January 2006 in accounting for their self-constructed production facilities. The discount rate used by the subsidiary was 9.32% per annum (2015: 7.50% to 9.99% per annum). The finance lease receivables at the end of the reporting period are neither past due nor impaired.

	<b>30 June 2016 (Reviewed)</b>	31 December 2015 (Audited)
Finance leases - gross receivable	2,512,737	2,657,612
Unearned finance income	(945,973)	(1,020,530)
Present value of minimum lease payments receivable	<b><u>1,566,764</u></b>	<b><u>1,637,082</u></b>

The finance lease receivables are presented in the condensed consolidated statement of financial position as follows:

	<b>30 June 2016 (Reviewed)</b>	31 December 2015 (Audited)
Current portion	<b><u>134,975</u></b>	<u>146,477</u>
Non-current portion	<b><u>1,431,789</u></b>	<u>1,490,605</u>

**10. SHARE CAPITAL**

	<b>30 June 2016 (Reviewed)</b>	31 December 2015 (Audited)
<i>Authorized, issued and fully paid:</i>		
110,000,000 ordinary shares with nominal value of QR 10 each	<b><u>1,100,000</u></b>	<u>1,100,000</u>

***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 (2015 : QR 7.5 per share totalling to QR 825,000 thousand).

**11. BANK LOANS**

	<b>30 June 2016 (Reviewed)</b>	31 December 2015 (Audited)
Loan (1)	1,274,420	1,300,260
Loan (2)	661,589	684,135
Loan (3)	330,078	341,327
Loan (4)	355,589	429,527
Loan (5)	556,116	351,743
Loan (6)	925,933	932,461
Loan (7)	911,250	911,250
	<b><u>5,014,975</u></b>	<u>4,950,703</u>
Less: Financing arrangement costs	(34,525)	(35,494)
	<b><u>4,980,450</u></b>	<u>4,915,209</u>

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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**For the six-month period ended 30 June 2016**

*In thousands of Qatari Riyals*

**11. BANK LOANS (CONTINUED)**

The bank loans are presented in the condensed consolidated statement of financial position as follows:

	<b>30 June 2016 (Reviewed)</b>	31 December 2015 (Audited)
Current portion	1,210,456	1,124,412
Non-current portion	3,769,994	3,790,797
	<b><u>4,980,450</u></b>	<b><u>4,915,209</u></b>

**12. INTEREST RATE SWAPS FOR HEDGING**

	<b>30 June 2016 (Reviewed)</b>	31 December 2015 (Audited)
At 1 January	127,339	170,766
Change in fair value transferred to other comprehensive income	16,451	(43,427)
Closing balance	<b><u>143,790</u></b>	<b><u>127,339</u></b>

The interest rate swaps for hedging are presented in the condensed consolidated statement of financial position as follows:

	<b>30 June 2016 (Reviewed)</b>	31 December 2015 (Audited)
Current portion	107,329	107,329
Non-current portion	36,461	20,010
	<b><u>143,790</u></b>	<b><u>127,339</u></b>

**13. REVENUE**

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	<b>2016 (Reviewed)</b>	2015 (Reviewed)	<b>2016 (Reviewed)</b>	2015 (Reviewed)
<i>Sales represent the revenue generated from the supply of:</i>				
Electricity	400,680	397,003	729,011	714,636
Desalinated water	358,700	308,389	718,005	615,739
<i>Lease income from plant lease:</i>				
Ras Laffan Power Company Limited Q.S.C.	39,279	47,619	69,613	89,791
	<b><u>798,659</u></b>	<b><u>753,011</u></b>	<b><u>1,516,629</u></b>	<b><u>1,420,166</u></b>



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**For the six-month period ended 30 June 2016**

*In thousands of Qatari Riyals*

**14. 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 30 June		For the six-month period ended 30 June	
	<b>2016</b> <i>(Reviewed)</i>	2015 <i>(Reviewed)</i>	<b>2016</b> <i>(Reviewed)</i>	2015 <i>(Reviewed)</i>
Profit for the period attributable to owners of the Company	443,827	391,022	791,270	737,151
Weighted average number of shares outstanding during the period (in shares)	110,000	110,000	110,000	110,000
Basic and diluted earnings per share (expressed in QR per share)	<b>4.03</b>	3.55	<b>7.19</b>	6.70

**15. ASSET HELD FOR SALE AND DISCONTINUED OPERATIONS**

The Company disposed Al Wajbah, Al Saliyah and Doha South Super stations and recognised a gain of QR 14.2 million for the period, which is included in the profit or loss. These stations were classified as held for sale and carrying value at the reporting date was QR Nil as they were fully depreciated in earlier years (2015: QR Nil).

**16. COMMITMENTS AND CONTINGENT LIABILITIES**

	<b>30 June 2016</b> <i>(Reviewed)</i>	31 December 2015 <i>(Audited)</i>
Contingent liabilities:		
Bank guarantees, corporate guarantees and documentary credits	<b>129,711</b>	213,174

**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**

	<i>Related parties</i>	For the three-month period ended 30 June		For the six-month period ended 30 June	
		<b>2016</b> <i>(Reviewed)</i>	2015 <i>(Reviewed)</i>	<b>2016</b> <i>(Reviewed)</i>	2015 <i>(Reviewed)</i>
<i>Sales:</i>					
Revenue from sale of electricity	KAHRAMAA	<b>400,680</b>	397,003	<b>729,011</b>	714,636
Revenue from sale of desalinated water	KAHRAMAA	<b>353,881</b>	304,590	<b>709,742</b>	608,768
Lease income from plant lease	Qatar Petroleum KAHRAMAA	<b>4,819</b> <b>39,280</b>	3,799 47,619	<b>8,263</b> <b>69,614</b>	6,971 89,791

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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**For the six-month period ended 30 June 2016**

*In thousands of Qatari Riyals*

**17. RELATED PARTY DISCLOSURES**

**Related party transactions (Continued)**

		For the three-month period ended 30 June		For the six-month period ended 30 June	
		2016 <i>(Reviewed)</i>	2015 <i>(Reviewed)</i>	2016 <i>(Reviewed)</i>	2015 <i>(Reviewed)</i>
<i>Cost of sales:</i>	<i>Related parties</i>				
Cost of gas consumed/take or pay gas	Qatar Petroleum	<b>229,013</b>	217,159	<b>422,342</b>	386,664
<i>Other income:</i>					
Interest on bank deposits	Qatar National Bank	<b>6,083</b>	3,928	<b>13,111</b>	8,291

**Related party balances**

	30 June 2016		31 December 2015	
	Trade receivables <i>(Reviewed)</i>	Trade payables and accrued expenses <i>(Reviewed)</i>	Trade receivables <i>(Audited)</i>	Trade payables and accrued expenses <i>(Audited)</i>
KAHRAMAA	361,049	2,559	576,478	1,792
Qatar Petroleum	6,456	225,762	4,577	142,633
Nebras Power Q.S.C.	132,880	--	245,586	--
Umm Al Houl Power Q.S.C.	18,090	--	14,900	--
	<b>518,475</b>	<b>228,321</b>	<b>841,541</b>	<b>144,425</b>

**Compensation of key management personnel**

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

	For the six-month period ended 30 June	
	2016 <i>(Reviewed)</i>	2015 <i>(Reviewed)</i>
Total remuneration	<b>8,511</b>	9,248

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six month period ended 30 June 2016

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
<b>30 June 2016</b>									
<i>Financial assets measured at fair value</i>									
Equity securities	--	--	367,119	--	<b>367,119</b>	367,119	--	--	<b>367,119</b>
<i>Financial assets not measured at fair value</i>									
Trade and other receivables	--	765,371	--	--	765,371	--	--	--	--
Cash and cash equivalents	--	1,429,579	--	--	1,429,579	--	--	--	--
	--	2,194,950	--	--	<b>2,194,950</b>	--	--	--	--
<i>Financial liabilities measured at fair value</i>									
Interest rate swaps used for hedging	143,790	--	--	--	<b>143,790</b>	--	143,790	--	143,790
<i>Financial liabilities not measured at fair value</i>									
Interest bearing loans and borrowings	--	--	--	4,980,450	4,980,450	--	--	--	--
Trade payables	--	--	--	132,980	132,980	--	--	--	--
	--	--	--	5,113,430	<b>5,113,430</b>	--	--	--	--

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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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*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 2015									
<i>Financial assets measured at fair value</i>									
Equity securities	--	--	344,435	--	344,435	344,435	--	--	344,435
<i>Financial assets not measured at fair value</i>									
Trade and other receivables	--	887,988	--	--	887,988	--	--	--	--
Cash and cash equivalents	--	1,750,798	--	--	1,750,798	--	--	--	--
	--	2,638,786	--	--	2,638,786	--	--	--	--
<i>Financial liabilities measured at fair value</i>									
Interest rate swaps used for hedging	127,339	--	--	--	127,339	--	127,339	--	127,339
<i>Financial liabilities not measured at fair value</i>									
Interest bearing loans and borrowings	--	--	--	4,915,209	4,915,209	--	--	--	--
Trade payables	--	--	--	300,135	300,135	--	--	--	--
	--	--	--	5,215,344	5,215,344	--	--	--	--

**19. SUBSEQUENT EVENTS**

There were no subsequent events after the reporting date, which have a bearing on the understanding on these condensed consolidated interim financial statements.

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