

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

**INTERIM CONDENSED  
CONSOLIDATED FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S  
REVIEW REPORT FOR  
THE NINE MONTH PERIOD ENDED  
SEPTEMBER 30, 2013**

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

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

For the nine month period ended September 30, 2013

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QR. 81527

## INDEPENDENT AUDITOR'S REVIEW REPORT

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

### *Introduction*

We have reviewed the accompanying interim condensed consolidated statement of financial position of Qatar Electricity & Water Company Q.S.C. (the "Company") and its subsidiaries (together referred as the "Group") as of September 30, 2013, the related interim condensed consolidated statements of income and comprehensive income for the three and nine month period then ended, and the related interim condensed consolidated statements of changes in shareholders' equity and cash flows for the nine month period then ended, and selected explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### *Scope of review*

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

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

For **Deloitte & Touche**

**Doha - Qatar  
October 28, 2013**

**Muhammad Bahemia  
License No. 103**

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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As of September 30, 2013

	Notes	<b>September 30, 2013</b>	December 31, 2012
		<b>QR'000</b>	QR'000
		<b>(Reviewed)</b>	(Audited)
			(Restated)
<b>ASSETS</b>			
<b>Current assets</b>			
Bank balances and cash		<b>1,447,495</b>	2,689,515
Accounts receivable and prepayments		<b>763,284</b>	572,448
Inventories		<b>324,113</b>	368,756
Finance lease receivables	4	<b>126,732</b>	96,648
		<b>2,661,624</b>	3,727,367
Assets classified as held for sale	6	<b>29,846</b>	29,846
<b>Total current assets</b>		<b>2,691,470</b>	3,757,213
<b>Non-current assets</b>			
Property, plant and equipment	5	<b>4,874,621</b>	4,748,256
Intangible assets		<b>97,015</b>	101,492
Investment in associates	7	<b>124,735</b>	114,596
Subordinated loan receivable from a joint venture		<b>34,275</b>	198,424
Available-for-sale investments		<b>418,629</b>	424,358
Investment in joint venture companies	8	<b>309,415</b>	247,196
Finance lease receivables	4	<b>1,812,002</b>	1,912,934
Goodwill		<b>30,813</b>	30,813
Other non-current assets		<b>25,840</b>	15,810
<b>Total non-current assets</b>		<b>7,727,345</b>	7,793,879
<b>Total assets</b>		<b>10,418,815</b>	11,551,092

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

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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As of September 30, 2013

	Notes	<b>September 30, 2013</b>	December 31, 2012
		<b>QR'000</b>	QR'000
		<b>(Reviewed)</b>	(Audited)
			(Restated)
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accruals		<b>648,184</b>	867,459
Interest bearing loans and borrowings	9	<b>232,117</b>	1,329,251
Other term loans		<b>105,972</b>	125,972
Derivatives	10	<b>204,806</b>	289,468
Deferred income		<b>6,792</b>	6,792
<b>Total current liabilities</b>		<b>1,197,871</b>	2,618,942
<b>Non-current liabilities</b>			
Interest bearing loans and borrowings	9	<b>3,261,398</b>	3,394,159
Other term loans		--	100,000
Deferred income		<b>15,282</b>	20,375
Employees' end of service benefits		<b>38,915</b>	35,445
<b>Total non-current liabilities</b>		<b>3,315,595</b>	3,549,979
<b>Total liabilities</b>		<b>4,513,466</b>	6,168,921
<b>Equity</b>			
<b>Capital and reserves</b>			
Share capital		<b>1,000,000</b>	1,000,000
Legal reserve		<b>500,000</b>	500,000
General reserve		<b>3,241,834</b>	3,241,834
Other components of equity		<b>(1,538,732)</b>	(1,727,312)
Retained earnings		<b>2,476,406</b>	2,152,247
<b>Equity attributable to owners of the parent company</b>		<b>5,679,508</b>	5,166,769
Non-controlling interests		<b>225,841</b>	215,402
<b>Total equity</b>		<b>5,905,349</b>	5,382,171
<b>Total liabilities and equity</b>		<b>10,418,815</b>	11,551,092

.....  
Abdulla Bin Hamad Al-Attiah  
Chairman

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

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

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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME**

For the nine month period ended September 30, 2013

	Notes	For the three month period ended September 30,		For the nine month period ended September 30,	
		2013	2012	2013	2012
		QR'000 (Reviewed)	QR'000 (Reviewed) (Restated)	QR'000 (Reviewed)	QR'000 (Reviewed) (Restated)
Sales	11	<b>806,426</b>	770,640	<b>2,211,172</b>	2,143,386
Cost of sales		<b>(422,273)</b>	(439,859)	<b>(1,202,571)</b>	(1,212,137)
<b>Gross profit</b>		<b>384,153</b>	330,781	<b>1,008,601</b>	931,249
General and administrative expenses		<b>(52,800)</b>	(44,208)	<b>(178,981)</b>	(142,390)
Finance costs		<b>(38,997)</b>	(48,025)	<b>(147,562)</b>	(145,973)
Gain on sale of available for sale investments		--	--	<b>43,675</b>	81
Deferred income		<b>1,698</b>	1,698	<b>5,094</b>	5,094
Interest income		<b>4,191</b>	9,329	<b>13,236</b>	26,177
Dividend income		--	--	<b>21,495</b>	16,981
Miscellaneous income		<b>3,685</b>	3,764	<b>15,059</b>	16,135
Share of profits of associates		<b>6,504</b>	3,688	<b>13,484</b>	628
Share of profits of joint ventures		<b>115,734</b>	87,174	<b>279,144</b>	285,559
<b>Net profit for the period</b>		<b>424,168</b>	344,201	<b>1,073,245</b>	993,541
<b>Attributable to:</b>					
Owners of the parent company		<b>417,253</b>	339,825	<b>1,054,159</b>	976,373
Non-controlling interests		<b>6,915</b>	4,376	<b>19,086</b>	17,168
<b>Total</b>		<b>424,168</b>	344,201	<b>1,073,245</b>	993,541
<b>Basic and diluted earnings per share</b>					
Basic earnings per share	12	<b>4.17</b>	3.40	<b>10.54</b>	9.76
Basic earnings per share (as previously stated)		--	3.41	--	9.8

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

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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the nine month period ended September 30, 2013

	<b>For the three month period ended September 30,</b>		<b>For the nine month period ended September 30,</b>	
	<b>2013</b>	2012	<b>2013</b>	2012
	<b>QR'000</b>	QR'000	<b>QR'000</b>	QR'000
	<b>(Reviewed)</b>	(Reviewed)	<b>(Reviewed)</b>	(Reviewed)
		(Restated)		(Restated)
<b>Net profit for the period</b>	<b>424,168</b>	344,201	<b>1,073,245</b>	993,541
<b>Other comprehensive income for the period</b>				
Gain from cash flow hedges of the Company and its subsidiaries	<b>7,516</b>	21,223	<b>84,662</b>	22,384
Share of income / (loss) in other comprehensive income from joint venture companies	<b>(53,539)</b>	(13,416)	<b>91,405</b>	(202,595)
Share of gain in other comprehensive income from associate companies	<b>6,298</b>	--	<b>2,094</b>	--
Unrealized (loss) / gain on available for sale investments	<b>(871)</b>	32,648	<b>15,623</b>	15,730
<b>Other comprehensive income/(loss) for the period</b>	<b>(40,596)</b>	40,455	<b>193,784</b>	(164,481)
<b>Total comprehensive income for the period</b>	<b>383,572</b>	384,656	<b>1,267,029</b>	829,060
<b>Attributable to:</b>				
Owners of the parent company	<b>376,658</b>	380,703	<b>1,242,739</b>	807,107
Non-controlling interests	<b>6,914</b>	3,953	<b>24,290</b>	21,953
	<b>383,572</b>	384,656	<b>1,267,029</b>	829,060

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

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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

For the nine month period ended September 30, 2013

	Attributable to the equity holders of the parent company						Non-controlling interest	Total	
	Share capital	Legal reserve	General reserve	Retained earnings	Cash flow hedging reserve	Fair value reserve			Total
	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000			QR'000
Balance at January 1, 2013 (Audited) (Restated)	1,000,000	500,000	3,241,834	2,152,247	(1,961,126)	233,814	5,166,769	215,402	5,382,171
Net profit for the period	--	--	--	1,054,159	--	--	1,054,159	19,086	1,073,245
Other comprehensive income	--	--	--	--	172,957	15,623	188,580	5,204	193,784
Dividends paid for 2012	--	--	--	(730,000)	--	--	(730,000)	(13,851)	(743,851)
<b>Balance at September 30, 2013 (Reviewed)</b>	<b>1,000,000</b>	<b>500,000</b>	<b>3,241,834</b>	<b>2,476,406</b>	<b>(1,788,169)</b>	<b>249,437</b>	<b>5,679,508</b>	<b>225,841</b>	<b>5,905,349</b>

  

	Attributable to the equity holders of the parent company						Non-controlling interest	Total	
	Share capital	Legal reserve	General reserve	Retained Earnings	Cash flow hedging reserve	Fair value reserve			Total
	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000			QR'000
Balance at January 1, 2012 (Audited) (Restated)	1,000,000	500,000	3,241,834	1,406,522	(1,857,950)	196,654	4,487,060	199,367	4,686,427
Net profit for the period	--	--	--	976,373	--	--	976,373	17,168	993,541
Other comprehensive income	--	--	--	--	(184,996)	15,730	(169,266)	4,785	(164,481)
Dividends paid for 2011	--	--	--	(650,000)	--	--	(650,000)	(9,477)	(659,477)
<b>Balance at September 30, 2012 (Reviewed) (Restated)</b>	<b>1,000,000</b>	<b>500,000</b>	<b>3,241,834</b>	<b>1,732,895</b>	<b>(2,042,946)</b>	<b>212,384</b>	<b>4,644,167</b>	<b>211,843</b>	<b>4,856,010</b>

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



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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the nine month period ended September 30, 2013

	<b>For the nine month period ended September 30,</b>	
	<b>2013</b>	<b>2012</b>
	<b>QR'000</b> <b>(Reviewed)</b>	<b>QR'000</b> <b>(Reviewed)</b> <b>(Restated)</b>
<b>OPERATING ACTIVITIES</b>		
Net profit for the period	<b>1,073,245</b>	993,541
<b>Adjustments for:</b>		
Share of profits from associates	<b>(13,484)</b>	(628)
Share of profits from joint ventures	<b>(279,144)</b>	(285,559)
Depreciation	<b>337,872</b>	358,102
Amortization of intangible assets	<b>4,477</b>	4,478
Provision for employees' end of service benefits	<b>4,192</b>	4,476
Provision for slow moving inventories	<b>18,527</b>	13,691
Finance costs	<b>147,562</b>	145,973
Deferred income recognized	<b>(5,094)</b>	(5,094)
Gain on sale of available for sale investments	<b>(43,675)</b>	(81)
Dividend income	<b>(21,495)</b>	(16,981)
Adjustment for property plant and equipment	<b>5,340</b>	--
Interest income	<b>(13,236)</b>	(26,177)
	<b>1,215,087</b>	1,185,741
<b>Working capital changes:</b>		
Inventories	<b>26,116</b>	(82,077)
Accounts receivable and prepayments	<b>(190,836)</b>	(53,576)
Finance lease receivables	<b>70,848</b>	83,277
Accounts payable and accruals	<b>(219,275)</b>	2,443
<b>Cash from operations</b>	<b>901,940</b>	1,135,808
Finance costs paid	<b>(147,562)</b>	(145,973)
Employees' end of service benefits paid	<b>(722)</b>	(1,572)
<b>Net cash from operating activities</b>	<b>753,656</b>	988,263
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	<b>(469,581)</b>	(30,929)
Proceeds from sale of property, plant and equipment	<b>4</b>	162
Purchase of available for sale investments	<b>--</b>	(6,864)
Proceeds from sale of available for sale investments	<b>65,027</b>	--
Acquisition of associates	<b>--</b>	(98,428)
Interest received	<b>13,236</b>	26,177
Net movement in other non-current asset	<b>(10,030)</b>	634
Dividends received from associates	<b>5,439</b>	3,707
Dividends received from joint ventures	<b>308,331</b>	167,123
Dividends income received	<b>21,495</b>	16,981
<b>Net cash (used in) / from investing activities</b>	<b>(66,079)</b>	78,563

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

**QATAR ELECTRICITY & WATER COMPANY Q.S.C.****INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the nine month period ended September 30, 2013

	<b>For the nine month period ended September 30,</b>	
	<b>2013</b>	<b>2012</b>
	<b>QR'000</b>	<b>QR'000</b>
	<b>(Reviewed)</b>	<b>(Reviewed)</b>
		<b>(Restated)</b>
<b>FINANCING ACTIVITIES</b>		
Dividends paid to the owners of the company	<b>(730,000)</b>	(650,000)
Payment of interest bearing loans and borrowings	<b>(1,349,895)</b>	(233,237)
Repayments of subordinated loan from joint venture	<b>164,149</b>	44,972
Dividends paid	<b>(13,851)</b>	(9,477)
<b>Net cash used in financing activities</b>	<b>(1,929,597)</b>	(847,742)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,242,020)</b>	219,084
Cash and cash equivalents at beginning of period	<b>2,689,515</b>	2,469,468
<b>Cash and cash equivalents at end of period</b>	<b>1,447,495</b>	2,688,552

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

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

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine month period ended September 30, 2013

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### 1. CORPORATE INFORMATION

Qatar Electricity & Water Company Q.S.C. (the “Company”) is a public shareholding company incorporated in Qatar on March 16, 1992. The Company’s registered office is at QIMCO building, West Bay Corniche Road, P.O. Box 22046, Doha, State of Qatar. The interim condensed consolidated financial statements of the Company for the nine month period ended September 30, 2013 comprise the financial information of the Company and its subsidiaries (together referred as the “Group”). The Group is primarily involved in the production of electricity and water. The Company’s shares are listed on Qatar Exchange.

The structure of the Group, included in the interim condensed consolidated financial statements of Qatar Electricity and Water Company Q.S.C. is as follows:

		<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%

Also, included in the interim condensed consolidated financial statement, the share of income and other comprehensive income of the following joint venture companies 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%
		Caymen	
AES Oasis Limited	Associated entity	Island	38.89%
Phoenix Power Company	Associated entity	Oman	15%
Phoenix Operating Company	Associated entity	Oman	15%

The interim condensed consolidated financial statements of the Group for the nine month period ended September 30, 2013 were authorised for issue by the Board of Directors on October 28, 2013.

### 1.1 CHANGE IN ACCOUNTING POLICY

Starting from January 1, 2013, the Company changed its accounting policy for investment in joint venture companies from proportionate consolidation to equity method as required per the new standard of accounting for joint venture IFRS 11 “Joint Arrangement”.

### 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

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

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine month period ended September 30, 2013

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

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 24.46% of the total revenues of the Group for the period ended September 30, 2013 (September 30, 2012: 23.75%). No amendments have been made to the above agreement since both parties are continuing the discussions and are confident of obtaining the Emiri decree in due course.

### 3. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These interim condensed consolidated financial statements are prepared in accordance with IAS 34 "Interim Financial Reporting". The accounting policies used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements for the year ended December 31, 2012 except for the adoption of certain revised standards which are effective as of January 1, 2013.

The following new and amended standards have been adopted by the Company in preparation of this interim condensed consolidated financial statement. The new standards had a material impact to the Company that resulted in a restatement of prior periods' balances:

Effective for annual periods beginning on or after January 1, 2013

- IFRS 10 *Consolidated Financial Statements*
- IFRS 11 *Joint Arrangements*
- IFRS 12 *Disclosure of Interests in Other Entities*
- IFRS 13 *Fair Value Measurement*

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards. In addition, results for the nine month ended September 30, 2013 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2013.

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

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

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

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine month period ended September 30, 2013

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### 3. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

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

Sales from Dukhan desalination plant are accounted for in accordance with the Water Purchase Agreement signed with Qatar Petroleum. Adjustments are made on monthly basis to the financial statements to reflect the guaranteed revenue. However, settlement is done on annual basis.

Costs that are incurred unevenly during the financial year are anticipated or deferred in the interim condensed consolidated financial statements only if it would be appropriate to anticipate or defer such costs to the end of the financial year.

### 4. FINANCE LEASE RECEIVABLES

Finance lease receivables represent the proportionate 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* which became effective from January 1, 2006 in accounting for their self-constructed production facilities.

	<b>September 30, 2013</b>	December 31, 2012
	<b>QR'000</b>	QR'000
	<b>(Reviewed)</b>	(Audited) (Restated)
Finance leases – gross receivable	<b>3,334,101</b>	3,541,208
Unearned finance income	<b>(1,395,367)</b>	(1,531,626)
Net investment in finance leases	<b><u>1,938,734</u></b>	<u>2,009,582</u>

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

Current portion	<b><u>126,732</u></b>	<u>96,648</u>
Non-current portion	<b><u>1,812,002</u></b>	<u>1,912,934</u>

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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the nine month period ended September 30, 2013

**5. PROPERTY, PLANT AND EQUIPMENT**

	<b>Production facilities</b>	<b>Furniture, fixtures and office equipment</b>	<b>Motor vehicles</b>	<b>“C” inspection costs</b>	<b>Capital spares</b>	<b>Capital work in progress</b>	<b>Total</b>
	<b>QR'000</b>	<b>QR'000</b>	<b>QR'000</b>	<b>QR'000</b>	<b>QR'000</b>	<b>QR'000</b>	<b>QR'000</b>
<b>Cost:</b>							
At January 1, 2013 (Audited)							
(Restated)	8,035,159	24,794	6,522	258,107	50,487	186,519	8,561,588
Additions	3,819	445	89	43,543	--	421,685	469,581
Adjustment	(5,340)	--	--	--	--	--	(5,340)
Retirements/disposals	(2,260)	(7)	--	(50,353)	--	--	(52,620)
<b>At September 30, 2013 (Reviewed)</b>	<b>8,031,378</b>	<b>25,232</b>	<b>6,611</b>	<b>251,297</b>	<b>50,487</b>	<b>608,204</b>	<b>8,973,209</b>
<b>Depreciation:</b>							
At January 1, 2013 (Audited)							
(Restated)	3,593,542	20,401	3,520	182,403	13,466	--	3,813,332
Charge for the period	300,261	1,359	987	33,454	1,811	--	337,872
Relating to retirements/disposals	(2,260)	(3)	--	(50,353)	--	--	(52,616)
<b>At September 30, 2013 (Reviewed)</b>	<b>3,891,543</b>	<b>21,757</b>	<b>4,507</b>	<b>165,504</b>	<b>15,277</b>	<b>--</b>	<b>4,098,588</b>
Net carrying amounts:							
<b>At September 30, 2013 (Reviewed)</b>	<b>4,139,835</b>	<b>3,475</b>	<b>2,104</b>	<b>85,793</b>	<b>35,210</b>	<b>608,204</b>	<b>4,874,621</b>

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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the nine month period ended September 30, 2013

**5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

	Production facilities <u>QR'000</u>	Furniture, fixtures and office equipment <u>QR'000</u>	Motor vehicles <u>QR'000</u>	“C” inspection costs <u>QR'000</u>	Capital spares <u>QR'000</u>	Capital work in progress <u>QR'000</u>	Total <u>QR'000</u>
Cost:							
At January 1, 2012 (Audited) (Restated)	8,167,675	23,960	6,280	223,964	50,487	169,206	8,641,572
Additions	11,770	834	1,368	--	--	63,145	77,117
Transfer/reclassification	(19,501)	--	--	45,832	--	(45,832)	(19,501)
Asset classified as held for sale	(119,332)	--	--	--	--	--	(119,332)
Retirements/disposals	(5,453)	--	(1,124)	(11,689)	--	--	(18,266)
At December 31, 2012 (Audited) (Restated)	<u>8,035,159</u>	<u>24,794</u>	<u>6,524</u>	<u>258,107</u>	<u>50,487</u>	<u>186,519</u>	<u>8,561,590</u>
Accumulated Depreciation:							
At January 1, 2012 (Audited) (Restated)	3,286,607	17,995	3,388	134,648	10,934	--	3,453,572
Charge for the period	401,093	2,406	1,175	59,444	2,532	--	466,650
Asset classified as held for sale	(89,486)	--	--	--	--	--	(89,486)
Relating to retirements/disposals	(4,672)	--	(1,041)	(11,689)	--	--	(17,402)
At December 31, 2012 (Audited) (Restated)	<u>3,593,542</u>	<u>20,401</u>	<u>3,522</u>	<u>182,403</u>	<u>13,466</u>	<u>--</u>	<u>3,813,334</u>
Net carrying amounts:							
At December 31, 2012 (Audited) (Restated)	<u>4,441,617</u>	<u>4,393</u>	<u>3,002</u>	<u>75,704</u>	<u>37,021</u>	<u>186,519</u>	<u>4,748,256</u>

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2013

### 6. ASSET CLASSIFIED AS HELD FOR SALE

The Company intends to dispose Al Wajba Station during 2013 which was acquired by the Company on January 1, 2003 from Kahramaa along with other RAFASAT stations. The Company has discontinued the operations of its Al Wajba power production during 2010 as per the instructions received from the government of State of Qatar. A search is underway for a buyer. No impairment loss was recognized on reclassification of the station as held for sale. The net book value at the beginning of the period is QR. 29 million.

### 7. INVESTMENT IN ASSOCIATES

The Company has the following investments in associates:

	<i>Country of incorporation</i>	<i>Ownership</i>	<b>September 30, 2013</b> <b>QR'000</b> <b>(Reviewed)</b>	December 31, 2012 QR'000 (Audited) (Restated)
Phoenix Power Company S.A.O.C (i)	Oman	15%	--	--
Phoenix Operation and Maintenance Company LLC (ii)	Oman	15%	<b>410</b>	311
AES Oasis Ltd (iii)	Cayman Islands	38.89%	<b>124,325</b>	114,285
			<b>124,735</b>	<b>114,596</b>

- (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 2,000MW to be located at Sur, in the Sultanate of Oman.
- (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. The Company finalized its Purchase Price Allocation (PPA) for the business combination within the allowable one year period reflecting the new facts and circumstances that existed as of the acquisition date



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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2013

**8. INVESTMENTS IN JOINT VENTURE COMPANIES (Q POWER Q.S.C., MESAIEED POWER COMPANY LIMITED Q.S.C. AND RAS GIRTAS POWER COMPANY LIMITED Q.S.C.)**

During the period, the Company has changed its accounting treatment of joint ventures from proportionate consolidation to equity method as per the requirements of IFRS 11. The accounting treatment of equity method requires the Company to record its share of net income and other comprehensive income items. In case of having negative investment, the Company shall assess whether it has any legal or constructive obligation. If so, the corresponding liability is recognized; if not, no liability is recognized and retained earnings are adjusted instead as a result of adopting IFRS 11. The following are the joint ventures where the Company has applied IFRS 11:

	<i>Country of incorporation</i>	<i>Ownership</i>	<b>September 30, 2013</b>	December 31, 2012
			<b>QR'000 (Reviewed)</b>	QR'000 (Audited) (Restated)
Q Power Q.S.C.	Qatar	55%	<b>309,415</b>	247,196
Mesaieed Power Company Limited	Qatar	40%	--	--
Ras Girtas Power Company Limited	Qatar	45%	--	--
			<b>309,415</b>	<b>247,196</b>

**9. INTEREST BEARING LOANS AND BORROWINGS**

	<b>September 30, 2013</b>	December 31, 2012
	<b>QR'000 (Reviewed)</b>	QR'000 (Audited) (Restated)
Loan 1	<b>1,418,493</b>	1,462,479
Loan 2	<b>792,521</b>	812,018
Loan 3	<b>395,402</b>	405,130
Loan 4	--	1,093,500
Loan 5	<b>897,910</b>	962,471
	<b>3,504,326</b>	4,735,598
Less: financing arrangement costs	<b>(10,811)</b>	(12,188)
	<b>3,493,515</b>	<b>4,723,410</b>

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

Current portion	<b>232,117</b>	1,329,251
Non-current portion	<b>3,261,398</b>	3,394,159
	<b>3,493,515</b>	<b>4,723,410</b>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2013

**10. DERIVATIVES**

	<b>September 30, 2013</b>	December 31, 2012
	<b>QR'000</b>	QR'000
	<b>(Reviewed)</b>	(Audited) (Restated)
Cash flow hedge of the company and its subsidiaries	<b>204,806</b>	289,468

**11. SALES**

	<b>For the three month period ended September 30,</b>		<b>For the nine month period ended September 30,</b>	
	<b>2013</b>	2012	<b>2013</b>	2012
	<b>QR'000</b>	QR'000	<b>QR'000</b>	QR'000
	<b>(Reviewed)</b>	(Reviewed) (Restated)	<b>(Reviewed)</b>	(Reviewed) (Restated)
Sales represent revenue generated from the supply of:				
Electricity	<b>457,297</b>	437,006	<b>1,203,895</b>	1,163,080
Water	<b>301,311</b>	283,674	<b>870,100</b>	833,965
Lease income from plant leases				
-Ras Laffan Power Company Limited Q.S.C.	<b>47,818</b>	49,960	<b>137,177</b>	146,341
	<b>806,426</b>	770,640	<b>2,211,172</b>	2,143,386

**12. BASIC EARNINGS PER SHARE**

Basic earnings per share are calculated by dividing the net profit for the period by the weighted average number of shares outstanding during the period as follows:

	<b>For the three month period ended September 30,</b>		<b>For the nine month period ended September 30,</b>	
	<b>2013</b>	2012	<b>2013</b>	2012
	<b>(Reviewed)</b>	(Reviewed) (Restated)	<b>(Reviewed)</b>	(Reviewed) (Restated)
Net profit for the period attributable to owners of the parent (in QR'000)	<b>417,253</b>	339,825	<b>1,054,159</b>	976,373
Weighted average number of shares outstanding during the period (in shares) (in'000s)	100,000	100,000	100,000	100,000
Basic earnings per share (expressed in QR per share)	<b>4.17</b>	3.40	<b>10.54</b>	9.76

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2013

**13. COMMITMENTS AND CONTINGENT LIABILITIES**

	<b>September 30, 2013</b>	December 31, 2012
	<b>QR'000</b>	QR'000
	<b>(Reviewed)</b>	(Audited)
<i>Commitments:</i>		
Capital commitments (i)	<b>1,069,078</b>	169,032
<i>Contingent liabilities:</i>		
Bank guarantees, corporate guarantees and documentary credits	<b>505,408</b>	663,204

*Notes:*

(i) Capital commitments include the following:

Capital commitment represents the construction of RAF A2 project to build water plant capable of generating 36 million gallons a day (MIGD).

**14. RELATED PARTY DISCLOSURES**

**Related party transactions**

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

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

		<b>For the three month period ended September 30,</b>		<b>For the nine month period ended September 30,</b>	
		<b>2013</b>	2012	<b>2013</b>	2012
		<b>QR'000</b>	QR'000	<b>QR'000</b>	QR'000
		<b>(Reviewed)</b>	(Reviewed)	<b>(Reviewed)</b>	(Reviewed)
<i>Sales:</i>					
Revenue from sale of electricity	KAHRAMAA	<b>457,297</b>	437,006	<b>1,203,895</b>	1,163,080
Revenue from sale of water	KAHRAMAA	<b>295,832</b>	278,908	<b>858,290</b>	822,868
	Qatar Petroleum	<b>5,479</b>	4,796	<b>11,810</b>	11,097
Lease income from plant leases	KAHRAMAA	<b>47,818</b>	49,960	<b>137,177</b>	146,341
<i>Cost of sales:</i>					
Cost of gas consumed	Qatar Petroleum	<b>224,544</b>	219,483	<b>582,297</b>	555,924
<i>Other income:</i>					
Interest on bank deposits	Qatar National Bank	<b>3,039</b>	8,955	<b>11,183</b>	21,496

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2013

**14. RELATED PARTY DISCLOSURES (CONTINUED)**

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

	<u>September 30, 2013</u>		<u>December 31, 2012</u>	
	<u>Trade receivables</u> <u>QR'000</u> <u>(Reviewed)</u>	<u>Trade and other payables</u> <u>QR'000</u> <u>(Reviewed)</u>	<u>Trade receivables</u> <u>QR'000</u> <u>(Audited)</u>	<u>Trade and other payables</u> <u>QR'000</u> <u>(Audited)</u>
KAHRAMAA	<u>740,389</u>	<u>4,998</u>	<u>528,692</u>	<u>4,785</u>
Qatar Petroleum	<u>4,654</u>	<u>148,759</u>	<u>3,161</u>	<u>121,547</u>

**Compensation of key management personnel**

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

	<u>For the nine month period ended September 30,</u>		<u>For the nine month period ended September 30,</u>	
	<u>2013</u> <u>QR'000</u> <u>(Reviewed)</u>	<u>2012</u> <u>QR'000</u> <u>(Reviewed)</u>	<u>2013</u> <u>QR'000</u> <u>(Reviewed)</u>	<u>2012</u> <u>QR'000</u> <u>(Reviewed)</u>
Management remuneration	<u>6,107</u>	<u>1,417</u>	<u>26,089</u>	<u>20,587</u>
Directors' sitting fees	<u>5,400</u>	<u>6,400</u>	<u>16,200</u>	<u>16,200</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2013

**15. FAIR VALUES**

Set out below is a comparison of the carrying amounts and fair values of financial instruments as at September 30, 2013:

	<u>Carrying amount</u>	<u>Fair value</u>
<b>Financial assets:</b>		
Subordinated loan receivable	34,275	34,275
Available-for-sale investments	418,629	418,629
Finance lease receivables	1,812,002	1,812,002
Investment in associates	124,735	124,735
Investment in joint venture companies	309,415	309,415
<b>Total non-current</b>	<u>2,699,056</u>	<u>2,699,056</u>
Trade and other receivables	763,284	763,284
Finance lease receivables	126,732	126,732
Cash and bank balances	1,447,495	1,447,495
<b>Total current</b>	<u>2,337,511</u>	<u>2,337,511</u>
<b>Total financial assets</b>	<u>5,036,567</u>	<u>5,036,567</u>
	<u>Carrying amount</u>	<u>Fair value</u>
<b>Financial liabilities:</b>		
Interest bearing loans and borrowings	3,261,398	3,261,398
<b>Total non-current</b>	<u>3,261,398</u>	<u>3,261,398</u>
Accounts payable and accruals	588,184	588,184
Interest bearing loans and borrowings	232,117	232,117
Other term loans	105,972	105,972
Derivatives	204,806	204,806
<b>Total current</b>	<u>1,131,079</u>	<u>1,131,079</u>
<b>Total financial liabilities</b>	<u>4,392,477</u>	<u>4,392,477</u>

**Fair Value of Financial Instruments**

The fair value of financial instruments approximates their carrying value.

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2013

### 15. FAIR VALUES (CONTINUED)

#### *Fair Value Hierarchy*

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows.

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

	Level 1	Level 2	Level 3	Total
<b>September 30, 2013:</b>				
<b>Financial assets measured at fair value</b>				
Available-for-sale investments	<b>418,629</b>	--	--	<b>418,629</b>
<b>Financial liabilities measured at fair value</b>				
Interest rate swaps used for hedging	<b>204,806</b>	--	--	<b>204,806</b>
<b>December 31, 2012:</b>				
<b>Financial assets measured at fair value</b>				
Available-for-sale investments	424,358	--	--	424,358
<b>Financial liabilities measured at fair value</b>				
Interest rate swaps used for hedging	289,468	--	--	289,468

### 16. PRIOR YEAR ADJUSTMENTS

The consolidated financial statements for the year ended December 31, 2012 has been restated to reflect the new accounting treatment of joint ventures as per IFRS 11. The Company has changed its accounting treatment of joint ventures from proportionate consolidation to equity accounting. The values and effects of such restatements are outlined as follows:

#### *1. December 31, 2012 restatements:*

	2012 (as reported) QR'000	2011 adjustments QR'000	2012 adjustments QR'000	2012 restated QR'000
<b>Current assets</b>	<b>5,331,265</b>	<b>(1,514,808)</b>	<b>(59,244)</b>	<b>3,757,213</b>
<b>Non-current assets</b>	<b>16,928,267</b>	<b>(9,228,683)</b>	<b>94,295</b>	<b>7,793,879</b>
<b>Current liabilities</b>	<b>6,170,901</b>	<b>(3,562,497)</b>	<b>10,538</b>	<b>2,618,942</b>
<b>Non-current liabilities</b>	<b>12,032,748</b>	<b>(8,639,738)</b>	<b>156,969</b>	<b>3,549,979</b>
<b>Net assets/equity</b>	<b>4,055,883</b>	<b>1,458,744</b>	<b>(132,456)</b>	<b>5,382,171</b>