2014
Annual Report

شركة الكهرباء والماء القطرية ش.م.ق
QATAR ELECTRICITY & WATER CO. Q.S.C.

Contents

His Highness
Sheikh Hamad Bin Khalifa Al-Thani
The Father Emir

His Highness
Sheikh Tamim Bin Hamad Al-Thani
The Emir of State of Qatar

Board of Directors

H.E. Dr. Mohamed Bin Saleh Al-Sada
Minister of Energy & Industry Affairs
Chairman of QEWC.

H.E. Mr. Issa Bin Shaheen Al-Ghanim
Vice Chairman

H.E. Sh. Hamad Bin Jassem Al-Thani
Member

H.E. Sh. Hamad Bin Jabor Bin Jassim Al-Thani
Member

H.E. Sh. Saud Bin Khalid Al-Thani
Member

H.E. Sh. Faisel Bin Saud Al-Thani
Member

H.E. Sh. Mohd. Bin Hamad Al-Thani
Member

Mr. Adel Bin Ali Bin Ali
Member

Mr. Khalifa Bin Ali Khalifa Al-Hitmi
Member

Mr. Nasser Bin Khaleel Al-Jaidah
Member

Mr. Fahad Bin Hamad Al-Mohanadi
Member

Chairman's Message

H.E. Dr. Mohamed Bin Saleh Al-Sada
Minister of Energy & Industry Affairs
Chairman of QEWC.

Esteemed Shareholders,

Representatives of Corporate auditing department,

Members of the board of directors of Qatar Electricity and Water Company,

Ladies and Gentlemen,

Peace, Mercy and Blessings of God be upon you.

It is my pleasure to express our gratitude for your presence, to attend the general assembly meeting, on behalf of myself, my fellow members of the board of directors and the employees of the company. I am pleased to present to you the annual report for the fiscal year ending on 31 of December 2014, which gives results and indicators to support our position and boost the stance that our company has achieved in this sector.

Esteemed shareholders,

Since it was founded, almost a quarter of a century ago, The Qatar Electricity and Water Company has played a vital role in supporting our national economy. Based on a high level of trust and reliability, the company has been able to handle the increasing demand of electricity and water that has accompanied the rapid growth of the national economy- thanks to the farsighted leadership and wise vision of His Highness the Emir Sheikh Tamim Bin Hamad Al-Thani, who is continuing on the footsteps of His Highness the Emir Father Sheikh Hamad Bin Khalifa Al-Thani, May God bless and protect them both- as well as the company's ability to achieve uninterrupted positive results on both operational and financial fronts. This proves the company's ability to continue developing. Its successful investment plans bring about more progress, growth and prosperity, domestically and internationally.

As a national corporation, the Qatar Electricity and Water Company has continued its pursuit to achieve distinction in the field of electricity and water production until it has become one of the largest leading companies in this field in the region. The company continues to endeavor to achieve its aspirations through investments in electricity and water projects in the local, regional, and international markets.

Esteemed shareholders,

The company has carried on its long journey through raising its efficiency and improving its operational performance through completing various new domestic projects, such as the expansion works of Ras Abu Funtas (A2), fully owned by the company, which is near completion. Also the project of constructing an electricity and water plant in the economic zone, as well as the water desalination and water treatment station at the Ras Laffan industrial city, and the Ras Abu Funtas water desalination plant (A3) expansion works.

Affirming our investment and income diversification policy, the company expanded its overseas electricity and water projects according to a balanced and well planned strategy. We launched Nebras Power Company of which Qatar Electricity and Water Company owns 60%. On its initial investment, within less than a year, the new company was able to acquire 35% of a solar power generation plant currently under construction in Maan – Jordan, with an output capacity of 52.5 Megawatt. Nebras Power is also carrying out a study to purchase BTU shares in Al-Taweela station – Abu Dhabi and the Carthage station – Tunisia, as well as expanding the East Amman power Station IPP4- in Jordan, also reviewing the feasibility for wind power generation station (ONEE) in Morocco.

Keeping up with the rapidly developing electricity generation and water desalination technologies in its future projects, and without depending solely on gas, the company has begun to study the possibility of entering into domestic, regional, and international projects to generate electricity from renewable alternative energy sources, like solar and wind power in addition to coal. In principle, The Company has endorsed a partnership project with Qatar petroleum to establish a local company specialized in building solar power plants with a capital of 500 million Qatari Riyals.

Ladies and Gentlemen,

Qatar Electricity and Water Company had an exceptional year 2014 in terms of operational and financial performance. It has managed to fulfill the demands of the Qatar General Electricity and Water Corporation. It has also achieved the highest level of profitability over the last few years. By the end of 2014, the company has achieved a total revenue of 3588 Million Qatari Riyals. Net profit for the company reached QR 1,530 millions. This is a reflection of the company's successful planning, making the optimum use of its resources to achieve its objectives. These objectives include upgrading current stations and starting new projects to increase productivity in response to the increasing demand on electricity and water while generating reasonable and increasing revenues for the company's shareholders. It is notable to mention that Moody's has affirmed company's credit rating at A1/ stable same as 2013 and previous years, which shows company's strong financial position to the investors and global markets.

The upcoming period is rich in investment opportunities. We are exerting our utmost efforts to make use of these opportunities and utilize them for the best interest of the company and its shareholders. We spare no effort in reaching the highest possible value for our shareholders through the optimum use of a profit generating development strategy.

Esteemed shareholders,

All the successes achieved by the company wouldn't have been possible without the continuing support and the wise leadership of His highness the Emir Sheikh Tamim Bin Hamad Al-Thani, and the prudent policies of his government headed by His Excellency Sheikh Abdullah Bin Nasser Al-Thani, Prime Minister, and Minister of Interior, and also due to the unlimited trust of our shareholders as well as the efforts of members of the Board of Directors in drawing the basic policies of the company and following up their implementation. Last but not least to the hard work, dedication and relentless efforts of the management and employees and their endeavor to reach the highest possible level of professional performance. The fruits of these efforts are vividly seen in our numerous achievements. To all those I extend my heartfelt gratitude, praying to Almighty God to guide us to path of success and protect our achievements for the good of our beloved country, Qatar.

Thank you and peace be upon you all.

Company Objectives

Our Vision

To be the leading power generation and water desalination company in the Middle East.

Our Mission

- Motivte our employees to work congenially towards positive growth.
- Partnering with our customers to ensure success.
- Operate in a clean and safe environment.
- Create wealth for our shareholders.

Our Values

Social Responsibility

We vlue the safety and quality of the life of our employees and respect the environment of the surrounding community where we operate.

Integrity

We are responsible for our decisions and actions. We honour our commitments. We are trustful and ethical. We treat others as we would like to be treted ourselves.

Innovation

We create innovative processes and solutions to boost our productivity and meet our customers' requirements.

Teamwork

We value our employees' multicultural thinking and experience.

QEWC in Brief

Qatar Electricity and Water Company (QEWC), a Qatari public shareholding company, is one of the first private sector companies in the region that operates in the field of electricity generation and water desalination. Established in 1990 in accordance with the provisions of the Qatari Commercial Companies Law, its purpose was to own, manage, and sell the products of electricity generation and water desalination plants.

Upon its foundation, the company's capital was one billion Qatari Riyals divided into one hundred million shares at the value of 10 QR per share. On 25 February 2014, the extraordinary general assembly decided to distribute ten million bonus shares among the shareholders by giving one share for every ten shares. Accordingly, the company capital share became one billion and one hundred million Qatari Riyals that were fully paid divided into one hundred and ten million shares. The Qatari government and its affiliates own approximately 52% of the capital and the rest of the shareholders, companies and individuals, own about 48%. The eleven-member board of directors chaired by H.E. Dr. Mohammed bin Saleh Al-Sada, Minister of Energy and Industry, run the company.

QEWC is the second largest company in the field of power generation and water desalination in the Middle East and North Africa (MENA) region. It is the main supplier for electricity and desalinated water in Qatar with a market share of 62% of electricity and 79% of water. The company generates electricity of 5.432 Megawatt and produces 258 million gallons of water per day. Over the last decade, the company witnessed remarkable growth in alignment with the rapid development of the Qatari economy and the increase of population, which in its turn increased the demand on electricity and water. QEWC revenues increased at a compounded annual growth rate of approximately 10.3%.

The Company's Projects:

The company owns and operates a number of the key electricity generation and water desalination plants. They are as follows:

- Ras Abu Fontas Plant (A): Production capacity of 497 megawatt of electricity and 55 million of water gallons per day.
- Ras Abu Fontas Plant (A1): Production capacity of 45 million of water gallons per day.
- Ras Abu Fontas Plant (A2): Production capacity of 36 million of water gallons per day.
- Ras Abu Fontas Plant (B): Production capacity of 609 megawatt of electricity and 33 million of water gallons per day
- Ras Abu Fontas Plant (B1): Production capacity of 376.5 MW of electricity.
- Ras Abu Fontas Plant (B2): Production capacity of 567 MW of electricity and 30 million of water gallons per day.

The company also owns and operates the following sub-station:

- Dukhan Desalination Plant: with a capacity of 2 million of water gallons per day

In addition, the company holds share in all domestic electricity generation and water desalination companies as follows:

1. 80% in the Ras Laffan Power Company Limited, which has the capacity of 756 MW of electricity and 40 million gallon of water per day. In addition, QEWC has full ownership of the Ras Laffan Operating Company.
2. 55% in the Qatar Power Company, which has the capacity of 1,025 MW of electricity and 60 million gallon of water per day.
3. 40% in Mesaieed Power Company, which has the capacity of 2,007 MW of electricity.
4. 45% in Ras Girtas Power Company, which is the largest power generation project in the region with a capacity of 2,730 MW of electricity and 63 million gallon of water per day.
5. 60% in Nebrass Company.

Company's Investments and Future Plans:

Nebras Power Company, a Qatari shareholding company, was founded with a capital of one billion USD. Qatar Electricity and Water Company owns 60% of its shares while both, Qatar Petroleum International and Qatar Holding Company own 20% each. Nebras was established for the purpose of global investment in the new or existing projects and businesses related to this sector. Hence, QEWC presence will be globally enhanced thanks to the Qatar Holding Company and QPI's support for the company to expand in the power generation sector worldwide taking into account that it is one of the key sectors to support the State's economic progress through raising substantial revenues. The first investment was the acquisition of 35% of shareholding in Shams Ma'an Power Generation PSC, Jordan, in 2014.

Moreover, QEWC engaged as a partner with international companies to establish other similar projects in the Sultanate of Oman, such as the Sur Power Plant, with a total output of 2000 megawatt of Electricity, which is considered to be one of the largest projects in the region and in Jordan, Amman East Power Plant, with a total output of 370 megawatt of electricity. In keeping pace with the rapid and large strides of developments in the field of water and electricity production, the company is currently studying the possibility of entering into new projects to generate electricity form alternative sources with the participation of international and domestic companies.

Attractive and Motivating Characteristics and Factors:

QEWC is previlaged with an established purchase market and having a low risk profile in the infrastructure and utilities sector in Qatar. The value of the company's shares are also stable with favorable growth prospects, especially after the significant growth of the national economy and the completion of planned projects outside Qatar. The growing dividend distributions is one of the positive factors that charcterizes the company. QEWC has some attractive and motivating factors and charcterisitics mainly:

1- The Company provides steady flow of revenue, especially due to the power and water purchase agreements with Qatar General Electricity and Water Corporation (Kahramaa).

2- The Company has signed long-term fuel supply agreements with QP, which ensures the stability in the cost of production, as fuel cost is the largest single variable component of the cost of production. QP is a major supplier of the world's natural gas, in normal form or liquefied gas form, which also ensures excellent reliability of gas supply to the company's power and water desalination plants and high thermal efficiency in conformity with global environmental specifications.

3- Based on the accumulated experience and reputation gained throughout the last twenty five years, QEWC prospects available expansion opportunities outside Qatar, in MENA region, as well as the East Asia markets. This may increase the evaluation of the company in case of achieving successful projects in such markets.

The Dividend Distribution Policy in line with the profit realized and long term plan, which extends for more than 12 years that's updated every while, also makes company shares more attractive to investors.

Financial Policy:

The Company adopts a long-term policy to increase the operating income. The impact of such policies became apparent on the results achieved by the company, thanks to its operating efficiency and optimum control of production costs. QEWC was able to achieve a steady increase in its financial results over the operating years, which enabled it to distribute dividends to its shareholders in annually increasing basis. Such a matter was positively reflected on the price of shares in the local market enabling QEWC to maintain stability and not to be affected by price fluctuations. The company adopted a balanced dividend distribution policy, in order to meet its financial obligations and to enable it to finance its new projects.

Social Responsibility:

QEWC is fully aware of its responsibilities towards society and the citizens in the State of Qatar. It firmly believes in a strong correlation between the company's business success and its responsibility towards the community. In the context of maintaining its social responsibilities, QEWC management continued such efforts that the company signed an agreement with the Ministry of Interior to act as a supporter and a major sponsor for anti-drug project for a period of five years starting from 2013 and committed to contribute QR 5 million. QEWC is also providing support and donations to a number of health, educational, cultural, artistic, social, humanitarian, and environmental and sports centers and institutions. In addition, it sponsors some scientific and intellectual conferences and symposia that targets the service and development of civil society institutions with their various activities and objectives.

The Company's Credit Rating:

The international corporations of Moody's and issued their annual credit rating of 2014. QEWC rating was as follows:

- Moody's: A1/ stable (2013 and 2012 was A1)

The company has succeeded to preserve its rating. However, it is working on taking the procedures that help promote its evaluation in the coming years.

Conclusion:

Electricity and water production is one of the most significant factors to support and develop the national economy. QEWC is committed to develop and continue its works in accordance with the highest standards and international practices; to sustain the principles of disclosure and transparency to the public and its shareholders; and to attain the highest rates of profits for its shareholders. The company has achieved high-level performances that helped the continuity of its contribution to the effective support to the overall renaissance in the State, a matter that is positively reflected on the results of its revenues and the distributed profits.

Report of the Borad of Dirctors
On the activities of the Qatar Electiricy & Water Co.
for the fiscal year ended on 31th December 2014

Introduction:

Qatar Electricity and Water Company was able to achieve a lot of successes and achievements during its life, which started almost 25 years ago. It was able to reach highest levels of performance and was able to operate its power generation and water desalination stations in accordance with international standards of performance and contributed effectively to support the national economy in light of the environmental and social requirements and economic needs of Qatar General Electricity and Water Corporation.

The company has seen qualitative development locally and internationally, through participation with international companies in the five large projects in the field of electricity and water in the state of Qatar and establishment of four companies in the field of electricity and water, namely, Ras Laffan Power Company, Qatar Power Company, Mesaieed Power Company and Ras Girtas Power Company. These companies play a positive role in securing the electricity and water needs of State of Qatar and contribute to the economic, urban and industrial renaissance. Nebras Power Company was established with a capital of US $ 1 Billion as a partnership between Qatar Electricity & Water Company 60%, Qatar Petroleum International 20% and Qatar Holding 20%. The company specializes in investing in the field of electricity generation and related businesses outside the State of Qatar and the company has started its activity by acquiring 35% shares of Shams Ma'an power plant, Jordan.

In line with the rapid developments in the electricity generation and water desalination technologies, the company is seeking to engage itself in the usage of alternative energy, particularly solar power. The company is currently reviewing the proposal for the establishment of its first solar power project in Qatar in partnership with Qatar Petroleum.

The performance of Qatar Electricity and Water Company was remarkable during 2014. It achieved the highest level of profit during the year. This comes as a reflection of the company's plans, which rely on the optimum utilization of the sources of income to achieve its goals in the development of existing plants and to create new projects to increase production in order to meet the increasing demand for electricity and water. It results in higher profits to its shareholders.

The company issued the following report of the results of its operations for the fiscal year ending December 31, 2014 to showcase activities and achievements of the company and its subsidiaries and associates. It also shows the future vision to ensure the sustainability of electricity and water for all public and private facilities in the Country.

First: Financial results:

Operating income for 2014 amounted to QR 2,989 million compared to QR 2,904 million for the year 2013 an increase of 3%. Income from joint ventures amounted to QR 393 million, compared to QR 379 million for the year 2013 an increase of 4%. Investment and Other Income reached QR 206 million compared to QR 128 million riyals in 2013. Thus total revenue for the year 2014 amounted to QR 3,588 million, an increase of 5% from year 2013.

The total operating expenses for the year 2014 amounted to QR 1,679 million compared to QR 1,598 million for the year 2013, an increase of 5%. General and administrative expenses reached QR 235 million, compared to QR 224 million in 2013, an increase of 5%. Financing expenses for the year was QR 108 million compared to QR 178 million for 2013, a decrease of 39%.

The net profit attributable to minority shareholders amounted to QR 36 million, compared to QR 27 million for the year 2013.

Based on the above, net profit of Qatar Electricity and Water Company for 2014 has reached QR 1,530 million compared to QR 1,384 million in 2013, an increase of 11%.

Esteemed shareholders can have access to the detailed financial statements approved by the Board of Directors and the external auditor of the company in the annual report.

Based on the results of the company's business performance and achievements outlined in the final accounts and based on good financial results for the 2014, the Board recommends to the General Assembly of the company a cash dividend of 75% of the nominal value per share to the shareholders for the fiscal year 2014.

Second, the company's projects and future plans:

Based on the approved general plan, the company intends to implement new projects to increase the company's efficiency and production capacity in line with the following principles:

- Expand, develop and modernize existing plants and establish new plants and projects capabilities.
- Commitment to periodic maintenance and operational programs to optimize the operation and reducing the rate of loss.
- Implementation of new projects in coordination with Qatar General Electricity and Water Corporation and the Ministry of Energy and Industry with the participation of international companies.
- Expansion of renewable and alternative energy projects, especially solar power.
- Strengthen its position in the global markets and achieve the best opportunities for investment in energy projects outside the country through Nebras Power, in which the company owns 60%.

The following statement shows the company's projects and future plans at the local and international levels.

Projects under implementation:

• Ras Abu Fontas expansion (A2):

In January 2013, the company signed contracts for construction of water plant with a capacity of 36 MIGD of water. Water Purchase Agreement was also signed with Qatar General Electricity and Water Corporation. The project has already completed 98% and it is a fully owned project of the company. The project is expected to complete on June 10, 2015 at a total cost of US$ 504 million.

• Sur Power Project in Oman:

Construction of the project was completed and was in full commercial operation from December 11, 2014 with a production capacity of 2,000 MW of electricity. The project is one of the largest energy projects in the region and the company's share in the project is 15%. The project is expected to achieve return of 10%.

Future projects:

1- Local Projects:

• Electricity and Water station at Qatar Economic Zone:

At the request of Qatar General Electricity and Water Corporation, with the participation of Qatar Electricity & Water Company (60%, Qatar Petroleum (5%), Qatar Foundation (5%) and international companies (30%), a power and water plant with a capacity of 2,400 MW of electricity and 130 MIGD of water will be constructed at Qatar Economic Zone.

The selection from different qualified companies for the implementation of the project is underway. The best offer will be selected and agreements will be signed for implementation and the project is expected to be completed in the second quarter of 2018.

• Ras Abu Fontas (A 3):

Negotiations are ongoing between the Company and Qatar General Electricity and Water Corporation to sign a contract for the construction of Water Desalination plant with a capacity of 36 MIGD of desalinated water. The construction of the plant will start in the first quarter of 2015 and is expected to be fully operational by the end of December 2016.

• Industrial Desalinated Water Facility at Ras Laffan:

At the request of Qatar General Electricity and Water Corporation, with the participation of Qatar Electricity & Water Company (60%), Qatar Petroleum (5%), Qatar Foundation (5%) and international companies (30%), an industrial desalinated water facility with a capacity of 65 MIGD of water is expected to be constructed in Ras Laffan. The plant is expected to meet the requirements of industrial zone in Ras Laffan Industrial City.

Qatar General Electricity and Water Corporation has selected nine international companies to bid for the project and tender was issued on July 10, 2014. KAHRAMAA is expected to receive the bids from qualified companies in January 2015 and is expected to sign the agreements on 31 May 2015. The first phase of the project is expected to be completed by April 30, 2017.

• Establishment of a joint venture between Qatar Petroleum and Qatar Electricity and Water Co. to generate solar power:

Based on the instruction from His Excellency The Prime Minister, a complete study for establishment of a specialized company in partnership between Qatar Electricity and Water Company and Qatar Petroleum to generate Solar power is initiated for presentation to His Excellency The Prime Minister.

• Lusail Tower Project:

The company owns approximately 25,000 square meters vacant land at prime location in Lusail and is currently studying the possibility of building an administrative tower at a total cost of approximately one Billion Qatari Riyals. A part of the proposed tower is expected to be used as headquarters of QEWC and its subsidiaries and the remaining part is estimated to yield commercial investment revenue of 8% per annum.

The company is currently reviewing the offers received from specialized companies to select the best offer for the implementation of the project.

• Sale of Al Wajbah, Saliyah and Doha South stations:

Al Wajbah station was shut down at the beginning of 2010 and Saliyah and Doha South Stations were shut down in December 2014. The company has raised tender for sale of the plants and is expected to complete the sale process and the removal by the end of 2015.

2- International Projects:

This part includes foreign projects in which QEWC participates through Nebras Power Company, where the company holds 60% shares.

• Stake in Solar power project, Shams Ma'an, Jordan:

Nebras Power Company signed Agreement with Diamond Generating Europe Ltd. (UK), Kawar Investment (Jordan), First Solar (USA), Solar Ventures (Italy) and First International Investment (Jordan) to acquire a share in 52 MW power plant at Shams

Ma'an, Jordan. Construction contract was also signed between Shams Ma'an power Company Inc and First Solar. The expected investment by Nebras Power Company is approximately US $ 15 million and expected return on investment will be more than 15%. The Construction of the project will be started in April 2015 and the project is expected to complete by the third quarter of 2016.

- **BTU stake in Taweelah Plant, Abu Dhabi and Carthage station, Tunisia:**

Nebras Power Company is currently in negotiations with Deloitte, the legal liquidator appointed by the court, to buy 10% shares held by BTU in Taweelah plant Abudhabi and 60% shares held by BTU in Rades 2 Plant Tunisia. It is expected that final agreement will be signed by March 31, 2015. Return on investment expected from Taweelah is 9% and Rades 2 Plant is 12%.

- **IPP4 Expansion Project, Amman, Jordan:**

Nebras Power Company is currently holding negotiations with AES to buy 40% of the 60% stake it holds in IPP 4 Expansion project. The project is under construction and it is expected to have 243 MW power generation capacity, when completed. The Company has submitted its binding offer on July 10, 2014 and negotiations are ongoing with regard to share purchase agreement, shareholders and funding. The final agreement is expected to be signed by the end of January 2015 and expected return of the project is estimated at 14%.

- **Wind Power Generation Project (ONEE) - Morocco:**

Nebras power company is seeking to participate in the project to establish five wind power generating plants in morocco with total capacity of 850 MW of power. Nebras is expected to have 25% share, EDF-en (France) 26%, Fipar (Moroccan Sovereign Wealth Fund) 14% and ONEE (National Bureau of Electricity and Water Morocco) 35%. Technical offer has been submitted on September 5, 2014 m and is expected to submit financial offer in March 2015. The expected investment by Nebras Power Company is US $ 80 million and is also expected to yield a return between 10-12%.

- **Afsin El-Bistan Project, Turkey:**

Nebras Power Company is considering the feasibility to enter as a partner with Qatar Holding Company and Electricity Generation Company (EUAS), Turkey, for the construction of several plants in Turkey to generate electricity by using coal as fuel in addition to development of mine for extraction of coal. The expected total capacity is 4,500 MW. In order to provide an initial offer, the company is holding negotiations with the Turkish side on the signing of a memorandum of understanding on the project. The expected investment will be US$ 12-14 billion and expected return is 13%. The first phase of the project with a capacity of 1,500 MW of electricity is expected to be completed during the first quarter of 2021. The final phase of the project with a total capacity of 4,500 MW of electricity is expected to be commissioned by the first quarter of 2022.

Third: Commitment to Corporate Governance:

The Company has adopted corporate governance procedures as prescribed by the Qatar Financial markets Authority. The availability of these procedures guarantees mechanism to the Board to monitor the practices of the company.

During the year 2014, the company has adopted the Corporate Governance Charter in accordance with the regulations contained in the governance of listed companies regime issued by the Qatar Financial markets Authority. It has been published in the company's website. Also QEWC publishes all reports and requirements set forth by the Articles of Association of the company, Corporate Governance code and the Commercial Companies law.

Fourth: Corporate Social Responsibility:

The Board of Directors believes that its role in the social life is as important as its role in supporting the national economy, which commits itself to this role as a patriotic contributor to the upgrading of the institutions of civil society.

The company has a number of initiatives and achievements in support of community activities, especially those of a reformist character. Company is the main supporter and sponsor of the draft anti-drug agreement with the Ministry of Interior, provided support and donated to a number of health centers, educational, cultural, artistic, social, humanitarian, sports and environmental institutions, in addition to care and support of some of the intellectual and scientific conferences and seminars aimed at service and the development of civil society institutions in various activities and objectives.

Fifth: Qatarisation:

The company relies on the human factor as a key pillar to keep pace with the rapid evolution of the electricity generation and water desalination techniques. QEWC is committed to develop national human resources and to raise their capabilities to cope with the technological development by arranging scholarships for study and through specialized training programs in agreement with worldly reputed universities and training centers. As at the end of year 2014, the number of Qatari staff under development are 17, number of employees doing higher studies in Qatar and abroad are 30 and total number of Qatari employees are 203. The company is seeking to attract Qatari Staff, despite the difficulties that result from the challenges of the labor market and the scarcity of staff with required qualifications.

To conclude the report, we promise our shareholders that the Company will continue to maintain its leading position in the field of electricity generation and water desalination with more planning and effort and work for the development and expansion of the company's activities and investments at all levels locally, regionally and internationally.

Dr. Mohamed Bin Saleh Al-Sada
Chairman of the Board

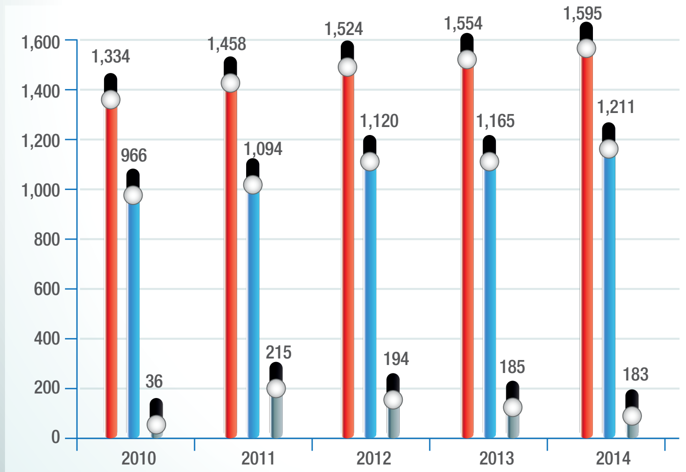
Mr. Isa Bin Shaheen Al-Ghanim
Vice Chairman of the Board

Station Locations

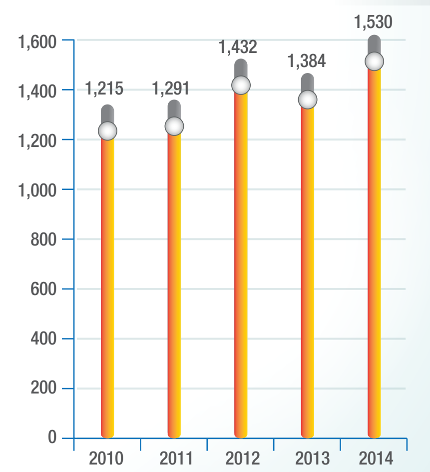
For the Year (amount in QR million)	2014	2013	2012	2011	2010
Sales Revenue	2,989	2,904	2,838	2,767	2,336
Gross Profit	1,310	1,306	1,292	1,279	1,002
Net Profit	1,530	1,384	1,432	1,291	1,215
At Year end (amount in QR million)					
Total Assets	12,949	11,026	11,551	11,656	12,593
Total Shareholders' equity	6,782	6,111	5,167	4,487	5,314
Long Term Debt	3,725	3,414	3,550	5,070	4,314
QR per Share					
Cash Dividends	7.5	7.5	7.3	6.5	6
Earnings per Share	13.91	12.58	13.02	11.74	11.05
Ratios					
Return on Equity (%)*	23.73	24.54	29.67	26.34	24.59
Return on Capital Employed (%)**	16.19	16.83	17.40	15.32	13.78
Debt Equity (Times)	0.55	0.56	0.69	1.13	0.81

* Net Profit / Average Equity
** (Net Profit plus finance cost) / Average capital Employed

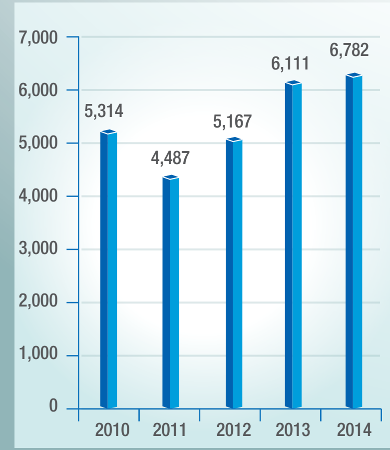
SALES BY PRODUCT
amount in QR Million



NET PROFIT
amount in QR Million

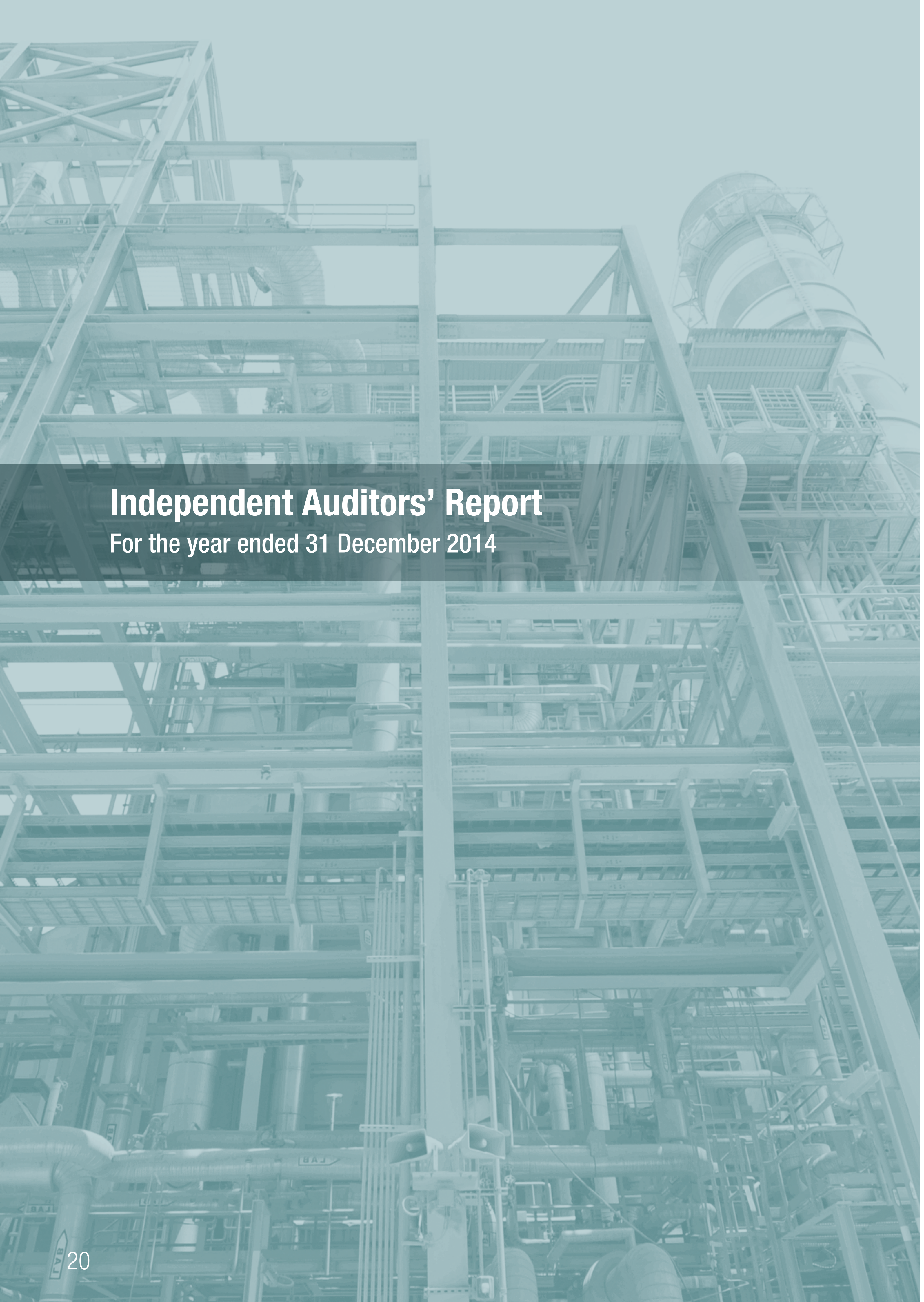


EQUITY GROWTH
amount in QR Million



DIVIDEND GROWTH
amount in QR Million

EARNINGS PER SHARE
amount in QR Million



Independent Auditors' Report

TO THE SHAREHOLDERS OF QATAR ELECTRICITY & WATER COMPANY Q.S.C.

We have audited the accompanying consolidated financial statements of Qatar Electricity & Water Company Q.S.C. (the "Company"), which comprise the consolidated statement of financial position as at 31 December 2014, and the consolidated income statement and the consolidated statements of profit or loss and other comprehensive income, cash flows and changes in equity for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at 31 December 2014, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other matter

The Company's consolidated financial statements for the year ended 31 December 2013 were audited by another auditor who expressed an unmodified audit opinion on those consolidated financial statements on 5 February 2014.

Report on other legal and regulatory requirements

We have obtained all the information and explanations we considered necessary for the purposes of our audit. The Company has maintained proper accounting records and the consolidated financial statements are in agreement therewith. We confirm that the physical count of the inventories was carried out in accordance with established principles. We have reviewed the report of the Board of Directors and confirm that the financial information contained therein is in agreement with the books and records of the Company. We are not aware of any violations of the provisions of the Qatar Commercial Companies Law No. 5 of 2002 or the terms of the Company's Articles of Association during the year which might have had a material adverse effect on the business of the Company or on its consolidated financial position as at 31 December 2014.

25 February 2015
Doha
State of Qatar

Gopal Balasubramaniam
KPMG
Qatar Auditor's Registry No.251

Consolidated Statement of Financial Position

As at 31 December 2014

In thousands of Qatari Riyals

	Note	31 December 2014	31 December 2013
ASSETS			
Non-current assets			
Property, plant and equipment	5	5,328,387	5,054,542
Intangible assets and goodwill	6	120,365	126,335
Investments in associates	7	279,678	115,487
Investments in joint ventures	8	2,567,039	703,845
Available-for-sale financial assets	9	485,368	454,146
Finance lease receivables	10	1,637,081	1,775,050
Other non-current assets	11	23,731	42,152
Asset held for sale	12	--	29,846
		10,441,649	8,301,403
Current assets			
Inventories	13	194,988	275,656
Trade and other receivables	14	551,946	585,434
Finance lease receivables	10	137,969	137,884
Cash and cash equivalents	15	1,622,315	1,725,570
		2,507,218	2,724,544
Total assets		**12,948,867**	11,025,947
EQUITY AND LIABILITIES			
Equity			
Capital and reserves			
Share capital	16	1,100,000	1,000,000
Legal reserve	17	550,000	500,000
General reserve	18	3,241,834	3,241,834
Hedging reserve		(1,825,125)	(1,687,525)
Fair value reserve		316,177	284,955
Retained earnings		3,398,727	2,771,540
Equity attributable to owners of the Company		6,781,613	6,110,804
Non-controlling interests		242,923	229,746
Total equity		**7,024,536**	6,340,550
Non-current liabilities			
Bank loans	19	3,674,236	3,360,923
Deferred income	20	6,791	13,583
Employees' end of service benefits	21	44,250	39,320
		3,725,277	3,413,826
Current liabilities			
Bank loans	19	1,425,358	313,192
Loan from a related party	22	--	100,000
Trade and other payables	23	596,138	682,680
Interest rate swaps for hedging	24	170,766	168,907
Deferred income	20	6,792	6,792
		2,199,054	1,271,571
Total liabilities		**5,924,331**	4,685,397
Total equity and liabilities		**12,948,867**	11,025,947

Dr. Mohamed Bin Saleh Al-Sada
Chairman

Mr. Issa Bin Shahin Al-Ghanim
Vice Chairman

The notes are an integral part of these consolidated financial statements

Consolidated Income Statement

For the year ended 31 December 2014

In thousands of Qatari Riyals

	Note	2014	2013
Revenue	25	2,988,706	2,903,563
Cost of sales	26	(1,678,580)	(1,597,671)
Gross profit		1,310,126	1,305,892
Other income	27	161,977	82,583
General and administrative expenses	28	(234,108)	(223,676)
Operating profit		1,237,995	1,164,799
Finance costs, net	29	(92,093)	(151,127)
Share of profit of associates	7	28,015	18,993
Share of profit of joint ventures	8	392,593	378,844
Profit		**1,566,510**	1,411,509
Attributable to:			
Owners of the Company		1,530,003	1,384,043
Non-controlling interests		36,507	27,466
Total		**1,566,510**	1,411,509
Earnings per share			
Basic and diluted earnings per share (expressed in QR)	30	13.91	12.58

The notes are an integral part of these consolidated financial statements

Consolidated Statement Of Profit Or Loss And Other Comprehensive Income

For the year ended 31 December 2014

In thousands of Qatari Riyals

	Note	2014	2013
Profit		1,566,510	1,411,509
Other comprehensive income:			
Items that are or may be reclassified to profit or loss			
Share of loss from associates	7	(54,006)	(3,890)
Share of (loss)/profit from joint ventures	8	(81,735)	167,137
Net change in fair value on available-for-sale financial assets	9	31,222	51,141
Effective portion of changes in fair value on interest rate swaps for hedging	24	(1,859)	120,560
Other comprehensive income		(106,378)	334,948
Total comprehensive income		**1,460,132**	1,746,457
Attributable to:			
Owners of the Company		1,423,625	1,708,785
Non-controlling interests		36,507	37,672
		1,460,132	1,746,457

The notes are an integral part of these consolidated financial statements

Consolidated Statement Of Changes In Equity

For the year ended 31 December 2014

In thousands of Qatari Riyals

	Attributable to owners of the Company								
	Share capital (Note 16)	Legal reserve (Note 17)	General reserve (Note 18)	Hedging reserve	Fair value reserve	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2013	1,000,000	500,000	3,241,834	(1,961,126)	233,814	2,152,247	5,166,769	215,402	5,382,171
Total comprehensive income:									
Profit	--	--	--	--	--	1,384,043	1,384,043	27,466	1,411,509
Other comprehensive income	--	--	--	273,601	51,141	--	324,742	10,206	334,948
	--	--	--	273,601	51,141	1,384,043	1,708,785	37,672	1,746,457
Transactions with owners of the Company:									
Dividends relating to year 2012 (Note 31)	--	--	--	--	--	(730,000)	(730,000)	(23,328)	(753,328)
Contribution to social and sports support fund for 2013 (Note 32)	--	--	--	--	--	(34,750)	(34,750)	--	(34,750)
Balance at 31 December 2013/ 1 January 2014	**1,000,000**	**500,000**	**3,241,834**	**(1,687,525)**	**284,955**	**2,771,540**	**6,110,804**	**229,746**	**6,340,550**
Total comprehensive income:									
Profit	--	--	--	--	--	1,530,003	1,530,003	36,507	1,566,510
Other comprehensive income	--	--	--	(137,600)	31,222	--	(106,378)	--	(106,378)
	--	--	--	(137,600)	31,222	1,530,003	1,423,625	36,507	1,460,132
Transactions with owners of the Company:									
Issue of bonus shares	100,000	--	--	--	--	(100,000)	--	--	--
Dividends relating to the year 2013 (Note 31)	--	--	--	--	--	(750,000)	(750,000)	(23,330)	(773,330)
	100,000	--	--	--	--	(850,000)	(750,000)	(23,330)	(773,330)
Contribution to social and sports support fund for 2013 (Note 32)	--	--	--	--	--	(2,816)	(2,816)	--	(2,816)
Transfer to legal reserve	--	50,000	--	--	--	(50,000)	--	--	--
Balance at 31 December 2014	**1,100,000**	**550,000**	**3,241,834**	**(1,825,125)**	**316,177**	**3,398,727**	**6,781,613**	**242,923**	**7,024,536**

The notes are an integral part of these consolidated financial statements

Consolidated Statement Of Cash Flows

For the year ended 31 December 2014

In thousands of Qatari Riyals

	Note	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit		1,566,510	1,411,509
Adjustments for:			
Depreciation of property, plant and equipment	5	453,065	451,535
Share of profits of associates	7	(28,015)	(18,993)
Share of profits of joint ventures	8	(392,593)	(378,844)
Provision for employees' end of service benefits	21	5,776	6,349
Deferred income	27	(6,792)	(6,792)
Dividend income from available-for-sale financial assets	27	(24,756)	(21,495)
Profit on disposal of property, plant and equipment	27	(316)	(15)
Profit on disposal of available-for-sale financial assets	27	--	(43,675)
Amortization of intangible asset	28	5,970	5,970
Provision for slow moving inventories	28	18,998	20,867
Provision for impairment of asset held for sale	28	29,846	--
Amortization of non-current assets	28	1,710	1,304
Provision for impairment of trade receivables	28	181	--
Interest income	29	(16,162)	(20,433)
Interest expense	29	105,200	175,029
Bank charges	29	3,251	3,166
		1,721,873	1,585,482
Changes in:			
Trade and other receivables		33,307	(12,986)
Inventories		61,670	72,233
Finance lease receivables		137,884	96,648
Trade and other payables		(89,361)	(219,529)
Cash generated from operating activities		1,865,373	1,527,188
Employees' end of service benefits paid	21	(846)	(2,474)
Net cash from operating activities		1,864,527	1,524,714
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	5	(727,042)	(763,166)
Proceeds from disposal of property, plant and equipment	5	445	20
Acquisition of associates	7	(207,262)	--
Dividends received from associates	7	17,084	14,211
Dividends received from joint ventures	8	418,665	308,332
Addition to investment in a joint venture	8	(1,971,000)	(219,000)
Proceeds from sale of available-for-sale financial assets	9	--	65,028
Net movement in other non-current asset	11	--	(10,935)
Dividends from available-for-sale financial assets	27	24,756	21,495
Interest received		16,162	20,433
Net cash used in investing activities		**(2,428,192)**	(563,582)

The notes are an integral part of these consolidated financial statements

Consolidated Statement Of Cash Flows (Continued)

For the year ended 31 December 2014

In thousands of Qatari Riyals

	Note	2014	2013
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to the Company's shareholders	31	(750,000)	(730,000)
Dividends paid to non-controlling interests		(23,329)	(23,328)
Repayment of subordinated loan from joint venture	11	16,711	181,713
Repayment of loan to related party	22	(100,000)	(125,972)
Net movements in interest bearing loans and borrowings	19	1,425,479	(1,049,295)
Interest paid		(105,200)	(175,029)
Bank charges		(3,251)	(3,166)
Net cash from /(used in) financing activities		**460,410**	(1,925,077)
Net (decrease) in cash and cash equivalents		**(103,255)**	(963,945)
Cash and cash equivalents at 1 January		1,725,570	2,689,515
Cash and cash equivalents at 31 December	15	**1,622,315**	1,725,570

The notes are an integral part of these consolidated financial statements

Notes To The Consolidated Financial Statements

For the year ended 31 December 2014

1. REPORTING ENTITY

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

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

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

The structure of the Group is as follows:

Name	Principal activity	Country of incorporation	Share holding
Subsidiaries			
Ras Laffan Operating Company W.L.L.	Generation of electricity & production of desalinated water	Qatar	100%
Ras Laffan Power Company Q.S.C.	Generation of electricity & production of desalinated water	Qatar	80%
Joint ventures			
Q Power Q.S.C. (5)	Generation of electricity & production of desalinated water	Qatar	55%
Mesaieed Power Company Limited (7)	Generation of electricity & production of desalinated water	Qatar	40%
Ras Girtas Power Company Q.S.C. (9)	Generation of electricity & production of desalinated water	Qatar	45%
Nebras Power Q.S.C. (10)	Invest in electricity and desalinated water projects outside the State of Qatar	Qatar	60%
Associates			
AES Oasis Limited	Generation of electricity & production of desalinated water	Caymen Island	38.89%
Phoenix Power Company	Generation of electricity & production of desalinated water	Oman	15%
Phoenix Operating Company	Generation of electricity & production of desalinated water	Oman	15%

The Company's consolidated financial statements for the year ended 31 December 2014 were authorised for issue by the Board of Directors on 25 January 2015.

2. MAJOR TRANSACTIONS AND AGREEMENTS OF THE GROUP

Below are the major transactions and agreements of the Group in chronological order:

(1) On 10 February 1999 the Company entered into an agreement with the government of the State of Qatar for the purchase of the power plant at Ras Abu Fontas B (RAF B). Based on the agreement the Company was assigned the operation and management of the power plant.

(2) In April 2001 the Company entered into a Power Purchase Agreement with the Qatar General Electricity & Water Corporation (hereafter the "KAHRAMAA") for the supply of power from the Company's Ras Abu Fontas B1 (RAF B1) station, which commenced commercial operations on 29 August 2002.

(3) In January 2003 the Company purchased the four stations set out below from KAHRAMAA for a total consideration of QR 600 million. A Power and Water Purchase Agreement (hereafter "PWPA") was also signed with KAHRAMAA for its supply of electricity and desalinated water from these stations:

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

Article 6 of the PWPA stipulates that the agreement is conditional and shall not become effective, unless an Emiri decree granting the Company a concession to use the land on which the plants are located is promulgated and is in full force and effect. Article 6.2 of the PWPA also states that in the event the Emiri decree is not granted by 1 June 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 reporting period, the Emiri decree was not issued. The revenues from the above stations accounted for 20.4% of the total revenue of the Group for the year ended 31 December 2014 (2013: 20.61%). This percentage excludes revenue from Al Wajbah station because this station is held for sale as stated in Note 12. No amendments have been made to the PWPA since both parties are in continuing discussions. The Company is confident that the Emiri decree will be issued in the foreseeable future.

(4) In January 2003 the Company purchased from Qatar Petroleum the Dukhan Desalination Plant for QR 71.66 million. Subsequent to concluding this purchase agreement, the Company also concluded the following agreements with Qatar Petroleum relating to the Dukhan Desalination Plant:

- Land Lease Agreement
- Water Purchase Agreement
- Fuel Supply Agreement

(5) In year 2004 the Company entered into a joint venture with International Power Plc and Chubu Electric Power Company for the Ras Laffan B Integrated Water and Power Plant project. A jointly controlled entity named Q Power Q.S.C. was incorporated in January 2005 for executing this project. The joint venture ownership is as follows:

- Qatar Electricity & Water Company Q.S.C. (55%)
- International Power Plc (40%)
- Chubu Electric Power Company (5%)

(6) In October 2005 the Company entered into a PWPA with KAHRAMAA for the supply of electricity and desalinated water from the Company's Ras Abu Fontas B2 (RAF B2) station. Subsequently to this PWPA, the Company entered into an engineering, procurement and construction contract with General Electric International, a company incorporated under the laws of Delaware, and Fisia Italimpianti S.P.A, a company incorporated in Italy, for the construction of the RAF B2 project.

(7) In December 2006 the Company entered into a joint venture with Marubeni Corporation and Qatar Petroleum for the Mesaieed power project. A jointly controlled entity named Mesaieed Power Company Q.S.C. was incorporated on 15 January 2007 for executing this project. The agreement was amended in May 2009 following the addition of Chubu Electric Power Company to the joint venture. The current owners of the joint venture are as follows:

- Qatar Electricity & Water Company Q.S.C. (40%)
- Marubeni Corporation (30%)
- Qatar Petroleum (20%)
- Chubu Electric Power Company (10%)

(8) In May 2007 the Company entered into a Water Purchase Agreement with KAHRAMAA for the supply of desalinated water from the Company's Ras Abu Fontas A1 (RAF A1) station (an extension of RAF A). Subsequently to this agreement, the Company also entered into an engineering procurement and construction contract agreement with Fisia Italimpianti S.P.A, a company incorporated in Italy, for the construction of the RAF A1 project.

(9) In March 2008 the Company entered into a joint venture with RLC Power Holding Company and Qatar Petroleum for the Ras Laffan C Project. A jointly controlled entity named Ras Girtas Power Company Q.S.C. was incorporated on 25 March 2008 for executing this project. The joint venture ownership is as follows:

- Qatar Electricity & Water Company Q.S.C. (45%)
- RLC Power Holding Company (40%)
- Qatar Petroleum (15%)

(10) In year 2013 the Company entered into an agreement with Qatar Petroleum International Limited Q.S.C. and Qatar Holding L.L.C. to establish a joint venture under the name of Nebras Power Q.S.C. to develop and acquire power and water projects and related fuel sourcing and loading and unloading facilities outside Qatar. The percentage shareholding in Nebras Power Q.S.C. are as follows;

- Qatar Electricity & Water Company Q.S.C. (60%)
- Qatar Petroleum International Limited Q.S.C. (20%)
- Qatar Holding L.L.C. (20%)

3. BASIS OF PREPARATION

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

b) Basis of measurement

These consolidated financial statements have been prepared under the historical cost conversion, as modified by the revaluation of the available-for-sale financial assets and the interest rate swaps for hedging.

c) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). For both the subsidiaries of the Company, which are operating in the State of Qatar, the Qatari Riyal is the functional currency. The consolidated financial statements are presented in Qatari Riyals which is the Company's functional and the Group's presentation currency.

d) Use of estimates and judgments

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are described as follows:

Impairment of trade and other receivables

Management establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Useful lives, residual values and related depreciation charges of property, plant and equipment

Management determines the estimated useful lives of its property, plant and equipment to calculate depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually. Future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

Impairment of inventories

Inventories are held at the lower of cost or net realizable value. When inventories become old or obsolete, an estimate is made of their net realizable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

Impairment of available-for-sale financial assets

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost.

e) Standards, amendments and interpretations effective on or after 1 January 2014

During the current year, the Group adopted all the below new and revised International Financial Reporting Standards that are relevant to its operations and are effective as of 1 January 2014. There was no material effect on the accounting policies of the Group as a result of their adoption and their was no significant impact on the financial statements of the Group.

Amendments to IAS 32 "Offsetting Financial Assets and Financial Liabilities"

The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realization and settlement". The amendments have been applied retrospectively.

Amendments to IFRS 10, IFRS 12 and IAS 27 on "investment entities"

The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. Consequential amendments have been made to IFRS 12 and IAS 27 to introduce new disclosure requirements for investment entities.

Amendments to IAS 36 "Recoverable Amount Disclosures for Non-Financial Assets"

The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13 "Fair Value Measurements.

IFRIC 21 "Levies"

IFRIC 21 (amendments to IAS 32) provide guidance on the accounting for levies in the financial statements of the entity that is paying the levy.

f) Standards, amendments and interpretations issued but not yet effective

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2015. None of these has been applied in preparing these consolidated financial statements. Those which are relevant to the Group are set out below. The Group does not expect any significant impact on its accounting policies from their adoption and does not plan to early adopt these standards.

IFRS 9 "Financial Instruments"

IFRS 9 published in July 2014, replaces the existing IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 "Revenue", IAS 11 "Construction Contracts" and IFRIC 13 "Customer Loyalty Programs". IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2017, with early adoption permitted.

Amendments to IAS 16 and IAS 38 clarification of acceptable methods of depreciation and amortization

The amendments to IAS 16 prohibits entities from using a revenue based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortization of an intangible asset. This presumption can only be rebutted if the intangible asset is expressed as a measure of revenue or when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated. The amendments apply prospectively for annual periods beginning on or after 1 January 2016.

Amendments to IAS 19 "Defined Benefit Plans: Employee Contributions"

The amendments to IAS 19 clarify how an entity should account for contributions made by employees or third parties to define benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee. For contributions that are independent of the number of years of service, the entity may either recognize the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employees periods of service using the project unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees periods of service.

Annual improvements to IFRSs 2010-2012 cycle and 2011-2013 cycle
The annual improvements to IFRSs to 2010-2012 and 2011-2013 cycles include a number of amendments to various IFRSs. Most amendments will apply prospectively for annual periods beginning on or after 1 July 2014; earlier application is permitted (along with the special transitional requirement in each case) in which case the related consequential amendments to other IFRSs would also apply.

4. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been applied consistently to all years presented in these consolidated financial statements.

a) Basis of consolidation

Business combinations
The Group accounts for business combinations using the acquisition method when control is transferred to the Group (see “Subsidiaries” below). The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

Subsidiaries
Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Non-controlling interests
Non-controlling interestsare measured at their proportionate share of the acquiree’s identifiable net assets at the date of acquisition.

Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control
When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Interest in equity-accounted investees
The Group’s interests in equity-accounted investees comprise interests in associates and joint ventures.
Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint ventures are accounted for using the equity method. They are initially recognized initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group’s share of the profit or loss and other comprehensive income of equity accounted investees, until the date on which significant influence or joint control ceases.

Transactions eliminated on consolidation
Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group’s interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

b Property, plant and equipment

Recognition and measurement
Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition or construction of an asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The costs of initial spare parts included under capital spares received for the maintenance of the three gas turbine-generators at RAF B2 are capitalised.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Profit on disposal of an item of property, plant and equipment are determined by comparing the proceeds from its disposal with its carrying amount, and recognised net within profit or loss.

Subsequent expenditure
The cost of renovations or replacement of a component of an item of property, plant and equipment is included in the carrying amount of the asset or recognised as a separate asset, as appropriate only when it is possible that the future economic benefits associated with the asset will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation
Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is recognised in profit or loss.

The estimated useful lives of the property, plant and equipment in the current and comparative periods are as follows:

Production facilities:

Ras Abu Fontas B (RAF B)	17.75 years
Ras Abu Fontas B1 (RAF B1)	20 years
Ras Abu Fontas A (RAF A)	12 years
Ras Abu Fontas A1 (RAF A1)	25 years
Al Wajbah (1)	12 years
Al Saliyah	12 years
Doha South Super	12 years
Dukhan Desalination Plant	25 years
Ras Abu Fontas B2 (RAF B2)	25 years
Furniture, fixtures and office equipment	3-7 years
Motor vehicles	4 years
“C” inspection costs	3-5 years

(1) The Company discontinued the operations of its Al-Wajbah power production during 2010 following instructions received from the government of the State of Qatar.

Capital work in progress is not depreciated. Once completed these assets are re-classified to the appropriate category of property, plant and equipment and depreciated accordingly. Land is not depreciated.

Depreciation methods, residual values and useful lives are reviewed at each reporting date and adjusted if appropriate.

c) Intangible assets and goodwill

Recognition and measurement
Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Other intangible assets comprise the Power and Water purchase agreements (PWPA) that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

Subsequent expenditure
Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

Amortization
Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is recognized in profit or loss. Goodwill is not amortized.

The estimated useful life of the Power and Water Purchase Agreement is 25 years.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

d) Financial instruments

The Group classified its non-derivative financial assets into the following categories: loans and receivables and available-for-sale financial assets. The Group classifies its non-derivative financial liabilities into the other financial liabilities category.

Non-derivative financial assets and financial liabilities – recognition and derecognition
The Group initially recognizes loans and receivables (loan receivable and trade and other receivables) on the date when they are originated. All other financial assets (bank balances, available-for-sale financial assets) and financial liabilities (loans payables and trade and other payables) are initially recognized on the trade date.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Group is recognized as a separate asset or liability.

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Non-derivative financial assets – measurement

Loans and receivables

These assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using effective interest method.

Available-for-sale financial assets

These assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognized in OCI and accumulated in the available-for-sale financial asset fair value reserve. When these assets are derecognized, the gain or loss accumulated in equity is reclassified to profit or loss.

Non-derivative financial liabilities – measurement

Non-derivative financial liabilities are initially recognized at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its interest rate risk exposures.

Derivatives are recognized initially at fair value; any directly attributable transaction costs are recognized in profit or loss as they are incurred. Subsequent to initial recognition, derivatives are measured at fair value.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

The amount accumulated in equity is retained in other comprehensive income and reclassified to profit or loss in the same period or periods during which the hedged item affects profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

e) Impairment

Non-derivative financial assets

Financial assets, including an interest in an equity accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:
- default or delinquency by a debtor;
- restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security; or
- observable data indicating that there is measurable decrease in expected cash flows from a group of financial assets.

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost.

Financial assets measured at amortized cost

The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss previously recognized in profit or loss. If the fair value of an impaired available-for-sale financial assets subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed through profit or loss; otherwise, it is reversed through other comprehensive income

Equity-accounted investees

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognized in profit or loss, and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets other than inventories to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

f) Leases

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether the arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Group separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognized using the Group's incremental borrowing rate.

Leased assets

Assets held by the Group under leases that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognized in the Group's statement of financial position.

Lease payments

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

g) Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-fordistribution and subsequent gains and losses on remeasurement are recognized in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

h) Inventories

Inventories are measured at the lower of cost and net realisable value. The costs comprises those expenses incurred in bringing each inventory item to its present location and condition, and for spare parts, chemicals and consumables it is based on the weighted average cost principle.

Net realisable value represents the estimated selling price for inventories less any costs necessary to dispose them.

i) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation

j) Employees' end of service benefits

The Group provides end of service benefits to its expatriate employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

With respect to its national employees, the Group makes contributions to the General Pension Fund Authority calculated as a percentage of the employees' salaries. The Company's obligations are limited to these contributions, which are expensed when due.

k) Pension and Provident Fund plan-Defined contribution plan

Under the Qatar Law No. 24 of 2002 on Retirement and Pension, the Group is required to make contributions to a fund scheme set by the government of the State of Qatar for Qatari employees. The contribution is calculated as a percentage of the Qatari employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

l) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

m) Revenue recognition

Revenue is measured at fair value of the consideration received or receivable and represents amounts receivable for the sale of goods and services in the ordinary course of the Group's activities, net of returns and discounts. The Group recognises revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. Revenues earned by the Group are recognised on the following bases:

Sale of electricity and desalinated water

Sales of electricity and water are recognised as revenue as per the terms of the respective agreements, described as follows:

- Sales from RAF B are accounted for based on the mechanism agreed between KAHRAMAA and the Company in respect of the agreement approved on 1 June 2000.
- Sales from RAF B1 are accounted for on the basis of the tariff formula set out in the Power Purchase Agreement with KAHRAMAA.
- Sales from RAF A, Al Saliyah and Doha South Super are accounted for as per the terms of the Power and Water Purchase Agreement with KAHRAMAA.
- Sales from RAF A1 are accounted for as per the terms of the Water Purchase Agreement with KAHRAMAA.
- Sales from Dukhan Desalination Plant are accounted for in accordance with the Water Purchase Agreement signed with Qatar Petroleum.
- Sales from RAF B2 are accounted for as per the terms of the Power and Water Purchase Agreement with KAHRAMAA.

Dividend income

Dividend income from investments is recognized when the shareholder's right to receive payment has been established.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

n) Share capital

Ordinary shares are classified as equity.

o) Dividend distribution to the Company's shareholders

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's consolidated financial statements in the year in which the dividends are approved by the Company's shareholders.

5. PROPERTY, PLANT AND EQUIPMENT

In thousands of Qatari Riyals

	Production facilities (1)	Furniture, fixtures and office equipment	Motor vehicles	"C" inspection costs (2)	Capital spares	Capital work in progress (5)	Total
Cost							
At 1 January 2013	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)
Disposals	(2,260)	(7)	(57)	(50,354)	-	-	(52,678)
At 31 December 2013 / 1 January 2014	8,031,378	25,541	6,555	292,365	50,487	860,412	9,266,738
Additions	646	913	1,040	96,123	-	628,320	727,042
Disposals	-	(4)	(790)	(75,619)	-	-	(76,413)
At 31 December 2014	8,032,024	26,450	6,805	312,869	50,487	1,488,732	9,917,367
Accumulated depreciation							
At 1 January 2013	3,593,542	20,401	3,522	182,403	13,466	-	3,813,334
Depreciation (3)	400,374	1,769	1,316	45,725	2,351	-	451,535
Disposals	(2,260)	(3)	(57)	(50,353)	-	-	(52,673)
At 31 December 2013 / 1 January 2014	3,991,656	22,167	4,781	177,775	15,817	-	4,212,196
Depreciation (3)	394,985	1,596	1,162	52,794	2,528	-	453,065
Disposals	-	(1)	(661)	(75,619)	-	-	(76,281)
At 31 December 2014	4,386,641	23,762	5,282	154,950	18,345	-	4,588,980
Carrying amounts							
At 31 December 2013	4,039,722	3,374	1,774	114,590	34,670	860,412	5,054,542
At 31 December 2014	**3,645,383**	2,688	1,523	157,919	32,142	1,488,732	5,328,387

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(1) Production facilities

(i) The legal title to the Ras Abu Fontas A (RAF A) and satellite stations (Al Wajbah, Al Saliyah and Doha South Super) passed to the Company upon signing the acquisition agreement with KAHRAMAA. As per the terms of the acquisition agreement, the Company cannot sell or otherwise dispose of any of the plants until it pays the sale price in full.

(ii) Land on which the RAF B plant is situated has been leased to the Company by the government of the State of Qatar, free of rent for a period of 50 years commencing on 5 July 1990, under an Emiri Decree No. 24 of 2001.

(iii) The Emiri Decree granting the Company a concession to use the land on which RAF A and satellite stations are situated is still outstanding.

(iv) The land on which the Dukhan desalination plant is situated has been leased to the Company by Qatar Petroleum for a period of 25 years from the acquisition date of the plant.

(2) "C" Inspection costs

Costs incurred for the production facilities under an Inspection and Maintenance program have been capitalized under "C" inspection costs. These costs have are accounted for as separate assets because they have an estimated useful life of 3-5 years. Costs incurred on C-inspections in progress are included under capital work in progress. On completion of these inspections, their cost will be capitalized under the "C" inspection costs category.

(3) The annual depreciation charge has been allocated in the consolidated statement of profit or loss as follows:

	2014	2013
Cost of sales (Note 26)	451,516	449,761
General and administrative expenses (Note 28)	1,549	1,774
	453,065	451,535

(4) In the consolidated cash flow statement , proceeds from disposal of property, plant and equipment comprise;

	2014	2013
Carrying amount	129	5
Profit on disposal of property, plant and equipment	316	15
Proceeds from disposal of property, plant and equipment	**445**	20

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

6. INTANGIBLE ASSETS AND GOODWILL

As a result of the Transaction, mentioned in Note 6.2, the Company identified and recorded the following intangible assets with definite useful lives

	2014	2013
Intangible assets (1)	89,552	95,522
Goodwill (2)	30,813	30,813
Balance at end of the year	**120,365**	126,335

(1) Intangible assets

	2014	2013
At 1 January	95,522	101,492
Amortisation (Note 28)	(5,970)	(5,970)
At 31 December	**89,552**	95,522

6. INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

This represents the Power and Water Purchase Agreement entered into between Ras Laffan Power Company Q.S.C., a wholly owned subsidiary of the Company, and KAHRAMAA for the supply of electricity and desalinated water by the subsidiary of the Company to KAHRAMAA for a period of 25 years.

(2) Goodwill

a) Acquisitions in 2010 - Acquisition of Ras Laffan Power Company Limited Q.S.C.

On 20 October 2010 the Company (acquirer) acquired an additional 55% of the voting shares of Ras Laffan Power Company Q.S.C. (acquiree) which increased the Company's shareholding to 80%. Ras Laffan Power Company Q.S.C.is engaged to develop, own, operate and maintain an electricity and water desalination plant in Qatar. The acquisition has been accounted for using the acquisition method of accounting.

The Group has elected to measure the non-controlling interest in the acquiree at fair value.

The fair values and carrying amounts of the identifiable assets and liabilities of Ras Laffan Power Company Q.S.C. at the date of acquisition were as follows:

	At fair values	At carrying amounts
Assets		
Intangibles – PWPA	141,791	-
Plant and equipment	565	565
Finance lease receivables	2,260,288	2,260,288
Accounts receivable and prepayments	103,711	103,711
Cash and cash equivalents	97,792	97,792
	2,604,147	2,462,356
Liabilities		
Interest bearing loans and borrowings	1,294,221	1,294,221
Accounts payable and accruals	97,014	97,014
	1,391,235	1,391,235
Total identifiable net assets	1,212,912	1,071,121
Step up details:		
Fair value of identifiable net assets acquired	1,212,912	
Less: carrying amount of the identifiable net assets	1,071,121	
Step up amount	**141,791**	
Calculation of goodwill:		
Fair value of consideration given for controlling interest	697,914	
Fair value of non controlling interest	242,583	
Fair value of previously held interest	303,228	
Total consideration	**1,243,725**	
Less : Fair value of identifiable net assets previously recognized by acquiree	1,071,121	
Intangible assets not previously recognized by acquiree	141,791	
Total identifiable net assets	1,212,912	
Goodwill arising on acquisition	30,813	
Net cash outflow on acquisition:		
Net cash acquired with subsidiary	97,792	
Cash paid	(697,914)	
	(600,122)	

6. INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

	At fair values
Fair value of previously held interest:	267,781
Carrying value of previously held interest	35,447
Realized fair value gain from deemed disposal	**303,228**

From the date of acquisition, Ras Laffan Power Company Q.S.C. contributed QR 544 million (2013: QR 362 million) to the profit of the Group.

b) Acquisition of Ras Laffan Operating Company W.L.L.

On 20 October 2010 the Company (acquirer) acquired an additional 70% of the voting shares of Ras Laffan Operating Company W.L.L. (acquiree) that resulted to 100% ownership. Ras Laffan Operating Company W.L.L. is engaged in the management, operation, maintenance and development of electricity and water desalination plants in Qatar. The acquisition has been accounted for using the acquisition method of accounting.

The fair values and carrying amounts of the identifiable assets and liabilities of Ras Laffan Operating Company W.L.L. at the date of acquisition were as follows:

	At fair values	At carrying amounts
Assets		
Plant and equipment	2,800	2,800
Inventories	31,709	31,709
Accounts receivable and prepayments	34,630	34,630
Cash and cash equivalents	117,657	117,657
	186,796	186,796
Liabilities		
Employee benefits	6,541	6,541
Accounts payable and accruals	34,972	34,972
	41,513	41,513
Total identifiable net assets	145,283	145,283
Fair value of consideration given for controlling interest	101,698	
Fair value of previously held interest	43,585	
Total consideration	**145,283**	
LESS:		
Fair value of identifiable net assets previously recognized by acquire	145,283	
Total identifiable net assets	145,283	
Goodwill arising on acquisition	--	
Net cash inflow on acquisition:		
Net cash acquired with subsidiary	117,657	
Cash paid	(101,698)	
	15,959	

7. INVESTMENTS IN ASSOCIATES

The Company has the following investments in associates:

	Country of incorporation	Ownership	2014	2013
Phoenix Power Company S.A.O.C. (1)	Oman	15%	166,603	--
Phoenix Operation and Maintenance Company L.L.C. (2)	Oman	15%	852	475
AES Oasis Ltd (3)	Cayman Islands	38.89%	112,223	115,012
			279,678	115,487

The movements of the Group's investments in the associates were as follows;

	2014	2013
At 1 January	115,487	114,596
Investments made	207,262	--
Share of loss in other comprehensive income	(54,006)	(3,890)
Share of profit and net of dividend received	10,935	4,781
At 31 December	**279,678**	115,487

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

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

(3) On 8 February 2012 The Company entered into an agreement with IDB Infrastructure Fund L.P, a company incorporated in the Kingdom of Bahrain, to purchase 38.89% of shares 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 of Jordan.

Summarized financial information in respect of the Group's associates is set out below:

	2014	2013
Total assets	7,012,299	6,474,521
Total liabilities	5,751,383	(6,456,416)
Net assets	1,260,916	18,105
Company's share of net assets of associates	223,678	60,151
Total revenue	47,990	101,814
Total profit for the year	133,850	95,385
Company's share of profits of associates	28,015	18,993
Company's share of other comprehensive income	(54,006)	(3,890)

8. INVESTMENTS IN JOINT VENTURES

The Group has the following investments in joint ventures:

	Country of incorporation	Ownership	2014	2013
Q Power Q.S.C.	Qatar	55%	367,287	358,332
Mesaieed Power Company Limited (1)	Qatar	40%	--	--
Ras Girtas Power Company Limited (1)	Qatar	45%	--	126,513
Nebras Power Q.S.C.	Qatar	60%	2,199,752	219,000
			2,567,039	703,845

8. INVESTMENTS IN JOINT VENTURES (CONTINUED)

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

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

The movements of the Group's investment in the joint ventures were as follows:

	2014	2013
At 1 January	703,845	247,196
Investments made	1,971,000	219,000
Share of (loss) in other comprehensive income	(81,735)	167,137
Share of (loss)/profit, net of dividend received	(26,071)	70,512
At 31 December	**2,567,039**	703,845

The summarized financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with IRFS's:

	2014	2013
Current assets	8,197,267	2,832,547
Non-current assets	29,966,295	22,073,206
Current liabilities	(9,900,711)	(4,276,503)
Non-current liabilities	(26,936,834)	(20,038,708)
	1,326,017	590,542
Company's share of net assets of joint ventures	**1,128,297**	348,002

	2014	2013
Revenues	3,921,173	3,759,109
Cost of sales	(1,929,691)	(1,721,735)
Other income	72,289	55,189
Administrative expenses	(63,458)	(71,548)
Finance costs	(1,145,729)	(1,184,201)
Profit for the year	854,584	836,814
Company's share of profits of joint ventures	392,593	378,844
Company's share of other comprehensive income	**81,735**	167,137

9. AVAILABLE-FOR- SALE-FINANCIAL ASSETS

	2014	2013
At 1 January	454,146	424,358
Disposals (1)	--	(21,353)
Net change in fair value transferred to the other comprehensive income	31,222	51,141
At 31 December	**485,368**	454,146

(1) In the cash flow statement, proceeds from disposal of available-for-sale financial assets comprise:

	2014	2013
Disposals	--	21,353
Profit on disposal of available-for-sale financial assets	--	43,675
Proceeds from sale of available-for-sale financial assets	--	65,028

9. AVAILABLE-FOR- SALE-FINANCIAL ASSETS (CONTINUED)

During the year, there was a dividend income of QR 24,756 thousand (2013: QR 21,495 thousands) from available-for-sale financial assets, which is included in "Other income" in profit or loss (Note 27).

All available-for-sale financial assets comprise listed equity securities listed on the Qatar Stock Exchange.

The fair value of the quoted equity shares is determined by reference to published price quotations in an active market.

10. FINANCE LEASE RECEIVABLES

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

	2014	2013
Finance leases - gross receivable	2,954,356	3,263,567
Unearned finance income	(1,179,306)	(1,350,633)
Present value of minimum lease payments receivable	**1,775,050**	1,912,934
Classified in the consolidated statement of financial position as follows:		
Current portion	137,969	137,884
Non-current portion	1,637,081	1,775,050

11. OTHER NON-CURRENT ASSETS

	2014	2013
Subordinated loan receivable from a joint venture	--	16,711
Other non-current assets (1)	23,731	25,441
	23,731	42,152

(1) In October 2010 Ras Laffan Operating Company W.L.L.(RLOC), one of the Company's subsidiaries, paid QR 23,815 million to Ras Laffan Services Company, a third party, for the acquisition of the rights, benefits, and obligations under a Technical Service Agreement. During 2011, RLOC received an amount of QR 5.887 million. The remaining amount of QR 17.928 million is amortized over a period of 19 years.

Also, on 21 October 2006, the Company signed a Contractual Service Agreement with the Consortium of General Electric International Inc. and GE Energy Parts Inc. for maintenance of specified equipment (covered units) of RAF B2 Power and Water Plant. An amendment was signed between the parties on 24 April 2013 and by the same agreement the Company got a reduction in the variable hourly charges in return for a payment (milestone adder payment) of USD 3 million (QR 10.9 million). The milestone adder payment is amortized over the period of benefit, i.e. until the expiry of Contractual Service Agreement.

The movement in the account were as follows:

	2014	2013
At 1 January	25,441	15,810
Additions	--	10,935
Amortization (Note 28)	(1,710)	(1,304)
At 31 December	**23,731**	25,441

12. ASSET HELD FOR SALE

The Company intends to dispose within 2015 Al Wajbah Station. The Company discontinued the operations of its Al-Wajbah electricty production during 2010 following instructions received from the government of the State of Qatar. At that time the carrying value of the Al-Wajbah Station was QR 29.8 million. The Company decided to fully impair this value during the year (Note 28).

13. INVENTORIES

	2014	2013
Spare parts	435,931	496,359
Allowance for slow-moving inventories (1)	(246,961)	(227,963)
	188,970	268,396
Chemicals	2,847	4,011
Consumables	3,171	3,249
	194,988	275,656

(1) The movements in the allowance for slow-moving inventories were as follows:

	2014	2013
At 1 January	227,963	207,096
Provision made (Note 28)	18,998	20,867
At 31 December	246,961	227,963

14. TRADE AND OTHER RECEIVABLES

	2014	2013
Trade receivables (1)	642,744	614,549
Less: Provision for impairment of trade receivables (2)	(153,927)	(153,746)
	488,817	460,803
Prepayments	63,129	124,631
Total	551,946	585,434

(1) As at 31 December 2014 the aging of trade receivables was as follows:

Aging of neither past due nor impaired:

	2014	2013
Less than 60 days	488,817	459,959

Aging of past due but not impaired:

	2014	2013
61-120 days	--	--
121-180 days	--	844
181-365 days	--	--
Total	--	844

Aging of past due and impaired trade receivables:

	2014	2013
More than 365 days	153,927	153,746

14. TRADE AND OTHER RECEIVABLES (CONTINUED)

(2) The movements in the provision for the impairment of trade and other receivables were as follows:

	2014	2013
At 1 January	153,746	153,746
Provision made (Note 28)	181	--
At 31 December	153,927	153,746

15. CASH AND CASH EQUIVALENTS

	2014	2013
Deposits with banks in local currency	1,401,779	1,348,468
Deposits with banks in foreign currencies	164,317	377,077
Cash in hand	56,219	25
Total	**1,622,315**	1,725,570

The effective rate of interest on above deposits ranges from 0.12% to 1.75% per annum (2013: 0.12% to 1.75% per annum).

16. SHARE CAPITAL

	2014	2013
Authorised, issued and fully paid: 110,000,000 (31 December 2013: 100,000,000) shares of QR 10 each	1,100,000	1,000,000

	31 December 2014		31 December 2013	
	Number of shares in '000'	QR '000'	Number of shares in '000'	QR '000'
At 1 January	100,000	1,000,000	100,000	1,000,000
Issue of bonus shares (1)	10,000	100,000	--	--
At the 31 December	**110,000**	**1,100,000**	**100,000**	**1,000,000**

(1) 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 following the approval from the Company shareholders at the Extra Ordinary General Meeting held on 25 February 2014.

17. LEGAL RESERVE

As required by the Qatar Commercial Companies Law No. 5 of 2002 and the Company's Articles of Association, a minimum amount of 10% of the Company's profit for the year should be transferred to a legal reserve each year until this reserve is equal to 50% of the Company's paid up share capital. The Company has resolved to discontinue annual transfer to the legal reserve as the reserve reached 50% of its paid up share capital.

The reserve is not available for distribution, except in the circumstances stipulated in the above mentioned Law and the Company's Articles of Association.

17. GENERAL RESERVE

In accordance with the Company's Articles of Association, the General Assembly may allocate a portion of the profit to a General reserve. There is no restriction on the distribution of this reserve and the funds in the reserve are available for future development of the Company as decided by the General Assembly.

19. BANK LOANS

	2014	2013
Loan (i)	1,349,689	1,396,239
Loan (ii)	730,336	771,916
Loan (iii)	364,377	385,122
Loan (iv)	635,108	831,667
Loan (v)	125,753	56,498
Loan (vi)	838,260	272,039
Loan (vii)	1,093,500	--
	5,137,023	3,713,481
Less: Financing arrangement costs	(37,429)	(39,366)
	5,099,594	3,674,115

(i) The Company has entered into a credit agreement with The Bank of Tokyo Mitsubishi UFJ Ltd which acts as a facility agent and offshore security trustee for a credit facility amounting to USD 485.5 million (QR 1,769 million) to finance the construction of RAF B2. The total amount payable as at 31 December 2014 amounted to USD 370 million or QR 1,350 million (2013: USD 383 million or QR 1,396 million). Interest is charged at a rate of LIBOR + 0.55 to 1.65 per annum as specified in the credit agreement. The loan is repayable in semi-annual installments commencing from actual facility date i.e. six months from actual facility date or ten months after scheduled completion date.

(ii) The Company entered into a facility agreement with a consortium of banks to finance its RAF A1 plant facilities. This term loan facility of US$ 288.2 million carries interest at LIBOR plus a margin ranging from 0.60% to 1.05%. The total amount payable as at 31 December 2014 amounted to USD 200 million or QR 730 million (2013: USD 212 million or QR 772 million). The loan is repayable in semi-annual installments started from 30 June 2010 at a pre-determined repayment percentage multiplied against the principle amount outstanding as at the end of the availability period.

(iii) The Company has availed USD 144.1 million Islamic facility agreement in the form of Istisnaa' for the construction of three multi-stage flash type desalination units forming part of a fully-functioning water-desalination plant at RAF A1. The total amount payable as at 31 December 2014 amounted to USD 100 million or QR 364 million (2013: USD 106 million or QR 385 million).

(iv) This represents the loan of the acquired subsidiary, Ras Laffan Power Company Limited Q.S.C. This facility represents a credit agreement with a consortium of bank obtained on 20 November 2001 for a long term loan of USD 545 million and a stand-by facility of USD 27.25 million. The loan carries interest at commercial rates and is repayable in accordance with a specific repayment schedule starting on November 2004 with the last installments due in May 2019. The term loan is secured by a mortgage in the plant facilities built by Ras Laffan Power Company Q.S.C. on a land leased from Qatar Petroleum.

(v) The Company entered into a facility agreement with Qatar National Bank to finance the construction of its RAF A2 plant facilities. This term loan facility of USD 180 million carries interest at LIBOR plus a margin of 1.75% per annum. The total drawn amount as at 31 December 2014 amounted to to USD 34.5 million or QR 126 million (2013: USD 15.5 million or QR 56 million). The loan will be repayable in quarterly installments starting from earlier of six months after the actual facility date and June 2016.

(vi) The Company has availed US$ 270 million Islamic facility agreement with Qatar Islamic Bank in the form of Istisnaa' for the construction of RAF A2 plant facilities. The total drawn amount as USD 230 million or QR 838 million (2013: USD 75 million or QR 272 million).

(vii) The Company entered into a corporate revolving facility agreement with a consortium of banks with Mizuho Bank Ltd acting as Facility Agent, mainly to finance the equity capital of Nebras Power Co. This term loan facility of USD 300 million carries interest at LIBOR plus a margin of 0.25%. The Company has drawn down the full amount as at 31 December 2014 amounting to USD 300 million (QR 1,093.50 million). The loan is repayable on or before the termination date which is one year from 15 December 2014.

19. BANK LOANS (CONTINUED)

Classified in the consolidated statement of financial position as follows:

	2014	2013
Current portion	1,425,358	313,192
Non-current portion	3,674,236	3,360,923
	5,099,594	3,674,115

20. DEFERRED INCOME

	2014	2013
At 1 January	20,375	27,167
Income recognised (Note 27)	(6,792)	(6,792)
At 31 December	13,583	20,375
Presented in consolidated statement of financial position as follows:	6,792	6,792
Current portion	6,791	13,583
Non-current portion	**13,583**	20,375

The deferred income represents the fair value of spare parts received from Alstom Power in respect of the settlement agreement regarding RAF B contract between KAHRAMAA and Alstom Power. This deferred income is amortized and credited to the consolidated income statement of profit or loss on a straight-line basis over the remaining estimated useful life of RAF B plant, which is 13.5 years. The initial amount was QR 91 million.

21. EMPLOYEES' END OF SERVICES BENEFITS

	2014	2013
At 1 January	39,320	35,445
Provision made (1)	5,776	6,349
Provision used	(846)	(2,474)
At 31 December	**44,250**	39,320

(1) The provision is included within staff costs in the consolidated income statement.

22. LOAN FROM RELATED PARTY

	2014	2013
KAHRAMAA	--	100,000
Classified in the consolidated statement of financial position as follows:		
Current portion	--	100,000

(1) This liability represents an amount due to KAHRAMAA in relation to the purchase consideration for the RAFASAT stations. The liability which was fully settled during the year.

23. TRADE AND OTHER PAYABLES

	2014	2013
Trade accounts payable	168,213	118,717
Other payables and accrued expenses	368,155	486,594
Provision for social and sports support fund	26,188	47,639
Payable to shareholders	28,418	25,648
Pension contributions for Qatari employees	5,164	4,082
	596,138	682,680

24. NTEREST RATE SWAPS FOR HEDGING

	2014	2013
At 1 January	168,907	48,347
Change in fair value transferred to other comprehensive income	1,859	120,560
At 31 December	**170,766**	168,907

(1) As at 31 December 2014 the Company had ten interest rate swap contracts replacing its floating interest rate for fixed interest, designated as hedges for the period to 23 September 2023 on a maximum notional amount of QR 2,120 million. The terms of the interest rate swap contracts have been negotiated to match the terms of the commitments.

(2 Ras Laffan Power Company Q.S.C., a subsidiary, has an interest rate swap contract designated to hedge the exposure of upward movements of interest rates on loan drawdowns. The contracts consist of five separate swap deals and are matched with a substantial portion of the outstanding floating rate debt obligations of the Company and cover the period from 17 December 2001 to 30 November 2013 with maximum notional amount of QR 1,072 million. As a result, at 31 December 2014 the value of the cash flow hedge was QR Nil (2013: QR Nil).

25. REVENUE

	2014	2013
Sales represent the revenue generated from the supply of:		
– Electricity	1,594,400	1,553,741
– Desalinated water	1,211,209	1,164,793
Lease income from plant lease:		
– Ras Laffan Power Company Limited Q.S.C.	183,097	185,029
	2,988,706	2,903,563

26. COST OF SALES

	2014	2013
Cost of gas consumed	834,489	766,981
Depreciation of property, plant and equipment (Note 5)	451,516	449,761
Spare parts, chemicals and consumables	83,928	82,865
Staff costs	194,545	189,627
Others	114,102	108,437
	1,678,580	1,597,671

27. OTHER INCOME

	2014	2013
Profit on disposal of available-for-sale financial assets (Note 9)	--	43,675
Profit / (loss) on disposal of property, plant and equipment (Note 5)	316	15
Dividend income from available-for-sale financial assets (Note 9)	24,756	21,495
Deferred income (Note 20)	6,792	6,792
Miscellaneous income (1)	130,113	10,606
	161,977	82,583

(1) This includes funds received on an insurance claim filed by the Company of QR 41.9 million in respect of the fire accident at the Saliya Station, and the repayment made to the Company from KAHRAMA for liquidity damages pertaining to the Raf B2 project of QR 55 million.

28. GENERAL AND ADMINISTRATION EXPENSES

	2014	2013
Staff costs	94,053	91,273
Provision for slow moving inventories (Note 12)	18,998	20,867
Depreciation of property, plant and equipment (Note 5)	1,549	1,774
Amortization of intangible assets (Note 6)	5,970	5,970
Amortization of non-current assets (Note 11)	1,710	1,304
Advertisement and public relation expenses	11,144	9,607
Arbitration expenses		17,838
Rent	2,792	2,791
Insurance	15,527	16,959
Donations	3,920	2,316
Recruitment and training expenses	5,584	5,255
Professional fees	12,120	4,993
Telephone postage and couriers	1,943	1,925
Repairs and Maintenance	1,646	2,612
Office expenses	1,071	1,084
Subscription and licenses	728	665
Board of Directors' remuneration	11,750	27,700
Provision for impairment of asset held for sale (Note 12)	29,846	--
Provision for impairment of trade receivables (Note 14)	1,458	--
Others	12,299	8,743
	234,108	223,676

29. FINANCE COSTS, NET

	2014	2013
Interest expense:		
Banks loans	98,425	158,103
Other loans	6,775	16,926
	105,200	175,029
Interest income	(16,162)	(20,433)
Share of interest income from joint ventures	(196)	(6,635)
	88,842	147,961
Bank charges	3,251	3,166
	92,093	151,127

30. EARNINGS PER SHARE

Basic earnings per share

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

	2014	2013
Profit for the year attributable to the owners of the Company	1,530,003	1,384,043
Weighted average number of shares outstanding during the year (1)	110,000	110,000
Basic and diluted earnings per share (expressed in QR per share)	**13.91**	12.58

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

	2014	2013
Issued ordinary shares at 1 January	100,000	100,000
Effect of bonus shares issued (Note 15)	10,000	10,000
Weighted average number of shares at 31 December	**110,000**	110,000

As the number of ordinary shares outstanding increased during the year as a result of a bonus issue, the calculation of basic earnings per share is adjusted retrospectively.

Diluted earnings per share

The calculation of diluted earnings per share is arrived by dividing the profit attributable to the owners of the Company by the weighted average number of ordinary shares during the year after adjustment for the effect of all dilutive potential ordinary shares, such as share options and convertible notes.

As the Company has no potential dilutive shares, the diluted earnings per share equals to the basic earnings per share.

31. DIVIDENDS

The Board of Directors has proposed a final dividend distribution in 2014 of QR 7.5 per share (2013: QR 7.5 per share and a 10% bonus share of QR 100 million).

The dividend for 2013 of QR 750 million was approved at the Annual General Meeting held on 25 February 2014 and was subsequently paid in 2014.

The proposed final dividend for 2014 will be submitted for formal approval at the Annual General Assembly Meeting.

32. CONTRIBUTION TO SOCIAL AND SPORTS SUPPORT FUND

In compliance with Qatar Law No. 13 of 2008, the Company made an appropriation from its retained earnings of QR 2.8 million to the Social and Sports Development Fund of Qatar.

During the year, an amount equal to QR 24.2 million for the 2013 appropriation was remitted to the Public Revenues and Taxes Department of the State of Qatar.

33. SEGMENTAL INFORMATION

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

34. COMMITMENTS AND CONTINGENT LIABILITIES

	2014	2013
Commitments:		
Capital commitments (1)	272,586	845,098
Operating lease commitment (2)	--	554,217
Contingent liabilities:		
Bank guarantees, corporate guarantees and documentary credits	**275,811**	631,596

(1) Capital commitments include the commitment of the Company for the construction of the RAFA2 project.

(2) Operating lease commitment relates to the share in Ras Laffan Power Company Q.S.C. in respect of the DSRA letter of credit of USD Nil (2013: USD 190 Million), which was issued in favour of Standard Chartered (the Facility Agent) as per the Credit Facility Agreement dated 20 November 2001 in the ordinary course of business. Management believes that no material liabilities will arise out of this transaction.

The future lease commitments are as follows:

	2014	2013
Due within one year	--	482
Due between 2- 5 years	--	2,050
Due more than 5 years	--	6,414
Total	--	8,946

35. RELATED PARTY DISCLOSURES

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

Related party transactions

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

	Related Parties	2014	2013
Sales:			
Revenue from sale of electricity	KAHRAMAA	**1,594,400**	1,553,741
Revenue from sale of desalinated water	KAHRAMAA	**1,197,383**	1,152,218
	Qatar Petroleum	**13,826**	12,575
Lease income from plant lease	KAHRAMAA	**183,097**	185,029
Cost of sales:			
Cost of gas consumed/take or pay gas	Qatar Petroleum	**834,489**	766,981
Other income:			
Interest on bank deposits	Qatar National Bank	**7,368**	11,065

Year-end balances arising from transaction with related parties

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

	2014		2014	
	Trade receivables	Trade payables and accrued expenses	Trade receivables	Trade payables and accrued expenses
KAHRAMAA	437,102	3,393	585,597	5,047
Qatar Petroleum	2,668	123,241	2,837	117,972
	439,770	**126,634**	588,434	123,019

35. RELATED PARTY DISCLOSURES (CONTINUED)

Compensation of key management personnel

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

	2014	2013
Management remuneration	5,411	4,866
Directors' fees	11,750	27,700

36. FINANCIAL RISK MANAGEMENT

Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The Group has exposure to the following risks arising from its financial instruments:

- Credit risk;
- Liquidity risk: and
- Market risk.

Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade receivables.

The total exposure to credit risk for trade receivables as at the reporting date is limited to Qatar. Moreover, the Group's receivables consist mainly of amounts due from KAHRAMAA, who is the sole distributor of power in the State of Qatar. As KAHRAMAA is contractually committed to discharge its obligation, management believes that the credit risk with respect to receivables is limited. In addition to that, these receivables are shown after review of their recoverability.

With respect to credit risk arising from the other financial assets of the Group (bank balances), the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments as follows:

	2014	2013
Bank balances	1,622,315	1,725,570

Credit risk on bank balances is limited as they are placed with local and Qatari banks having good credit ratings assigned by international credit rating agencies.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following are the contractual maturities of financial liabilities:

31 December 2014	Carrying amounts	Contractual cash flows	Less than 1 year	1 – 2 years	More than 2 years
Non-derivative financial liabilities					
Trade payables	168,213	168,213	168,213	--	--
Bank loan	5,099,016	5,099,016	1,425,358	337,668	3,335,990
	5,267,229	5,267,229	1,593,571	337,668	3,335,990

31 December 2013	Carrying amounts	Contractual cash flows	Less than 1 year	1 – 2 years	More than 2 years
Non-derivative financial liabilities					
Trade payables	118,717	118,717	118,717	--	--
Bank loan	3,674,115	3,674,115	313,192	331,858	3,029,065
	3,792,832	3,792,832	431,909	331,858	3,029,065

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity price risk will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group uses derivatives to its interest rate risk. All such transactions are carried out within the guidelines set by the Risk Management Committee. Generally, the Group seeks to apply hedge accounting to manage volatility in profit or loss.

Interest rate risk

The Group is exposed to interest rate risk on its interest bearing assets and liabilities (bank balances and interest bearing loans and borrowings). To manage this, the Group enters into interest rate swaps, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed upon notional principal amount. These swaps are designed to hedge underlying debt obligations.

At the reporting date, the interest rate profile of the Group's interest bearing financial instruments was:

	2014	2013
Fixed interest rate instruments:		
Financial assets	1,566,096	725,545
Floating interest rate instruments:		
Financial liabilities	(5,099,594)	(3,843,022)

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

The following table demonstrates the sensitivity of the consolidated income statement to reasonably possible changes in interest rates by 25 basis points, with all other variables held constant. The sensitivity of the consolidated income statement is the effect of the assumed changes in interest rates for one year, based on the floating rate financial assets and financial liabilities held at 31 December 2014. The effect of decreases in interest rates is expected to be equal and opposite to the effect of the increases shown. There is no impact on the Group's equity.

	Change in basis point	Effect on profit
2014		
Floating interest rate instruments	**+/-25**	**+/- 12,749**
2013		
Floating interest rate instruments	+/-25	+/- 9,608

Equity price risk

All the Group's equity investments are listed on the Qatar Stock Exchange.

The following table demonstrates the sensitivity of the cumulative changes in fair value to reasonably possible changes in equity prices, with all other variables held constant. The effect of decreases in equity prices is expected to be equal and opposite to the effect of the increases shown.

	Change in equity price 2014	**Effect on equity 2014**	Change in equity price 2013	Effect on equity 2013
Quoted shares	**20%**	**97,073**	20%	90,829

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. In the opinion of the management, the Group's exposure to currency risk is minimal.

The deposits of the Group are in QR and USD. As the QR is pegged to the USD, balances in USD are not considered to represent a significant currency risk.

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong capital base and healthy capital ratios in order to support its business and to sustain future development of the business. The Group manages its capital structure and makes adjustments to it, in light of economic conditions. The Board of Directors monitors the return on capital. No changes were made in the objectives, policies or processes during the year ended 31 December 2014.

The Group monitors capital using a gearing ratio, which is calculated as net debt divided by total equity and net debt. The Group's policy is to keep the gearing ratio between 40% and 80%, but the Group managed to kept its gearing at lower levels as shown below. The debt is calculated as total borrowings (including current and non-current loans as shown on the consolidated statement of financial position) less cash and cash equivalents. Total equity is the equity attributable to the equity holders of the Group.

	2014	2013
Total borrowings	5,099,594	3,774,115
Less: Cash and cash equivalents	(1,622,315)	(1,725,570)
Net debt	3,477,279	2,048,545
Total equity	6,781,613	6,110,804
Total equity and net debt	10,258,892	8,159,349
Gearing ratio	**34%**	25%

37. FAIR VALUES OF FINANCIAL INSTRUMENTS

In thousands of Qatari Riyals

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

37. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

In thousands of Qatari Riyals

	Carrying amount					Fair value			
	Fair value hedging instruments	Loans and receivables	Available for sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
31 December 2013									
Financial assets measured at fair value									
Equity securities	--	--	454,146		454,146	454,146	--	--	454,146
Financial assets not measured at fair value									
Trade and other receivables	--	585,434	--		585,434	--	--	--	--
Cash and cash equivalents	--	1,725,570	--		1,725,570	--	--	--	--
	--	2,311,004	--		2,311,004	--	--	--	--
Financial liabilities measured at fair value									
Interest rate swaps used for hedging	170,766	--	--		170,766	--	170,766	--	170,766
Financial liabilities not measured at fair value									
Interest bearing loans and borrowings	--	--	--	3,674,115	3,674,115	--	--	--	
Trade payables	--	--	--	118,717	118,717	--	--	--	
	--	--	--	3,792,832	3,792,832	--	--	--	

38. FAIR VALUES OF FINANCIAL INSTRUMENTS

- 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.

39. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the presentation in the current year's consolidated financial statements. However, such reclassification does not have any effect on the net income, net assets and equity of the previous year.

40. SUBSEQUENT EVENTS

Effective from 1 January 2015, the Company intends to dispose Al Saliyah and Doha South Super as the contracts with KAHRAMAA for these two stations expired on 31 December 2014. The revenues from these stations accounted for 3% of the total revenues of the Group for the year ended 31 December 2014 (2013: 3%).

Except for the above, there were no other significant events after the reporting date which have a bearing on the understanding of the consolidated financial statements.

Independent Auditor's report on page 1 and 2.