

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

**INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE SIX MONTH PERIOD ENDED
JUNE 30, 2013**

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

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

For the six month period ended June 30, 2013

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INDEPENDENT AUDITOR'S REVIEW REPORT

**To the Shareholders
Qatar Electricity & Water Company Q.S.C.
Doha, Qatar**

Introduction

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

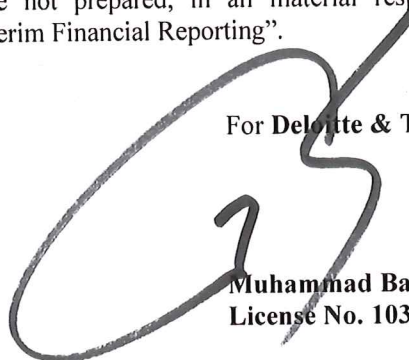
Scope of review

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

Conclusion

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

For Deloitte & Touche



Muhammad Bahemia
License No. 103

Doha - Qatar
July 31, 2013

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of June 30, 2013

	Notes	June 30, 2013	December 31, 2012
		QR'000	QR'000
		(Reviewed)	(Audited)
			(Restated)
ASSETS			
Current assets			
Bank balances and cash		1,074,355	2,689,515
Accounts receivable and prepayments		925,461	572,448
Inventories		314,635	368,756
Finance lease receivables	4	115,579	96,648
		<u>2,430,030</u>	<u>3,727,367</u>
Assets classified as held for sale	6	29,846	29,846
Total current assets		<u>2,459,876</u>	<u>3,757,213</u>
Non-current assets			
Property, plant and equipment	5	4,740,528	4,748,256
Intangible assets		100,000	101,492
Investment in associates	7	111,937	114,596
Subordinated loan receivable from a joint venture		50,700	198,424
Available-for-sale investments		419,500	424,358
Investment in joint venture companies	8	310,497	247,196
Finance lease receivables	4	1,848,953	1,912,934
Goodwill		30,813	30,813
Other non-current assets		15,333	15,810
Total non-current assets		<u>7,628,261</u>	<u>7,793,879</u>
Total assets		<u>10,088,137</u>	<u>11,551,092</u>

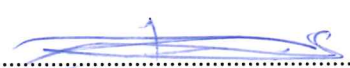
THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS


QATAR ELECTRICITY & WATER COMPANY Q.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of June 30, 2013

	Notes	June 30, 2013	December 31, 2012
		QR'000 (Reviewed)	QR'000 (Audited) (Restated)
EQUITY AND LIABILITIES			
Current liabilities			
Accounts payable and accruals		540,664	867,459
Interest bearing loans and borrowings	9	254,172	1,329,251
Other term loans		125,972	125,972
Derivatives	10	212,322	289,468
Deferred income		6,792	6,792
Total current liabilities		1,139,922	2,618,942
Non-current liabilities			
Interest bearing loans and borrowings	9	3,270,314	3,394,159
Other term loans		100,000	100,000
Deferred income		16,980	20,375
Employees' end of service benefits		39,144	35,445
Total non-current liabilities		3,426,438	3,549,979
Total liabilities		4,566,360	6,168,921
Equity			
Capital and reserves			
Share capital		1,000,000	1,000,000
Legal reserve		500,000	500,000
General reserve		3,241,834	3,241,834
Other components of equity		(1,498,136)	(1,727,312)
Retained earnings		2,059,153	2,152,247
Equity attributable to owners of the parent company		5,302,851	5,166,769
Non-controlling interests		218,926	215,402
Total equity		5,521,777	5,382,171
Total liabilities and equity		10,088,137	11,551,092

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 Abdulla Bin Hamad Al- Attiyah
 Chairman

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 Issa Shahin Al-Ghanim
 Vice Chairman

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

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

For the six month period ended June 30, 2013

	Notes	For the three month period ended June 30,		For the six month period ended June 30,	
		2013 QR'000 (Reviewed)	2012 QR'000 (Reviewed) (Restated)	2013 QR'000 (Reviewed)	2012 QR'000 (Reviewed) (Restated)
Sales	11	784,083	757,193	1,404,746	1,372,746
Cost of sales		(398,220)	(411,985)	(780,298)	(772,278)
Gross profit		385,863	345,208	624,448	600,468
General and administrative expenses		(54,600)	(49,927)	(126,181)	(98,182)
Finance costs		(45,239)	(48,841)	(108,565)	(97,948)
Gain on sale of available for sale investments		43,675	81	43,675	81
Deferred income		1,698	1,698	3,396	3,396
Interest income		2,499	8,058	9,045	16,848
Dividend income		--	326	21,495	16,981
Miscellaneous income		6,013	8,333	11,374	12,371
Share of profits/(losses) of associates		2,052	(3,060)	6,980	(3,060)
Share of profits of joint ventures		101,414	92,090	163,410	198,385
Net profit for the period		443,375	353,966	649,077	649,340
Attributable to:					
Owners of the parent company		435,967	346,838	636,906	636,548
Non-controlling interests		7,408	7,128	12,171	12,792
Total		443,375	353,966	649,077	649,340
Basic and diluted earnings per share					
Basic earnings per share	12	4.36	3.47	6.37	6.37
Basic earnings per share (as previously stated)		--	3.48	--	6.39

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

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six month period ended June 30, 2013

	For the three month period ended June 30,		For the six month period ended June 30,	
	2013	2012	2013	2012
	QR'000	QR'000	QR'000	QR'000
	(Reviewed)	(Reviewed) (Restated)	(Reviewed)	(Reviewed) (Restated)
Net profit for the period	443,375	353,966	649,077	649,340
Other comprehensive income for the period				
Gain/(loss) from cash flow hedges of the Company and its subsidiaries	59,822	(4,286)	77,146	1,161
Share of income / (loss) in other comprehensive income from joint venture companies	(14,184)	(211,457)	144,944	(189,179)
Share of gain/ (loss) in other comprehensive income from associate companies	2,483	--	(4,204)	--
Unrealized gain/(loss) on available for sale investments	(29,108)	(18,922)	16,494	(16,918)
Other comprehensive income/(loss) for the period	19,013	(234,665)	234,380	(204,936)
Total comprehensive income for the period	462,388	119,301	883,457	444,404
Attributable to:				
Owners of the Company	449,766	106,995	866,082	426,402
Non-controlling interests	12,622	12,306	17,375	18,002
	462,388	119,301	883,457	444,404

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

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the six month period ended June 30, 2013

	Attributable to the equity holders of the parent company								
	Share capital QR'000	Legal reserve QR'000	General reserve QR'000	Retained earnings QR'000	Cash flow hedging reserve QR'000	Fair value reserve QR'000	Total QR'000	Non-controlling interest QR'000	Total QR'000
Balance at January 1, 2013 (Audited) (Restated)	1,000,000	500,000	3,241,834	2,152,247	(1,961,126)	233,814	5,166,769	215,402	5,382,171
Net profit for the period	--	--	--	636,906	--	--	636,906	12,171	649,077
Other comprehensive income	--	--	--	--	212,682	16,494	229,176	5,204	234,380
Dividends paid for 2012	--	--	--	(730,000)	--	--	(730,000)	(13,851)	(743,851)
Balance at June 30, 2013 (Reviewed)	1,000,000	500,000	3,241,834	2,059,153	(1,748,444)	250,308	5,302,851	218,926	5,521,777

	Attributable to the equity holders of the parent company							Non-controlling interest QR'000	Total QR'000
	Share capital QR'000	Legal reserve QR'000	General reserve QR'000	Retained earnings QR'000	Cash flow hedge reserve QR'000	Fair value reserve QR'000	Total QR'000		
Balance at January 1, 2012 (Audited) (Restated)	1,000,000	500,000	3,241,834	1,406,522	(1,857,950)	196,654	4,487,060	199,367	4,686,427
Net profit for the period	--	--	--	636,548	--	--	636,548	12,792	649,340
Other comprehensive income	--	--	--	--	(193,229)	(16,918)	(210,147)	5,211	(204,936)
Dividends paid for 2011	--	--	--	(650,000)	--	--	(650,000)	(9,477)	(659,477)
Balance at June 30, 2012 (Reviewed) (Restated)	1,000,000	500,000	3,241,834	1,393,070	(2,051,179)	179,736	4,263,461	207,893	4,471,354

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

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six month period ended June 30, 2013

	For the six month period ended June 30,	
	2013	2012
	QR'000 (Reviewed)	QR'000 (Reviewed) (Restated)
OPERATING ACTIVITIES		
Net profit for the period	649,077	649,340
Adjustments for:		
Share of (profits)/losses from associates	(6,980)	3,060
Share of profits from joint ventures	(163,410)	(198,385)
Depreciation	225,468	238,838
Amortization of intangible asset	1,492	2,985
Provision for employees' end of service benefits	4,190	4,211
Provision for slow moving inventories	12,351	9,127
Finance costs	108,565	97,948
Deferred income recognised	(3,396)	(3,396)
Gain on sale of available for sale investments	(43,675)	(81)
Dividend income	(21,495)	(16,981)
Adjustment for property plant & equipment	5,340	--
Interest income	(9,045)	(16,848)
	<u>758,482</u>	<u>769,818</u>
Working capital changes:		
Inventories	41,770	(48,430)
Accounts receivable and prepayments	(353,013)	(273,617)
Finance lease receivables	45,050	53,616
Accounts payable and accruals	(326,795)	(43,939)
Cash from operations	165,494	457,448
Finance costs paid	(108,565)	(97,948)
Employees' end of service benefits paid	(491)	(1,997)
Net cash from operating activities	56,438	357,503
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(223,084)	(24,846)
Proceeds from sale of property, plant and equipment	4	162
Purchase of available for sale investments	--	(6,864)
Proceeds from sale of available for sale investments	65,027	--
Acquisition of associates	--	(98,414)
Interest received	9,045	16,848
Net movement in other non-current asset	477	398
Dividends received from associates	5,435	--
Dividends received from joint ventures	245,054	--
Dividends income received	21,495	16,981
Net cash from/(used in) investing activities	123,453	(95,735)

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

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

For the six month period ended June 30, 2013

	For the six month period ended June 30,	
	2013	2012
	QR'000	QR'000
	(Reviewed)	(Reviewed)
		(Restated)
FINANCING ACTIVITIES		
Dividends paid to the owners of the company	(730,000)	(650,000)
Payment of interest bearing loans and borrowings	(1,198,924)	(114,107)
Repayments of subordinated loan from joint venture	147,724	178,014
Dividends paid	(13,851)	(9,477)
Net cash used in financing activities	(1,795,051)	(595,570)
Net decrease in cash and cash equivalents	(1,615,160)	(333,802)
Cash and cash equivalents at beginning of period	2,689,515	2,469,468
Cash and cash equivalents at end of period	1,074,355	2,135,666

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended June 30, 2013

1. CORPORATE INFORMATION

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

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

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

Also, included in the interim condensed consolidated financial statement, the share of income and other comprehensive income of the following joint venture companies and associates using equity accounting:

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

The interim condensed consolidated financial statements of the Group for the six month period ended June 30, 2013 were authorised for issue by the Board of Directors on July 31, 2013.

1.1 CHANGE IN ACCOUNTING POLICY

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

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

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

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

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

For the three month period ended June 30, 2013

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

As at the end of the reporting period, the Emiri decree has not been obtained by the Company. The revenues from these stations accounted for 24% of the total revenues of the Group for the period ended June 30, 2013 (June 30, 2012: 23%). No amendments have been made to the above agreement since both parties are continuing the discussions and are confident of obtaining the Emiri decree in due course.

3. BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

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

Effective for annual periods beginning on or after January 1, 2013	
• IFRS 10	<i>Consolidated Financial Statements</i>
• IFRS 11	<i>Joint Arrangements</i>
• IFRS 12	<i>Disclosure of Interests in Other Entities</i>
• IFRS 13	<i>Fair Value Measurement</i>

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

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

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

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

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2013

3. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

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

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

4. FINANCE LEASE RECEIVABLES

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

	June 30, 2013	December 31, 2012
	QR'000	QR'000
	(Reviewed)	(Audited) (Restated)
Finance leases – gross receivable	3,404,635	3,541,208
Unearned finance income	(1,440,103)	(1,531,626)
Net investment in finance leases	1,964,532	2,009,582
Classified in the interim condensed consolidated statement of financial position as follows:		
Current portion	115,579	96,648
Non-current portion	1,848,953	1,912,934

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2013

5. PROPERTY, PLANT AND EQUIPMENT

	Production facilities QR'000	Furniture, fixtures and office equipment QR'000	Motor vehicles QR'000	"C" inspection costs QR'000	Capital spares QR'000	Capital work in progress QR'000	Total QR'000
Cost:							
At January 1, 2013 (Audited)	8,035,159	24,794	6,522	258,107	50,487	186,519	8,561,588
(Restated)		350	89	43,543	--	179,102	223,084
Additions	(5,340)	--	--	--	--	--	(5,340)
Adjustment	(2,260)	(7)	--	(50,353)	--	--	(52,620)
Retirements/disposals							
At June 30, 2013 (Reviewed)	8,027,559	25,137	6,611	251,297	50,487	365,621	8,726,712
Accumulated Depreciation:							
At January 1, 2013 (Audited)	3,593,542	20,401	3,520	182,403	13,466	--	3,813,332
(Restated)	201,703	918	640	21,028	1,179	--	225,468
Charge for the period	(2,260)	(3)	--	(50,353)	--	--	(52,616)
Relating to retirements/disposals							
At June 30, 2013 (Reviewed)	3,792,985	21,316	4,160	153,078	14,645	--	3,986,184
Net carrying amounts:							
At June 30, 2013 (Reviewed)	4,234,574	3,821	2,451	98,219	35,842	365,621	4,740,528

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2013

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2013

6. ASSET CLASSIFIED AS HELD FOR SALE

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

7. INVESTMENT IN ASSOCIATES

The Company has the following investments in associates:

	<i>Country of incorporation</i>	<i>Ownership</i>	June 30, 2013	December 31,
			QR'000	2012
			(Reviewed)	QR'000
				(Restated)
Phoenix Power Company S.A.O.C (i)	Oman	15%	--	--
Phoenix Operation and Maintenance Company LLC (ii)	Oman	15%	376	311
	Cayman			
AES Oasis Ltd (iii)	Islands	38.89%	111,561	114,285
			111,937	114,596

- (i) The business of the Company (still in the start-up stage) is to design, construct, own, operate and maintain a high efficiency gas fired power generation facility with a minimum capacity of 2,000MW to be located at Sur, in the Sultanate of Oman.
- (ii) The business of the Company (still in the start-up stage) is to provide operation and maintenance service to the project company pursuant to the operation and maintenance contract.
- (iii) The Company entered into an agreement with IDB Infrastructure Fund L.P, a company incorporated in the Kingdom of Bahrain, on February 8, 2012 to purchase 38.89% of shares of AES Oasis Ltd, a company incorporated in Cayman Islands. AES Oasis Ltd. is 60% owner of AES Jordan Holding Co., a company incorporated in Cayman Islands which is a joint venture with Mitsui & Co Ltd of Japan which owns and operates a 370MW combined cycle gas fired power in Almanakher, Jordan. The effective stake of the Company in this plant is 23.33%. In accordance with the Share Purchase Agreement dated February 8, 2012, the Company made a payment of QR 104.87 million and the total consideration of the investment amounts to QR 119.02 million. The Company finalized its Purchase Price Allocation (PPA) for the business combination within the allowable one year period reflecting the new facts and circumstances that existed as of the acquisition date.

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2013

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

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

	<i>Country of incorporation</i>	<i>Ownership</i>	June 30, 2013	December 31, 2012
			QR'000	QR'000
			(Reviewed)	(Restated)
Q Power Q.S.C.	Qatar	55%	310,497	247,196
Mesaieed Power Company Limited	Qatar	40%	--	--
Ras Girtas Power Company Limited	Qatar	45%	--	--
			310,497	247,196

9. INTEREST-BEARING LOANS AND BORROWINGS

	June 30, 2013	December 31, 2012
	QR'000	QR'000
	(Reviewed)	(Restated)
Loan 1	1,440,548	1,462,479
Loan 2	792,521	812,018
Loan 3	395,402	405,130
Loan 4	--	1,093,500
Loan 5	907,023	962,471
	3,535,494	4,735,598
Less: financing arrangement costs	(11,008)	(12,188)
	3,524,486	4,723,410

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

	254,172	1,329,251
	3,270,314	3,394,159
	3,524,486	4,723,410
Current portion		
Non-current portion		

10. DERIVATIVES

	June 30, 2013	December 31, 2012
	QR'000	QR'000
	(Reviewed)	(Restated)
Cash flow hedge of the company and its subsidiaries	212,322	289,468

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2013

11. SALES

	For the three month period ended June 30,		For the six month period ended June 30,	
	2013 QR'000 (Reviewed)	2012 QR'000 (Reviewed)	2013 QR'000 (Reviewed)	2012 QR'000 (Reviewed)
Sales represent revenue generated from the supply of:				
Electricity	441,473	424,853	746,598	726,074
Water	292,924	280,910	568,789	550,291
Lease income from plant leases				
-Ras Laffan Power Company Limited Q.S.C.	49,686	51,430	89,359	96,381
	<u>784,083</u>	<u>757,193</u>	<u>1,404,746</u>	<u>1,372,746</u>

12. BASIC EARNINGS PER SHARE

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

	For the three month period ended June 30,		For the six month period ended June 30,	
	2013 (Reviewed)	2012 (Reviewed) (Restated)	2013 (Reviewed)	2012 (Reviewed) (Restated)
Net profit for the period attributable to owners of the parent (in QR'000)	<u>435,967</u>	<u>346,838</u>	<u>636,906</u>	<u>636,548</u>
Weighted average number of shares outstanding during the period (in shares) (in'000s)	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Basic earnings per share (expressed in QR per share)	<u>4.36</u>	<u>3.47</u>	<u>6.37</u>	<u>6.37</u>

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

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2013

13. COMMITMENTS AND CONTINGENT LIABILITIES

	<u>June 30, 2013</u>	<u>December 31, 2012</u>
	QR'000 (Reviewed)	QR'000 (Audited)
<i>Commitments:</i>		
Capital commitments (i)	<u>1,000,005</u>	<u>169,032</u>
<i>Contingent liabilities:</i>		
Bank guarantees, corporate guarantees and documentary credits	<u>507,673</u>	<u>663,204</u>

Notes:

(i) Capital commitments include:

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

14. RELATED PARTY DISCLOSURES

Related party transactions

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

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

		<u>For the three month period ended June 30,</u>		<u>For the six month period ended June 30,</u>	
		<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
		QR'000 (Reviewed)	QR'000 (Reviewed)	QR'000 (Reviewed)	QR'000 (Reviewed)
<i>Sales:</i>					
Revenue from sale of electricity	KAHRAMAA	476,833	572,777	746,597	971,897
Revenue from sale of water	KAHRAMAA	319,178	376,672	562,458	726,229
	Qatar Petroleum	1,793	1,901	6,331	6,316
Lease income from plant leases	KAHRAMAA	49,686	243,044	89,359	494,419
<i>Cost of sales:</i>					
Cost of gas consumed	Qatar Petroleum	231,622	337,984	357,753	566,966
<i>Other income:</i>					
Interest on bank deposits	Qatar National Bank	3,985	5,245	8,144	12,541

QATAR ELECTRICITY & WATER COMPANY Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2013

14. RELATED PARTY DISCLOSURES (CONTINUED)

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

	June 30, 2013		December 31, 2012	
	Trade receivables	Trade and other payables	Trade receivables	Trade and other payables
	QR'000	QR'000	QR'000	QR'000
	(Reviewed)	(Reviewed)	(Audited)	(Audited)
KAHRAMAA	<u>735,553</u>	<u>4,936</u>	<u>528,692</u>	<u>4,785</u>
Qatar Petroleum	<u>3,420</u>	<u>139,344</u>	<u>3,161</u>	<u>121,547</u>

Compensation of key management personnel

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

	For the three month period ended June 30,		For the six month period ended June 30,	
	2013	2012	2013	2012
	QR'000	QR'000	QR'000	QR'000
	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
Management remuneration	<u>5,458</u>	<u>6,062</u>	<u>19,982</u>	<u>19,170</u>
Directors' sitting fees	<u>5,400</u>	<u>4,900</u>	<u>10,800</u>	<u>9,800</u>

For the six month period ended June 30, 2013

15. FAIR VALUES

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

	<u>Carrying amount</u>	<u>Fair value</u>
Financial assets:		
Subordinated loan receivable	50,700	50,700
Available-for-sale investments	419,500	419,500
Finance lease receivables	1,848,953	1,848,953
Investment in associates	111,937	111,937
Investment in joint venture companies	310,497	310,497
Total non-current	<u>2,741,587</u>	<u>2,741,587</u>
Trade and other receivables	925,461	925,461
Finance lease receivables	115,579	115,579
Cash and bank balances	1,074,355	1,074,355
Total current	<u>2,115,395</u>	<u>2,115,395</u>
Total financial assets	<u>4,856,982</u>	<u>4,856,982</u>
	<u>Carrying amount</u>	<u>Fair value</u>
Financial liabilities:		
Interest bearing loans and borrowings	3,270,314	3,270,314
Other term loans	100,000	100,000
Total non-current	<u>3,370,314</u>	<u>3,370,314</u>
Accounts payable and accruals	540,663	540,663
Interest bearing loans and borrowings	254,172	254,172
Other term loans	125,972	125,972
Derivatives	212,322	212,322
Total current	<u>1,133,129</u>	<u>1,133,129</u>
Total financial liabilities	<u>4,503,443</u>	<u>4,503,443</u>

Fair Value of Financial Instruments

The fair value of financial instruments approximates their carrying value.

For the six month period ended June 30, 2013

15. FAIR VALUES (CONTINUED)

Fair Value Hierarchy

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

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

	Level 1	Level 2	Level 3	Total
June 30, 2013:				
Financial assets measured at fair value				
Available-for-sale investments	<u>419,500</u>	--	--	<u>419,500</u>
Financial liabilities measured at fair value				
Interest rate swaps used for hedging	<u>212,322</u>	--	--	<u>212,322</u>
December 31, 2012:				
Financial assets measured at fair value				
Available-for-sale investments	<u>424,358</u>	--	--	<u>424,358</u>
Financial liabilities measured at fair value				
Interest rate swaps used for hedging	<u>289,468</u>	--	--	<u>289,468</u>

16. PRIOR YEAR ADJUSTMENTS

The consolidated financial statements for the years ended December 31, 2012 and December 31, 2011 have been restated to reflect the new accounting treatment of joint ventures as per IFRS 11. The Company has changed its accounting treatment of joint ventures from proportionate consolidation to equity accounting. The values and effects of such restatements are outlined as follows:

1. December 31, 2012 restatements:

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