

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

**FOR THE THREE MONTHS ENDED
31 MARCH 2014**

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three months ended 31 March 2014

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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 interim financial statements of Qatar Electricity & Water Company Q.S.C. (the "Company"), and its subsidiaries (together referred to as the "Group"), which comprise;

- condensed consolidated statement of financial position as at 31 March 2014;
- condensed consolidated income statement for the three months ended 31 March 2014;
- condensed consolidated statement of profit or loss and other comprehensive income for the three months ended 31 March 2014;
- condensed consolidated statement of changes in equity for the three months ended 31 March 2014;
- condensed consolidated statement of cash flows for the three months ended 31 March 2014 and;
- notes to the condensed consolidated interim financial statements.

The Board of Directors are responsible for the preparation and presentation of these 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 31 March 2014 condensed consolidated interim financial statements is not prepared, in all material respects, in accordance with IAS 34 *"Interim Financial Reporting"*.

Other matter

The Group's comparative consolidated audited financial statements as at and for the year ended 31 December 2013, and comparative reviewed condensed consolidated interim financial statements as at and for the three months ended 31 March 2013 were audited / reviewed by another auditor, whose audit report dated 5 February 2014 / review report dated 24 April 2013, expressed an unqualified audit opinion / review conclusion respectively thereon.

21 April 2014
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 2014

In Qatari Riyals '000'

	Notes	31 March 2014	31 December 2013
		(Reviewed)	<i>(Audited)</i>
ASSETS			
Current assets			
Bank balances and cash		1,329,199	1,725,570
Accounts receivable and prepayments		836,233	585,434
Inventories		186,205	275,656
Finance lease receivables	5	137,803	137,884
		<u>2,489,440</u>	<u>2,724,544</u>
Assets classified as held for sale	6	29,846	29,846
Total current assets		<u>2,519,286</u>	<u>2,754,390</u>
Non-current assets			
Property, plant and equipment	7	5,107,742	5,054,542
Intangible assets		94,030	95,522
Investment in associates	8	114,394	115,487
Subordinated loan receivable from a joint venture		--	16,711
Available-for-sale investments		498,254	454,146
Investment in joint ventures	9	531,167	703,845
Finance lease receivables	5	1,743,140	1,775,050
Other non-current assets		25,027	25,441
Goodwill		30,813	30,813
Total non-current assets		<u>8,144,567</u>	<u>8,271,557</u>
Total assets		<u>10,663,853</u>	<u>11,025,947</u>

The attached notes 1 to 17 form an integral part of these condensed consolidated interim financial statements.

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2014

In Qatari Riyals '000'

	Notes	31 March 2014 <i>(Reviewed)</i>	31 December 2013 <i>(Audited)</i>
EQUITY AND LIABILITIES			
Current liabilities			
Accounts payable and accruals		544,944	682,680
Interest bearing loans and borrowings	10	291,322	313,192
Other term loans		100,000	100,000
Derivatives	11	166,991	168,907
Deferred income		6,792	6,792
Total current liabilities		1,110,049	1,271,571
Non-current liabilities			
Interest bearing loans and borrowings	10	3,575,499	3,360,923
Deferred income		11,887	13,583
Employees' end of service benefits		41,862	39,320
Total non-current liabilities		3,629,248	3,413,826
Total liabilities		4,739,297	4,685,397
Equity			
Capital and reserves			
Share capital	12	1,100,000	1,000,000
Legal reserve		500,000	500,000
General reserve		3,241,834	3,241,834
Cash flow hedging reserve		(1,705,171)	(1,687,525)
Fair value reserve		329,062	284,955
Retained earnings		2,220,567	2,771,540
Equity attributable to owners of the Company		5,686,292	6,110,804
Non-controlling interests		238,264	229,746
Total equity		5,924,556	6,340,550
Total liabilities and equity		10,663,853	11,025,947


.....
Dr. Mohamed Bin Saleh Al-Sada
Chairman


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

The attached notes 1 to 17 form an integral part of these condensed consolidated interim financial statements.

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

CONDENSED CONSOLIDATED INCOME STATEMENT
For the three months ended 31 March 2014

In Qatari Riyals '000'

	Notes	For the three months ended 31 March	
		2014 (Reviewed)	2013 <i>(Reviewed)</i>
Sales	13	658,156	620,663
Cost of sales		<u>(406,750)</u>	<u>(382,078)</u>
Gross profit		251,406	238,585
General and administrative expenses		(50,662)	(71,581)
Finance costs		(25,425)	(63,326)
Deferred income		1,697	1,697
Interest income		4,998	6,546
Dividend income		24,468	21,495
Miscellaneous income		11,294	5,361
Share of profit of associates		5,254	4,928
Share of profit of joint ventures		<u>84,515</u>	<u>61,996</u>
Profit for the period		<u>307,545</u>	<u>205,701</u>
Attributable to:			
Owners of the Company		299,027	200,939
Non-controlling interests		<u>8,518</u>	<u>4,762</u>
Total		<u>307,545</u>	<u>205,701</u>
Earnings per share			
Basic and diluted earnings per share (expressed in QR per share)	14	<u>2.72</u>	<u>1.83</u>

The attached notes 1 to 17 form an integral part of these condensed consolidated interim financial statements.

QATAR ELECTRICITY & WATER COMPANY Q.S.C.**CONDENSED CONSOLIDATED STATEMENT
OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**
For the three months ended 31 March 2014

In Qatari Riyals '000'

	For the three months ended 31 March	
	2014 <i>(Reviewed)</i>	2013 <i>(Reviewed)</i>
Profit for the period	307,545	205,701
Other comprehensive income for the period		
<i>Items that are or may be reclassified to profit or loss:</i>		
Gains from cash flow hedges of the Company and its subsidiaries	1,916	17,324
Share of (loss)/ income in other comprehensive income from joint ventures	(19,502)	159,128
Share of loss in other comprehensive income from associates	(60)	(6,687)
Unrealized gains on available-for-sale investments	<u>44,107</u>	<u>45,602</u>
Other comprehensive income for the period	<u>26,461</u>	<u>215,367</u>
Total comprehensive income for the period	<u>334,006</u>	<u>421,068</u>
Attributable to:		
Owners of the Company	325,488	416,315
Non-controlling interests	<u>8,518</u>	<u>4,753</u>
	<u>334,006</u>	<u>421,068</u>

The attached notes 1 to 17 form 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 three months ended 31 March 2014

In Qatari Riyals '000'

	Attributable to owners of the Company						Non-controlling interest	Total	
	Share capital	Legal reserve	General reserve	Cash flow hedging reserve	Fair value reserve Fair value	Retained earnings			Total
Balance at 1 January 2013 (Audited)	1,000,000	500,000	3,241,834	(1,961,126)	233,814	2,152,247	5,166,769	215,402	5,382,171
Profit for the period	--	--	--	--	--	200,939	200,939	4,762	205,701
Other comprehensive income	--	--	--	169,774	45,602	--	215,376	(9)	215,367
Dividends paid for 2012 (Note 12)	--	--	--	--	--	(730,000)	(730,000)	--	(730,000)
Balance at 31 March 2013 (Reviewed)	<u>1,000,000</u>	<u>500,000</u>	<u>3,241,834</u>	<u>(1,791,352)</u>	<u>279,416</u>	<u>1,623,186</u>	<u>4,853,084</u>	<u>220,155</u>	<u>5,073,239</u>
Balance at 1 January 2014 (Audited)	1,000,000	500,000	3,241,834	(1,687,525)	284,955	2,771,540	6,110,804	229,746	6,340,550
Profit for the period	--	--	--	--	--	299,027	299,027	8,518	307,545
Other comprehensive income	--	--	--	(17,646)	44,107	--	26,461	--	26,461
Dividends paid for 2013 (Note 12)	--	--	--	--	--	(750,000)	(750,000)	--	(750,000)
Issue of bonus shares (Note 12)	100,000	--	--	--	--	(100,000)	--	--	--
Balance at 31 March 2014 (Reviewed)	<u>1,100,000</u>	<u>500,000</u>	<u>3,241,834</u>	<u>(1,705,171)</u>	<u>329,062</u>	<u>2,220,567</u>	<u>5,686,292</u>	<u>238,264</u>	<u>5,924,556</u>

The attached notes 1 to 17 form 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 three months ended 31 March 2014

In Qatari Riyals '000'

	For the three months ended 31 March	
	2014 (Reviewed)	2013 <i>(Reviewed)</i>
OPERATING ACTIVITIES		
Profit for the period	307,545	205,701
<i>Adjustments for:</i>		
Share of profits from associates	(5,254)	(4,928)
Share of profits from joint ventures	(84,515)	(61,996)
Depreciation	112,506	112,777
Amortization of intangible asset	1,492	1,492
Provision for employees' end of service benefits	2,686	2,968
Impairment allowance for slow moving inventories	2,829	6,181
Finance costs	25,425	63,326
Deferred income recognised	(1,696)	(1,697)
Interest income	(4,998)	(6,546)
Adjustment of property, plant and equipment	--	5,340
Dividend income	<u>(24,468)</u>	<u>(21,495)</u>
	331,552	301,123
<i>Change in:</i>		
Inventories	86,622	51,807
Accounts receivable and prepayments	(250,799)	(117,132)
Finance lease receivables	31,991	22,525
Accounts payable and accruals	<u>(137,736)</u>	<u>(312,959)</u>
Cash generated from/ (used in) operations	61,630	(54,636)
Finance costs paid	(25,425)	(63,326)
Employees' end of service benefits paid	<u>(144)</u>	<u>(74)</u>
Net cash from/ (used in) operating activities	<u>36,061</u>	<u>(118,036)</u>

The attached notes 1 to 17 form 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 three months ended 31 March 2014

In Qatari Riyals '000'

	For the three months ended 31 March	
	2014 (Reviewed)	2013 <i>(Reviewed)</i>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(165,706)	(75,409)
Proceeds from sale of property, plant and equipment	--	4
Dividend income received	24,468	21,495
Dividends received from associates	6,287	5,434
Dividends received from joint ventures	237,690	245,055
Net movement in other non-current asset	414	241
Interest received	4,998	6,546
Net cash from investing activities	108,151	203,366
FINANCING ACTIVITIES		
Dividends paid to owners of the Company	(750,000)	(730,000)
Repayment of subordinated loan from joint venture	16,711	--
Net proceeds from interest bearing loans and borrowings	192,706	871
Net cash used in financing activities	(540,583)	(729,129)
Net decrease in cash and cash equivalents	(396,371)	(643,799)
Cash and cash equivalents at beginning of period	1,725,570	2,689,515
Cash and cash equivalents at end of period	1,329,199	2,045,716

The attached notes 1 to 17 form an integral part of these condensed consolidated interim financial statements.

1. REPORTING ENTITY

Qatar Electricity & Water Company Q.S.C. (the “Company”) is a public shareholding company incorporated in the State of Qatar on March 16, 1992. The Company’s registered office is at QIMCO Building, West Bay Corniche Road, P.O. Box 22046, Doha, State of Qatar. The condensed consolidated financial statements as at and for the three months period ended 31 March 2014 (“the consolidated interim financial statements”) comprise the Company and its subsidiaries (together referred as the “Group”) and the Company’s interests in joint ventures and associates.

The Group is primarily involved in the production of electricity and water. The Company’s shares are listed on Qatar Exchange.

These consolidated interim financial statements of Qatar Electricity and Water Company Q.S.C. include the following subsidiaries:

		<u>Country of incorporation</u>	<u>Percentage of holding</u>
Ras Laffan Operating Company W.L.L.	Subsidiary	Qatar	100%
Ras Laffan Power Company Limited (Q.S.C.)	Subsidiary	Qatar	80%

The consolidated interim financial statements include the share of income and other comprehensive income of the following joint ventures and associates using equity accounting:

		<u>Country of incorporation</u>	<u>Percentage of holding</u>
Q Power Q.S.C.	Joint venture	Qatar	55%
Mesaieed Power Company Limited	Joint venture	Qatar	40%
Ras Girtas Power Company Limited	Joint venture	Qatar	45%
Nebras Power Q.S.C.	Joint venture	Qatar	60%
AES Oasis Limited	Associate	Caymen Island	38.89%
Phoenix Power Company	Associate	Oman	15%
Phoenix Operating Company	Associate	Oman	15%

These consolidated interim financial statements were authorised for issue by the Board of Directors on 21 April 2014.

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

During 2003, the Company entered into an agreement with Qatar General Electricity & Water Corporation (KAHRAMAA) for the acquisition of the following stations:

- Ras Abu Fontas A (RAF A)
- Al Wajbah
- Al Saliyah
- Doha South Super

Article 6 of the agreement states that the agreement is conditional and shall not become effective among others, unless an Emiri decree granting the Company a concession to use the land on which the plants are located has been promulgated, is in full force and effect. Article 6.2 of the said agreement also states that in the event the Emiri decree is not granted by June 1, 2003 the parties shall meet to discuss and agree a solution and to the extent necessary, the said agreement shall be amended to reflect any such solution needed.

As at the end of the reporting period, the Emiri decree has not been obtained by the Company. The revenues from these stations accounted for 19% of the total revenues of the Group for the period ended 31 March 2014 (31 March 2013: 19%). No amendments have been made to the above agreement since both parties are continuing the discussions and are confident of obtaining the Emiri decree in due course.

3. BASIS OF PREPARATION

a) Statement of compliance

These consolidated interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" and have been presented in Qatari Riyals ("QR"), which is the Group's functional and presentation currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

These consolidated interim financial statements do not include all the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards (IFRS). 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 2013. In addition, results for the three month ended 31 March 2014 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2014. Costs that are incurred unevenly during the financial year are anticipated or deferred in the consolidated interim financial statements only if it would be appropriate to anticipate or defer such costs to the end of the financial year.

b) Judgments and estimates

In preparing these consolidated interim financial statements, management make 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 2013.

4. SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied in these 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 2013. The following changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 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 2014. The adoption of these amendments had no significant impact on the consolidated interim financial statements.

Amendments to IAS 32 on offsetting financial assets and financial liabilities (2011)

Offsetting Financial Assets and Financial Liabilities (amendments to IAS 32) clarify the offsetting criteria IAS 32 by explaining when an entity currently has a legally enforceable right to set off and when gross settlement is equivalent to net settlement.

Amendments to IAS 39 on Novation of Derivatives and Continuation of Hedge Accounting (2013)

Novation of Derivatives and Continuation of Hedge Accounting - Amendments to IAS 39 provides relief from discontinuing hedge accounting if certain criteria are met.

Amendments to IAS 36 on recoverable amount disclosures for non-financial assets

Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36) have expanded disclosures of recoverable amounts when the amounts are based on fair value less costs of disposals and impairment is recognized.

5. FINANCE LEASE RECEIVABLES

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

	31 March 2014	31 December 2013
	(Reviewed)	(Audited)
Finance leases – gross receivable	3,188,015	3,263,567
Unearned finance income	<u>(1,307,072)</u>	<u>(1,350,633)</u>
Present value of minimum lease payment receivable	<u>1,880,943</u>	<u>1,912,934</u>
Classified in the condensed consolidated statement of financial position as follows:		
Current portion	137,803	137,884
Non-current portion	<u>1,743,140</u>	<u>1,775,050</u>
Total	<u>1,880,943</u>	<u>1,912,934</u>

6. ASSETS CLASSIFIED AS HELD FOR SALE

The Company intends to dispose Al Wajbah Station in the next 12 months which is acquired by the Company on January 1, 2003 from KAHRAMAA along with other RAF A SAT stations, Al Saliyah and Doha South Super. The Company discontinued the operations of its Al Wajbah power production during 2010 as per the instructions received from the Government of State of Qatar. The Company remains committed and is now intending to dispose Al Wajbah station along with other two RAF A SAT stations, Al Saliyah and Doha South Super as contracts with KAHRAMAA for these two stations are expiring on 31 December 2014, and accordingly has requested potential buyers who have already submitted their bids for Al Wajbah station to provide a quotation including RAF A SAT stations, Al Saliyah and Doha South Super. As of reporting date, Al Saliyah and Doha South Super stations are not accounted as assets classified held for sale since the terms of contract with KAHRAMAA requires the Company to supply electricity until expiry of contract i.e. 31 December 2014, hence these assets are not available for immediate sale in its present condition.

7. PROPERTY, PLANT AND EQUIPMENT

	<u>Production facilities</u>	<u>Furniture, fixtures and office equipment</u>	<u>Motor vehicles</u>	<u>"C" inspection costs</u>	<u>Capital spares</u>	<u>Capital work in progress</u>	<u>Total</u>
Cost:							
At 1 January 2014 <i>(Audited)</i>	8,031,378	25,541	6,555	292,365	50,487	860,412	9,266,738
Additions	--	171	572	--	--	164,963	165,706
At 31 March 2014 <i>(Reviewed)</i>	<u>8,031,378</u>	<u>25,712</u>	<u>7,127</u>	<u>292,365</u>	<u>50,487</u>	<u>1,025,375</u>	<u>9,432,444</u>
Accumulated Depreciation:							
At 1 January 2014 <i>(Audited)</i>	3,991,656	22,167	4,781	177,775	15,817	--	4,212,196
Charge for the period	99,538	409	333	11,639	587	--	112,506
At 31 March 2014 <i>(Reviewed)</i>	<u>4,091,194</u>	<u>22,576</u>	<u>5,114</u>	<u>189,414</u>	<u>16,404</u>	<u>--</u>	<u>4,324,702</u>
Net carrying amounts:							
At 31 March 2014 <i>(Reviewed)</i>	<u>3,940,184</u>	<u>3,136</u>	<u>2,013</u>	<u>102,951</u>	<u>34,083</u>	<u>1,025,375</u>	<u>5,107,742</u>

7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	<u>Production facilities</u>	<u>Furniture, fixtures and office equipment</u>	<u>Motor vehicles</u>	<u>"C" inspection costs</u>	<u>Capital spares</u>	<u>Capital work in progress</u>	<u>Total</u>
Cost:							
At 1 January 2013 (<i>Audited</i>)	8,035,159	24,794	6,524	258,107	50,487	186,519	8,561,590
Additions	3,819	754	88	84,612	--	673,893	763,166
Transfers/reclassifications	(5,340)	--	--	--	--	--	(5,340)
Retirements/disposals	(2,260)	(7)	(57)	(50,354)	--	--	(52,678)
At 31 December 2013 (<i>Audited</i>)	<u>8,031,378</u>	<u>25,541</u>	<u>6,555</u>	<u>292,365</u>	<u>50,487</u>	<u>860,412</u>	<u>9,266,738</u>
Accumulated Depreciation:							
At 1 January 2013 (<i>Audited</i>)	3,593,542	20,401	3,522	182,403	13,466	--	3,813,334
Charge for the year	400,374	1,769	1,316	45,725	2,351	--	451,535
Retirements/disposals	(2,260)	(3)	(57)	(50,353)	--	--	(52,673)
At 31 December 2013 (<i>Audited</i>)	<u>3,991,656</u>	<u>22,167</u>	<u>4,781</u>	<u>177,775</u>	<u>15,817</u>	<u>--</u>	<u>4,212,196</u>
Net carrying amounts:							
At 31 December 2013 (<i>Audited</i>)	<u>4,039,722</u>	<u>3,374</u>	<u>1,774</u>	<u>114,590</u>	<u>34,670</u>	<u>860,412</u>	<u>5,054,542</u>

8. INVESTMENT IN ASSOCIATES

The Company has the following investments in associates:

	<i>Country of incorporation</i>	<i>Ownership</i>	31 March 2014 <i>(Reviewed)</i>	31 December 2013 <i>(Audited)</i>
Phoenix Power Company S.A.O.C (i)	Oman	15%	--	--
Phoenix Operation and Maintenance Company LLC (ii)	Oman	15%	543	475
AES Oasis Ltd (iii)	Cayman Islands	38.89%	113,851	115,012
			114,394	115,487

- (i) The business of the Company (still in the start-up stage) is to design, construct, own, operate and maintain a high efficiency gas fired power generation facility with a minimum capacity of 2,000 MW to be located at Sur, in the Sultanate of Oman. The carrying value of the investment has been reduced to zero due to the recognition of total comprehensive losses of the investee.
- (ii) The business of the Company (still in the start-up stage) is to provide operation and maintenance service to the project company pursuant to the operation and maintenance contract.
- (iii) The Company entered into an agreement with IDB Infrastructure Fund L.P, a Company incorporated in the Kingdom of Bahrain, on February 8, 2012 to purchase 38.89% of shares of AES Oasis Ltd, a Company incorporated in Cayman Islands. AES Oasis Ltd. is 60% owner of AES Jordan Holding Co., a Company incorporated in Cayman Islands which is a joint venture with Mitsui & Co Ltd of Japan which owns and operates a 370MW combined cycle gas fired power in Almanakher, Jordan. The effective stake of the Company in this plant is 23.33%. In accordance with the Share Purchase Agreement dated February 8, 2012, the Company made a payment of QR 104.87 million and the total consideration of the investment amounts to QR 119.02 million.

9. INVESTMENT IN JOINT VENTURES

The Company has the following investments in joint ventures:

	<i>Country of incorporation</i>	<i>Ownership</i>	31 March 2014 <i>(Reviewed)</i>	31 December 2013 <i>(Audited)</i>
Q Power Q.S.C.	Qatar	55%	312,167	358,332
Mesaieed Power Company Limited*	Qatar	40%	--	--
Ras Girtas Power Company Limited*	Qatar	45%	--	126,513
Nebras Power Q.S.C.	Qatar	60%	219,000	219,000
			531,167	703,845

Except for Nebras Power Q.S.C, other joint venture companies are engaged in the production of electricity and water. Nebras Power Q.S.C. is expected to be operational during the year 2014.

* The carrying value of the investment has been reduced to zero due to the recognition of total comprehensive losses of the joint venture.

10. INTEREST BEARING LOANS AND BORROWINGS

	31 March 2014	31 December 2013
	<i>(Reviewed)</i>	<i>(Audited)</i>
Loan 1	1,396,239	1,396,239
Loan 2	771,916	771,916
Loan 3	385,122	385,122
Loan 4	809,797	831,667
Loan 5	103,883	56,498
Loan 6	439,034	272,039
	<u>3,905,991</u>	<u>3,713,481</u>
Less: financing arrangement costs	<u>(39,170)</u>	<u>(39,366)</u>
	<u>3,866,821</u>	<u>3,674,115</u>

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

Current portion	291,322	313,192
Non-current portion	<u>3,575,499</u>	<u>3,360,923</u>
Total	<u>3,866,821</u>	<u>3,674,115</u>

11. DERIVATIVES

	31 March 2014	31 December 2013
	<i>(Reviewed)</i>	<i>(Audited)</i>
Cash flow hedge of the Company and its subsidiaries	<u>166,991</u>	<u>168,907</u>

12. SHARE CAPITAL

	31 March 2014	31 December 2013
	<i>(Reviewed)</i>	<i>(Audited)</i>
<i>Authorised, issued and fully paid:</i>		
110,000,000 (31 December 2013: 100,000,000) shares of QR 10 each	<u>1,100,000</u>	<u>1,000,000</u>

	31 March 2014		31 December 2013	
	<i>Number of shares in '000'</i>	<i>QR '000'</i>	<i>Number of shares in '000'</i>	<i>QR '000'</i>
At the beginning of the period	100,000	1,000,000	100,000	1,000,000
Issue of bonus shares	<u>10,000</u>	<u>100,000</u>	<u>--</u>	<u>--</u>
At the end of the period	<u>110,000</u>	<u>1,100,000</u>	<u>100,000</u>	<u>1,000,000</u>

On 27 February 2014, the Company issued bonus shares (ordinary shares) at the rate of 1 share for every 10 shares held by the ordinary shareholders upon obtaining approval from the shareholders in the Extra Ordinary General Meeting held on 25 February 2014.

12. SHARE CAPITAL (CONTINUED)

Dividend paid

During the period, the Company declared and paid cash dividend of QR 7.5 per share totaling to QR 750,000 thousand (2013 - QR 7.3 per share totaling to QR 730,000 thousand).

13. SALES

	For the three months ended 31 March	
	2014	2013
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Sales represent revenue generated from the supply of:		
- Electricity	329,062	305,125
- Water	287,230	275,865
Lease income from plant leases:		
- Ras Laffan Power Company Limited Q.S.C.	41,864	39,673
	<u>658,156</u>	<u>620,663</u>

14. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit attributable to owners of the Company for the period by the weighted average number of shares outstanding during the period. During the three months period ended 31 March 2014, the Company issued bonus shares and accordingly, the previously reported earnings per share have been restated.

	For the three months ended 31 March	
	2014	2013
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Profit for the period attributable to owners of the Company	<u>299,027</u>	<u>200,939</u>
Weighted average number of shares outstanding during the period (shares in '000') *	<u>110,000</u>	<u>110,000</u>
Basic and diluted earnings per share (expressed in QR per share)	<u>2.72</u>	<u>1.83</u>

*The weighted average number of shares for the purpose of calculating earnings per share has been calculated as follows:

	For the three months ended 31 March	
	2014	2013
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Qualifying shares at the beginning of the period (shares in '000')	100,000	100,000
Effect of issue of bonus shares (shares in '000')	<u>10,000</u>	<u>10,000</u>
Weighted average number of shares at the end of the period (shares in '000')	<u>110,000</u>	<u>110,000</u>

There were no potentially dilutive shares outstanding at any time during the period. Therefore, the diluted earnings per share are equal to the basic earnings per share.

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

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For the three months ended 31 March 2014

In Qatari Riyals '000'

15. COMMITMENTS AND CONTINGENT LIABILITIES

	31 March 2014	31 December 2013
	<i>(Reviewed)</i>	<i>(Audited)</i>
<i>Commitments:</i>		
Capital commitments	<u>709,031</u>	<u>845,098</u>
<i>Contingent liabilities:</i>		
Bank guarantees, corporate guarantees and documentary credits	<u>976,632</u>	<u>631,596</u>

16. 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 Company's management.

Related party transactions

Transactions with related parties included in the interim condensed consolidated statement of profit or loss are as follows:

Transaction	Name of the related party	For the three months ended 31 March	
		2014	2013
		<i>(Reviewed)</i>	<i>(Reviewed)</i>
<i>Sales:</i>			
Revenue from sale of electricity	KAHRAMAA	329,062	305,125
Revenue from sale of water	KAHRAMAA	283,910	271,327
	Qatar Petroleum	3,320	4,538
Lease income from plant leases	KAHRAMAA	41,864	39,673
<i>Cost of sales:</i>			
Cost of gas consumed	Qatar Petroleum	168,944	155,089
<i>Other income:</i>			
Interest on bank deposits	Qatar National Bank	3,141	4,159

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

	31 March 2014		31 December 2013	
	Trade receivables	Trade and accrued expenses	Trade receivables	Trade and accrued expenses
	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Audited)</i>	<i>(Audited)</i>
KAHRAMAA	<u>837,618</u>	<u>4,076</u>	<u>585,597</u>	<u>5,047</u>
Qatar Petroleum	<u>4,904</u>	<u>135,394</u>	<u>2,837</u>	<u>117,972</u>

16. RELATED PARTY DISCLOSURES (CONTINUED)

Compensation of key management personnel

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

	For the three months ended 31 March	
	2014	2013
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Short term benefits	10,732	8,620

17. FAIR VALUES OF FINANCIAL INSTRUMENTS

The fair value of the financial assets and liabilities approximates their carrying amount.

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are based on unobservable market data.

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

	Level 1	Level 2	Level 3	Total
	QR'000	QR'000	QR'000	QR'000
31 March 2014				
<u>Assets measured at fair value</u>				
Available-for-sale investments - quoted equity shares	<u>498,254</u>	<u>--</u>	<u>--</u>	<u>498,254</u>
<u>Liabilities measured at fair value</u>				
Derivatives - interest rate swaps	<u>--</u>	<u>166,991</u>	<u>--</u>	<u>166,991</u>
31 December 2013				
<u>Assets measured at fair value</u>				
Available-for-sale investments - quoted equity shares	<u>454,146</u>	<u>--</u>	<u>--</u>	<u>454,146</u>
<u>Liabilities measured at fair value</u>				
Derivatives - interest rate swaps	<u>--</u>	<u>168,907</u>	<u>--</u>	<u>168,907</u>

During the period ended 31 March 2014, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.